

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE REGULAR BOARD MEETING**  
**March 27, 2024 at 11:00 a.m.**  
**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
2160 41<sup>st</sup> Avenue, Capitola, CA 95010

1. Roll Call

**HOUSING AUTHORITY BOARD OF COMMISSIONERS:**

Chairperson Andy Schiffrin	4 year term expires, March 17, 2027
Vice Chairperson Providence Martinez Alaniz	4 year term expires, February 10, 2027
Commissioner Carol Berg	4 year term expires, May 21, 2025
Commissioner Ligaya Eligio	2 year term expires, October 18, 2024
Commissioner Annette Melendrez	4 year term expires, September 29, 2027
Commissioner Silvia Morales	4 year term September 1, 2027
Commissioner Richard Schmale	2 year term expires, May 12, 2025

2. Consideration of Late Additions and Changes to the Agenda

3. Consent Agenda

A. Minutes of the Regular Meeting held February 28, 2024

Motion to Approve

B. Audited Financial Statements for Fiscal Year Ending June 30, 2023

Motion to Approve the Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2023

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

5. Unfinished Business

6. New Business

A. Public Hearing, Review and Consideration of Draft 2024 Annual PHA Plan, Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz

Motion to Approve Drafts of the 2024 Annual PHA Plan, 2024 Housing Choice Voucher Program Administrative Plan, and 2024 Moving to Work Supplement to the Supplement to the Annual PHA Plan.

Motion to Adopt Resolution No. 2024-01: 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.

Motion Adopt Resolution No.2024-02: 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 Santa Cruz.

B. Housing Authority Stakeholder Survey – Final Results

Receive Report Receive Report

C. Project-Based Voucher Request for Proposals

Motion to Authorize staff to temporarily close the PBV RFP effective 8/1/2024

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 Schiffrin called the meeting to order at 11:02 a.m. Members present Chairperson Schiffrin, Vice Chairperson Martinez Alaniz, Commissioners Berg, Eligio, Morales and Schmale

**Members Absent**

Commissioner Melendrez (excused)

**Staff Present**

Jennifer Panetta, Tom Graham and Courtney Byrd and 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 Schiffrin asked for a motion to approve the Consent Agenda unless any Board of Commissioners or members of the public would like to pull an item from the agenda or have comments/questions on an item.

Commissioner Berg moved for the approval of the Consent Agenda; Commissioner Martinez Alaniz seconded the motion and it as passed by the following vote:

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

NOES: None

ABSENT: Commissioner Melendrez

ABSTAIN: None

Agenda Item 3A. Approved Minutes of the Regular Meeting held January 24, 2024

Agenda Item 3B. Received Report Quarterly Financials

**AGENDA ITEM NO. 4** Oral Communications

None.

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

None.

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

Secretary Panetta brought before the Board for review the Draft Annual Agency Plan for the Housing Authority of the County of Santa Cruz and the Draft MTW Supplement. A copy of these draft plans were provided to the Resident Advisory Board (RAB) for questions and feedback. Secretary Panetta noted that the Draft Annual Agency Plan and the MTW Supplement are available for public review and comment on the Housing Authority website. The public hearings, for the discussion of said Agency Plan and MTW Supplement, will take place at the March 27, 2024 Regular Meeting. This meeting date is being publicized in a Public Notice in the Santa Cruz Sentinel, Pajaronian and the Hollister Freelance. Secretary Panetta and the Board went through the changes to the Agency Plan that was included in this month's Board Packet and the Draft MTW Supplement. A discussion followed. The Board thanked staff for their work on the Annual PHA Plan and the MTW Supplement.

**AGENDA ITEM NO. 6B** Tierra Alta Farmworker Housing Repositioning Update

Deputy Executive Director Graham updated the Board on the Housing Authority plans to award 36 Project Based Vouchers (PBVs) to Tierra Alta to provide long-term housing assistance and to ensure the property remains financially stable. At the October 2023 Board of Commissioners meeting, the Board informed staff that they would strongly prefer that all households be permitted to remain in their unit, including over-income families. In consultation with General Counsel, staff has identified that the Board of Commissioner's suggestion to allow all households to remain in their units can be achieved by the Housing Authority recording a self-imposed regulatory agreement against the property. Deputy Executive Director Graham informed the Board of the next steps in the repositioning process and that staff is currently working with General Counsel on preparing the regulatory agreement. Deputy Executive Director Graham also informed the Board that staff has conducted community outreach to provide information about the upcoming conversion to partner agencies, legal advocates, and elected officials. Staff will continue to update the Board on this repositioning. A discussion followed. The Board of Commissioners thanked staff for their continued work on this process.

**AGENDA ITEM NO. 6C** Mission Statement Revision and Establishment of Core Values

Secretary Panetta updated the Board of the process of revising the Housing Authority's Mission Statement and the establishment of Core Values. Secretary Panetta emphasized that Mission statements and Core Values can be useful in defining an organization's purpose and guiding principles, and in keeping the Board and staff aligned in this shared purpose, especially during periods of significant growth and change.

Secretary Panetta informed the Board that the Housing Authority established a mission statement and core values sub-committee comprising members of executive management and staff. The sub-committee developed four draft Mission Statements and developed a list of potential core values. The draft Mission Statements and core values were presented to staff, and all staff were invited to vote for their favorite

Mission Statement and preferred values. Secretary Panetta informed the Board that the top six core values chosen by staff were:

- Integrity
- Community
- Respect
- Compassion
- Equity
- Service

Secretary Panetta informed the Board that they may wish to adopt the Mission Statement favored by the highest percentage of staff, to use this as the foundation of an updated Mission Statement, combine elements of different draft mission statements, provide feedback to staff so that we may return with additional drafts. Additionally, the Board was asked to provide feedback on the top Core Values selected by staff. A discussion followed. The Board discussed adding additional Core Values including Accountability, Dignity and Safety. The Board also expressed a desire to limit the number of Core Values adopted, so as to avoid diluting their impact.

With regards to the draft mission statements, Chairperson Schiffrin suggested the following additions to the draft mission statement that had received the most staff votes. The proposed additions included elements from other draft mission statements, as well as comments from several other Board members.

“The Housing Authority of the County of Santa Cruz is committed to advancing access to affordable housing and a thriving community free from discrimination by providing additional affordable housing and delivering inclusive services to our diverse community with compassion and kindness. Our mission extends beyond shelter, utilizing housing as a catalyst to promote equity, economic mobility, dignity, stability, improved quality of life, and a place to call home.”

Staff suggested that the Board consider removing the word “additional”. Several Board members expressed agreement with Chairperson Schiffrin’s revision to the draft mission statement and with the staff suggestion to remove the word “additional”.

Commissioner Martinez Alaniz moved to adopt the revised Mission Statement; Commissioner Eligio seconded the motion and it as passed by the following vote:

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

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING FEBRUARY 28, 2024 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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ABSTAIN: None

Commissioner Martinez Alaniz moved to adopt the six Core Values chosen by Staff; Commissioner seconded the motion and it as passed by the following vote:

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

NOES: None

ABSENT: Commissioner Melendrez

ABSTAIN: None

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

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

Deputy Executive Director Graham updated the Board on the construction work on the Natural Bridges apartments. Tenant occupancy is scheduled for Fall 2024.

Deputy Executive Director Graham informed the Board that the Housing Authority has partnered with Zilo International Group, to complete a stakeholder survey of Housing Choice Voucher households, residents of Housing Authority owned and managed properties, and participating landlords. Deputy Executive Director Graham informed the Board that Housing Authority staff will share the survey results with the Board once they are finalized, preferably at the March meeting.

Executive Director Panetta informed the Board that the Housing Authority was awarded 30 new VASH vouchers bringing the total awarded to the Housing Authority to 463.

Executive Director Panetta gave the Board a legislative update.

**AGENDA ITEM NO. 9** Reports from Board Members  
None.

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

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

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING FEBRUARY 28, 2024 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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**AGENDA ITEM NO. 12** Adjournment

The Board of Commissioners meeting was adjourned at 12:15 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 March, 2024.

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

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

Secretary

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 27, 2024

**ITEM NUMBER:** 3B

**FROM:** Executive Director

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**SUBJECT:** Audited Financial Statements for Fiscal Year Ending June 30, 2023

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**RECOMMENDATION:** Approve the Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2023

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### **BACKGROUND SUMMARY:**

The financial statements for the fiscal year ending June 30, 2023 were prepared by the Housing Authority of the County of Santa Cruz in the format prescribed by the requirements of the Government Accounting Standards Board (GASB).

The agency's auditor, Novogradac & Company LLP, has issued an unmodified (clean) opinion on the financial statements after conducting an audit in accordance with Government Auditing Standards. A summary of the auditors' results can be found on pages 56-58 of the report. The auditor opined that the financial statements present fairly, in all material respects, the financial position of the agency as of June 30, 2023.

On the program side of last year's audit, there were two findings. Finding 2022-001 pertained to the completeness of tenant files, and Finding 2022-002 pertained to documentation of either abated rent or an extension within 30 days of a failed inspection. With this year's program audit, Finding 2022-002 pertaining to inspections has been resolved. However, the finding pertaining to incomplete tenant files remains open. Specifically, this year's program audit contained a finding (2023-001) related to questioned costs associated with the Housing Choice Voucher Program and Mainstream Voucher Program, both of which are federal awards. All program internal control over compliance findings must be categorized in one of two possible categories: material weakness, or significant deficiency. A material weakness in internal control over compliance is a deficiency such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following the expiration of the COVID-19 HUD regulatory waivers, HACSC experienced a large backlog of reexaminations along with higher than usual rates of staff turnover and other staff capacity challenges related to the pandemic. Agency management developed and



implemented a plan to rapidly work through the backlog, and has made significant progress to bring the program into compliance. This year's audit resulted in one missing consent form (HUD 9886), and one re-examination, which is noted as missing. While the consent form had expired and a new consent form was required during the audit period, the income information collected for the household was collected while the consent form was still valid. The audit classifies the missing consent form as a Material Weakness in Internal Control over Compliance for Eligibility for the Mainstream Voucher Program. The audit report deems the financial impact of the missing consent form to be material to the financial statements with a corresponding qualified opinion type for the auditors' report on compliance for major programs for the Mainstream Voucher Program.

With regards to the re-examination noted as missing, this re-examination was performed late, having been completed just six days after the end of the audit period. The re-examination was initiated on time, and the delay in completing the re-examination was caused by the program participant's delay in providing the required documents. Additionally, since the agency has been selected for participation in the MTW program, alternative re-examination schedules, including biennial re-examinations, are an approved MTW activity allowable through the MTW Operations Notice. The agency received HUD approval of a waiver that allows the use of an alternate re-examination schedule effective July 1, 2023. This re-examination schedule is in effect currently and will be in effect for the entire duration of the subsequent audit period. Based on the transition to biennial and triennial re-examinations, the agency has already come into compliance with timely recertifications. Further, management is in the process of implementing enhanced Quality Control procedures, with staff to conduct ongoing internal audits over the course of the year. The audit classifies the late re-examination as a Significant Deficiency in Internal Control over Compliance for Eligibility for the Section 8 Housing Choice Voucher Program. The audit report deems the financial impact of the missing consent form to not be material to the financial statements.

The details of the finding, along with the Authority response, can be found on pages 57-58 of the audit report.

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

**RECOMMENDATION:**

Approve the Audited Financial Statements for Fiscal Year Ending June 30, 2023 for the Housing Authority of the County of Santa Cruz.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
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**JUNE 30, 2023**

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**REPORT OF INDEPENDENT AUDITORS**

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

***Opinion***

We have audited the accompanying financial statements of the Housing Authority of the County of Santa Cruz (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

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

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

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

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

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

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

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

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

## ***Other Matters***

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

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

***Other Matters (continued)***

*Other Information*

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

February 28, 2024  
Toms River, New Jersey

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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

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

**FINANCIAL CONTACT**

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

**FINANCIAL HIGHLIGHTS**

- The Authority's net position increased by \$6.6 million or 21.4% during fiscal year ended June 30, 2023. Net Position was \$37.6 million in 2023 and \$31.0 million in 2022, respectively.
- Operating revenues increased by approximately \$8.8 million or 7.4% from \$119.4 million in 2022 to \$128.2 million in 2023. The increase in operating revenues is attributed mainly to the Authority receiving \$4.8 million more of grant income in the Section 8 Housing Choice Vouchers program and \$3.0 million more of grant income in the Emergency Housing Vouchers program in FY 2023 than in FY 2022.
- Operating expenses for all Authority programs increased by approximately \$11.0 million or 10.0%. Total operating expenses were \$121.7 million in 2023 and \$110.7 million in 2022.



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**USING THIS ANNUAL REPORT**

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

**MD&A**

~ Management's Discussion  
and Analysis ~

**Financial Statements**

~ Authority-wide Financial Statements – pages 14 - 18  
~ Notes to Financial Statements (expanded/restructured) – pages 19 - 48

**Other Required Supplementary Information**

~ Required Supplementary Information pages 54 - 74  
(other than MD&A)

**Authority-Wide Financial Statements**

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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

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

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

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

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

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

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

**Financial Statements**

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**The Authority's Programs**

Section 8 Housing Choice Vouchers Program

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

Business Activities

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

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

Other Funds

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

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

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**AUTHORITY-WIDE STATEMENT**

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

**TABLE 1  
STATEMENTS OF NET POSITION**

	2023	2022	Increase (Decrease)	Percent Variance
<b>Assets:</b>				
Cash & other current assets	\$ 32,420,806	\$ 25,828,072	\$ 6,592,734	25.53%
Capital assets, net	14,811,692	13,957,313	854,379	6.12%
Other assets	6,815,382	8,550,530	(1,735,148)	-20.29%
Deferred outflows of resources	4,908,345	2,116,770	2,791,575	131.88%
Total assets and deferred outflows of resources	<u>58,956,225</u>	<u>50,452,685</u>	<u>8,503,540</u>	16.85%
<b>Liabilities:</b>				
Current liabilities	1,997,659	1,583,627	414,032	26.14%
Noncurrent liabilities	16,399,785	10,502,447	5,897,338	56.15%
Deferred inflows of resources	2,934,286	7,371,429	(4,437,143)	-60.19%
Total liabilities and deferred inflows of resources	<u>21,331,730</u>	<u>19,457,503</u>	<u>1,874,227</u>	9.63%
<b>Net position:</b>				
Invested in capital assets	11,564,788	10,723,255	841,533	7.85%
Restricted net position	3,524,141	4,773,477	(1,249,336)	-26.17%
Unrestricted net position	22,535,566	15,498,450	7,037,116	45.41%
Total net position	<u>\$ 37,624,495</u>	<u>\$ 30,995,182</u>	<u>\$ 6,629,313</u>	21.39%

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

- During 2023, total net position increased by \$6.6 million, primarily due to an increase in unrestricted net position in the amount of \$7.0 million and a decrease in restricted net position in the amount \$1.2 million.
- Cash and other current assets increased \$6.6 million from FY 2022 to FY 2023, primarily due to the Authority increasing its cash position by \$6.5 million.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**AUTHORITY-WIDE STATEMENT (continued)**

- Other assets decreased \$1.7 million from FY 2022 to FY 2023, primarily due to the Authority amortizing annually the lease receivable and right-of-use asset.
- Noncurrent liabilities increased \$5.9 million from \$10.5 million in FY 2022 to \$16.4 million in FY 2023. The increase is primarily due to the change in assumption in the state pension report for GASB 68.

**TABLE 2**

**CHANGE IN NET POSITION**

	2023	2022	Increase (Decrease)	Percent Variance
Operating revenue & expense				
Operating revenue	\$ 128,191,634	\$ 119,399,345	\$ 8,792,289	7.36%
Operating expenses	121,749,779	110,734,607	11,015,172	9.95%
Operating gain	6,441,855	8,664,738	(2,222,883)	-25.65%
Non-operating revenues & expenses	187,458	(24,349)	211,807	-869.88%
Increase in net position	6,629,313	8,640,389	(2,011,076)	-23.28%
Net position, beginning of year (as originally reported)	30,995,182	22,340,309	8,654,873	38.74%
Prior Period Adjustment - adoption of GASB 87	-	14,484.00	(14,484.00)	100.00%
Net position, beginning of year (as restated)	30,995,182	22,354,793	8,640,389	38.65%
Net position, end of year (restated)	\$ 37,624,495	\$ 30,995,182	\$ 6,629,313	21.39%

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**AUTHORITY-WIDE STATEMENT (continued)**

**TABLE 3 REVENUES BY SOURCE**

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Operating revenue				
Tenant revenue	\$ 3,039,950	\$ 2,782,070	\$ 257,880	9.27%
HUD and Other Governmental grants	124,635,136	115,662,290	8,972,846	7.76%
Other income	516,548	954,985	(438,437)	-45.91%
Total operating revenue	<u>128,191,634</u>	<u>119,399,345</u>	<u>8,792,289</u>	<u>7.36%</u>
Non-operating revenues				
Investment income	<u>257,428</u>	<u>114,890</u>	<u>142,538</u>	<u>124.06%</u>
Total non-operating revenues	<u>257,428</u>	<u>114,890</u>	<u>142,538</u>	<u>124.06%</u>
 Total revenues	 <u>\$128,449,062</u>	 <u>\$ 119,514,235</u>	 <u>\$ 8,934,827</u>	 <u>7.48%</u>

Total Revenue increased by approximately \$8.9 million or 7.5% in 2023 in comparison to 2022. This is primarily attributed to the following:

- An increase of \$9.0 million in HUD and Other Governmental grants from \$115.7 million in 2022 to \$124.6 million in 2023. The increase in operating grants was primarily due to the Authority receiving more Section 8 Housing Choice Vouchers funding in the amount of \$4.8 million and Emergency Housing Vouchers in the amount of \$3.0 million.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**AUTHORITY-WIDE STATEMENT (continued)**

**TABLE 4**

**OPERATING EXPENSES**

	2023	2022	Increase (Decrease)	Percent Variance
Administrative	\$ 6,757,887	\$ 6,461,505	\$ 296,382	4.59%
Tenant services	1,394,148	744,178	649,970	87.34%
Utilities	478,842	613,443	(134,601)	-21.94%
Maintenance	1,358,293	1,225,429	132,864	10.84%
General expense	1,250,747	904,265	346,482	38.32%
Depreciation and amortization	614,068	580,451	33,617	5.79%
Housing assistance payments	109,895,794	100,205,336	9,690,458	9.67%
<b>Total expenses</b>	<b>\$ 121,749,779</b>	<b>\$ 110,734,607</b>	<b>\$ 11,015,172</b>	<b>9.95%</b>

Operating expenses increased by 10.0% during 2023 in comparison to 2022.

Major factors affecting expenses is as follows:

- Administrative expense increased by \$.3 million primarily due to an increase in employee benefits expense related to the Authority's pension and OPEB plans during 2023.
- Tenant services expense increased by \$.6 million primarily due to an increase in tenant service related expenditures in the Authority's HOME program during 2023.
- Housing assistance payments expense increased \$9.7 million primarily due to the Authority increasing its unit months leased by approximately 97 from 2022 to 2023.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2023, the Authority had \$14.8 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase over the previous fiscal year (additions, deductions and depreciation) of \$.9 million or 6.1 %.

	2023	2022	Increase (Decrease)	Percent Variance
Land	\$ 8,130,533	\$ 8,130,533	\$ -	0.00%
Buildings	18,216,735	17,793,337	423,398	2.38%
Equipment	339,734	269,933	69,801	25.86%
Construction in progress	1,259,848	284,600	975,248	342.67%
	<u>27,946,850</u>	<u>26,478,403</u>	<u>1,468,447</u>	<u>5.55%</u>
Less: accumulated depreciation	<u>(13,135,158)</u>	<u>(12,521,090)</u>	<u>(614,068)</u>	<u>4.90%</u>
Capital assets, net	<u>\$ 14,811,692</u>	<u>\$ 13,957,313</u>	<u>\$ 854,379</u>	<u>6.12%</u>

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

Depreciation expense for the year ended June 30, 2023 amounted to \$.61 million.

The Authority had capital purchases of \$1.5 million for the year ended June 30, 2023.

**DEBT ADMINISTRATION**

As of the year-ended June 30, 2023, the Authority had \$3,246,904 in debt (bonds, notes, etc.) outstanding, compared to \$3,234,058 in fiscal year-ended 2022, representing a \$12,846 increase, or 0.1%. A more detailed presentation of the Authority's debt, summarized below, can be found in Note 10 to the basic financial statements.

	2023	2022	Increase (Decrease)	Percent Variance
USDA Farm Worker Housing	\$ 12,789	\$ 14,497	\$ (1,708)	-11.78%
State of California HCD Loan (Brommer)	210,000	210,000	-	0.00%
State of California HCD Loan (Merrill Road Associates)	1,195,167	1,195,167	-	0.00%
State of California HCD Loan (Merrill Road Associates)	300,000	300,000	-	0.00%
Affordable Housing Preservation Revolving Loan	1,528,948	1,514,394	14,554	0.96%
	<u>3,246,904</u>	<u>3,234,058</u>	<u>12,846</u>	<u>0.40%</u>



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**OTHER MATTERS**

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

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

## **FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2023**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 31,165,651
Tenant security deposits	264,398
Accounts receivable, net	424,851
Prepaid expenses	213,596
Current portion of lease receivable	<u>352,310</u>
Total current assets	<u>32,420,806</u>
Non-current assets:	
Restricted cash	4,055,578
Notes receivable	19,504
Capital assets, net	14,811,692
Lease receivable, net of current portion	2,250,130
Right-of-use asset - leases	<u>490,170</u>
Total non-current assets	<u>21,627,074</u>
Total assets	<u>54,047,880</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension plan	4,658,110
OPEB Plan	<u>250,235</u>
Total deferred outflows of resources	<u>4,908,345</u>
Total assets and deferred outflows of resources	<u>\$ 58,956,225</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**STATEMENT OF NET POSITION (continued)**  
**AS OF JUNE 30, 2023**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 628,998
Accrued expenses	301,141
Accrued compensated absences, current portion	65,712
Tenant security deposits	264,398
Current portion of loans and notes payable	12,789
Current portion of lease liability	121,609
Unearned revenue	<u>603,012</u>
Total current liabilities	<u>1,997,659</u>
Non-current liabilities:	
Accrued compensated absences, net of current portion	489,580
Long-term portion of loans and notes payable	3,234,115
Accrued pension liability	10,581,781
Accrued OPEB liability	226,711
Lease liability, net of current portion	489,750
Other non-current liabilities	<u>1,377,848</u>
Total non-current liabilities	<u>16,399,785</u>
Total liabilities	<u>18,397,444</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension plan	566,517
OPEB plan	165,214
Leased asset	<u>2,202,555</u>
Total deferred inflows of resources	<u>2,934,286</u>

**NET POSITION**

Net position:	
Net investment in capital assets	11,564,788
Restricted	3,524,141
Unrestricted	<u>22,535,566</u>
Total net position	<u>37,624,495</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 58,956,225</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

Operating revenues:	
Tenant revenue	\$ 3,039,950
HUD operating grants	123,922,813
Other government grants	712,323
Fraud recovery revenue	35,424
Other revenues	<u>481,124</u>
Total operating revenues	<u>128,191,634</u>
Operating expenses:	
Administrative	6,757,887
Tenant services	1,394,148
Utilities	478,842
Ordinary repairs and maintenance	1,358,293
Insurance	441,235
General	809,512
Housing assistance payments	109,895,794
Depreciation	<u>614,068</u>
Total operating expenses	<u>121,749,779</u>
Operating income	<u>6,441,855</u>
Non-operating revenues (expenses):	
Investment income	257,428
Interest expense	<u>(69,970)</u>
Net non-operating revenues	<u>187,458</u>
Change in net position	6,629,313
Net position, beginning of year	<u>30,995,182</u>
Net position, end of year	<u>\$ 37,624,495</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

Cash Flows from Operating Activities:	
Cash received from tenants and other	\$ 3,563,264
Cash received from grantors	124,502,162
Cash paid to suppliers and vendors	(114,770,753)
Cash paid to employees	<u>(6,713,525)</u>
Net cash provided by operating activities	<u>6,581,148</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(1,474,516)
Proceeds from loans and notes payable	14,554
Principal payments on loans and notes payable	(1,708)
Interest paid on loans and notes payable	<u>(69,970)</u>
Net cash used in capital and related financing activities	<u>(1,531,640)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>110,231</u>
Net cash provided by investing activities	<u>110,231</u>
Net increase in cash, cash equivalents, and restricted cash	5,159,739
Cash, cash equivalents, and restricted cash, beginning of year	<u>30,325,888</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 35,485,627</u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 31,165,651
Tenant security deposits	264,398
Restricted cash	<u>4,055,578</u>
Cash, cash equivalents, and restricted cash	<u>\$ 35,485,627</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 6,441,855
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	614,068
Bad debts	14,235
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	(130,985)
Prepaid expenses	(1,453)
Lease receivable	339,329
Right-of-use asset	319,226
Deferred outflows of resources	(2,791,575)
Accounts payable	369,355
Accrued compensated absences	19,249
Accrued expenses	38,293
Tenant security deposits	5,720
Unearned revenue	(15,178)
Lease liability	(114,056)
Deferred inflows of resources	(4,437,143)
Accrued pension liability	5,714,448
Accrued OPEB liability	216,447
Other non-current liabilities	<u>(20,687)</u>
Net cash provided by operating activities	<u>\$ 6,581,148</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**A. Organization**

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

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

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

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

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

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

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

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



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

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

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

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

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

Effective July 1, 2022, the Authority adopted Statement No. 96 of the Government Accounting Standards Board, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 improves the financial reporting by establishing a definition for subscription-based information technology arrangements ("SBITA") and providing uniform guidance for accounting and financial reporting for transactions that meet the definition of SBITA. For the year ended June 30, 2023, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

**C. Reporting Entity**

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**C. Reporting Entity (continued)**

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

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

**Blended Component Units:**

Merrill Road Associates, A California Limited Partnership

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

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

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

New Horizons Affordable Housing and Development, Inc.

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**C. Reporting Entity (continued)**

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

**D. Description of Programs**

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

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. The Authority is in the process of converting its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Section 8 Housing Choice Vouchers Program

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

Mainstream Vouchers Program

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

Section 8 Moderate Rehabilitation Program - Single Room Occupancy

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

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Continuum of Care Program

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

Business Activities

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

State and Local Programs

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

PIH Family Self Sufficiency Program

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

Home Investment Partnership Program

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

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

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

Rural Rental Assistance Program

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

Emergency Housing Vouchers

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

FSS Forfeiture Program

During the year ended June 30, 2023, the Authority was awarded FSS forfeiture funding as part of the FSS Program. These funds are to be used to support participants in good standing, to train FSS program coordinators or other eligible activities.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**E. Use of Management Estimates**

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

**F. Cash and Cash Equivalents**

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

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

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

**G. Accounts Receivable, Net**

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

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

**H. Allowance for Doubtful Accounts**

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

**I. Prepaid Expenses**

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**J. Notes Receivable**

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

**K. Lease Receivable**

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

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

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

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

**M. Capital Assets, Net**

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

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

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

**N. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended June 30, 2023, there were no impairment losses incurred.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

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

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

**P. Taxes**

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

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

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

**R. Accounts Payable and Accrued Liabilities**

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

**S. Unearned Revenue**

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

**T. Accrued Compensated Absences**

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**U. Pension Plan**

The Authority participates in a cost-sharing multi-employer defined benefit retirement plan ("the Plan") that is administered by the California Public Employees Retirement System ("CalPERS"). Contributions to CalPERS are made on a current basis as required by the Plan and are charged to expenditures. The Authority used actuarial reports supplied by CalPERS for the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources and expenses related to the Plan. The valuation date of the latest actuarial report was June 30, 2021.

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

The Authority provides a defined benefit health care program to its retired employees and their dependents. The Authority has established a trust account to administer the funding of the OPEB plan. The OPEB trust fund is presented as a fiduciary fund of the Authority. The Authority used actuarial valuation reports supplied by OPEB consultants for the purpose of measuring the net OPEB liability, deferred outflows and inflows of resources, and expenses related to the plan in accordance with GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. The valuation date of the latest actuarial report was June 30, 2021.

**W. Net Position Classifications**

Net position is displayed in three components:

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

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

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

**X. Use of Restricted Assets**

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



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**Y. Operating Revenues and Expenses**

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

**Z. Regulated Leases**

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2023, rental revenue earned under the aforementioned leases totaled \$2,854,367.

**AA. Budgets and Budgetary Accounting**

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

**BB. Economic Dependency**

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

**CC. Risk Management**

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

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

As of June 30, 2023, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$35,485,627, and the bank balances were \$35,828,313.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
NOTES TO FINANCIAL STATEMENTS (continued)  
JUNE 30, 2023**

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

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 31,165,651
Tenant security deposits	264,398
Restricted	4,055,578
Total cash, cash equivalents, and restricted cash	\$ 35,485,627

Of the Authority's bank balances, \$500,000 was covered by federal depository insurance and the remaining \$35,328,313 was collateralized with the pledging financial institution as of June 30, 2023.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2023, the Authority's bank balances were not exposed to custodial credit risk.

Investments in State Investment Pool

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

At June 30, 2023, an account was maintained in the name of the Authority for \$1,948,335. The total cost value of investment in LAIF was \$1,948,335. The total fair value of investments in LAIF was \$1,918,776. For the year ended June 30, 2023, the Authority recognized an unrealized loss of \$29,559. The loss was based on a fair value adjustment factor of 0.984828499 that was calculated by the State of California Treasurer's Office.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At June 30, 2023, the fair value of the PMIA, including accrued interest, was \$177,045,532,802.

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of June 30, 2023:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 101,356
Accounts receivable - other government	177,884
Accounts receivable - tenants, net	20,260
Accounts receivable - miscellaneous	<u>125,351</u>
 Total accounts receivable, net	 \$ <u><u>424,851</u></u>

Accounts Receivable - HUD

As of June 30, 2023, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Other Government

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

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$33,140.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. The balance is shown net of an allowance for doubtful accounts of \$14,255.

**NOTE 4. CAPITAL ASSETS, NET**

The following is a summary of the Authority's changes in capital assets for the year ended June 30, 2023:

<u>Description</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2023</u>
<u>Non-depreciable capital assets:</u>				
Land	\$ 8,130,533	\$ -	\$ -	\$ 8,130,533
Construction in progress	<u>284,600</u>	<u>981,317</u>	<u>(6,069)</u>	<u>1,259,848</u>
Total	<u>8,415,133</u>	<u>981,317</u>	<u>(6,069)</u>	<u>9,390,381</u>
<u>Depreciable capital assets:</u>				
Buildings	17,793,337	423,398	-	18,216,735
Furniture and equipment	<u>269,933</u>	<u>69,801</u>	-	<u>339,734</u>
Total	<u>18,063,270</u>	<u>493,199</u>	<u>-</u>	<u>18,556,469</u>
Less: accumulated depreciation	<u>12,521,090</u>	<u>614,068</u>	<u>-</u>	<u>13,135,158</u>
Net capital assets	<u>\$ 13,957,313</u>	<u>\$ 860,448</u>	<u>\$ (6,069)</u>	<u>\$ 14,811,692</u>

Depreciation expense for the fiscal year ended June 30, 2023, amounted to \$614,068.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 5. RESTRICTED DEPOSITS**

Restricted deposits consist of the following as of June 30, 2023:

<u>Cash Category</u>	<u>Amount</u>
USDA project replacement	\$ 1,507,466
Merrill Road Associates replacement and operating reserves	184,279
Brommer Street replacement reserve	13,916
Emergency housing voucher reserves	390,675
FSS escrow forfeitures	62,030
Affordable housing preservation reserves	1,528,948
Family self-sufficiency escrows	368,264
Tenant security deposits	<u>264,398</u>
 Total restricted deposits	 \$ <u>4,319,976</u>

Replacement and operating reserves of the USDA, Brommer Street and Merrill Road Associates properties cannot be disbursed without the prior written approval of either the USDA, Rural Economic and Community Development Department or the State of California, Department of Housing and Community Development.

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

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

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

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 6. NOTES RECEIVABLE**

Outstanding notes receivable consisted of the following as of June 30, 2023:

<u>Description</u>	<u>Amount</u>
Loans have been made by the Authority to moderate and lower income, first-time homebuyers, qualified to purchase homes in the Arroyo Verde housing development. These loans are secured by deeds of trust. Payment on the loans are deferred until the property is sold or transferred, the borrower defaults on the note, or the first and second liens are refinanced. Interest on each loan is based on the appreciation of the property at the time of the payoff.	\$ <u>19,504</u>

**NOTE 7. LEASE RECEIVABLE**

On February 4, 2019, the Authority entered into a lease agreement (the “commercial lease”) as a lessor to rent office space. The term of the commercial lease was for ten years, commencing on August 1, 2019 and terminating on July 31, 2029. The commercial lease was amended on October 1, 2021. An initial lease receivable was recorded in the amount of \$3,106,337. As of June 30, 2023, the value of the lease receivable was \$2,602,440. At commencement of the commercial lease, base rent in the amount of \$30,073 was due on the first of each month. Beginning January 1, 2022, an additional \$418 was due on the first of each month, due to under payment of rent during 2020 and 2021. The implicit interest rate on the commercial lease was 3%. The value of the deferred inflows of resources as of June 30, 2023 was \$2,202,555. For the year ended June 30, 2023, the Authority recognized lease revenue of \$393,672 and interest revenue in the amount of \$82,243.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 352,310	\$ 72,418	\$ 424,728
2025	363,025	61,702	424,727
2026	406,837	50,253	457,090
2027	422,335	37,797	460,132
2028	460,563	24,637	485,200
Thereafter	<u>597,370</u>	<u>10,797</u>	<u>608,167</u>
	<u>\$ 2,602,440</u>	<u>\$ 257,604</u>	<u>\$ 2,860,044</u>

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

On October 30, 2017, the Authority entered into a lease agreement (the “administrative lease”) as a lessee to rent administrative office space. The term of the administrative lease was for ten years, commencing on January 1, 2018 and terminating on December 31, 2027. At commencement of the administrative lease, base rent in the amount of \$9,796 was due on the first of each month, and the lease had an implicit interest rate of 3%. As of June 30, 2023, the value of the right-of-use asset was \$1,089,267, which is shown net of accumulated amortization in the amount of \$599,097. Amortization expense for the year ended June 30, 2023 totaled \$108,927. Rent and interest expense for the year ended June 30, 2023 amounted to \$225,348 and \$20,218, respectively.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

The following is a summary of the Authority's changes in right-of-use asset for the year ended June 30, 2023:

Description	June 30, 2022	Additions	Dispositions	June 30, 2023
Right-of-use asset	\$ 1,089,267	\$ -	\$ -	\$ 1,089,267
Less: accumulated amortization	<u>490,170</u>	<u>108,927</u>	<u>-</u>	<u>599,097</u>
Net right-of-use asset	<u>\$ 599,097</u>	<u>\$ (108,927)</u>	<u>\$ -</u>	<u>\$ 490,170</u>

Amortization expense for the fiscal year ended June 30, 2023, amounted to \$108,927.

The lease liability as of June 30, 2023 was \$611,359.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 121,609	\$ 16,693	\$ 138,302
2025	129,514	12,937	142,451
2026	137,785	8,939	146,724
2027	146,438	8,939	155,377
2028	<u>76,013</u>	<u>666</u>	<u>76,679</u>
	<u>\$ 611,359</u>	<u>\$ 48,174</u>	<u>\$ 659,533</u>

**NOTE 9. COMPENSATED ABSENCES**

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Authority's service or used in future periods. The Authority permits employees to accumulate earned but unused sick leave. This leave will either be used in future periods or paid to employees upon separation from the Authority in the amount of 50%, after five years of service; 75%, after ten years of service; and 100%, after fifteen years of service, of the value of the unused sick leave. Accrued vacation and vested sick leave have been valued by the Authority; allocated to all the programs, including Merrill Road Associates; and recorded as "Compensated Absences". As of June 30, 2023, accrued vacation and vested sick leave were valued at \$555,292. Of this amount, \$489,580 is considered by management to be a long-term liability.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 10. LOANS AND NOTES PAYABLE**

Debt activity for the year ended June 30, 2023 consisted of the following:

Description	June 30, 2022	Advances	Principal Reductions	June 30, 2023
Loans and notes payable	\$ <u>3,234,058</u>	\$ <u>14,554</u>	\$ <u>(1,708)</u>	\$ <u>3,246,904</u>

Loans and notes payable consisted of the following as of June 30, 2023:

Description	Amount
The Authority entered into a loan with the U.S. Department of Agriculture in the amount of \$110,000, which accrues interest at 1% per annum and require monthly payments of \$886. The loan matures on December 15, 2031, and is secured by real property.	\$ 12,789
The Authority entered into a loan with the California Department of Housing and Community Development dated October 31, 2001. This \$210,000 note carries a simple interest rate of 3% per annum and is secured by the underlying property. The payment of principal and interest on this note is deferred until November 30, 2056; or until the project generates surplus cash, to the extent of 80% of surplus cash generated, paid first to outstanding interest, then to principal.	210,000
On September 15, 1995, the Partnership, entered into a promissory note with the State of California, Department of Housing and Community Development, Rental Housing Construction Program ("RHCP"). The note, for \$1,195,167, is secured by a deed of trust on the property owned by the Partnership, bears simple interest at a rate of 3% per annum, and is due 40 years from the anniversary of the Initial Assisted Unit Date, or September 1, 2036. Payments are due annually on this loan only to the extent of surplus cash earned by the project.	1,195,167
In September 1996, the Partnership received a \$300,000 loan from the Santa Cruz County Redevelopment Agency ("RDA"). This loan is unsecured, bears simple interest at a rate of 8% per annum, and was intended to be forgiven if the Authority exercised the option to purchase the property after 20 years and maintained the units according to the RHCP loan provisions for an additional 20 years. The option to purchase was exercised in 2011. No forgiveness has occurred on this loan to date, and since it is assumed that the loan will be forgiven at some future date due to the Authority exercising the option to purchase, no interest has accrued on this loan.	300,000

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

<u>Description</u>	<u>Amount</u>
<p>The Authority entered into an affordable housing preservation loan with the County of Santa Cruz (the "County") on July 3, 2018. The Authority administers this loan on behalf of the County. The County transferred an initial balance of \$1,500,000, which is held by the Authority on behalf of the County. The County identifies potential affordable housing units at risk of losing affordability covenants through foreclosure and that are suitable for preservation through this program. The funds are designed to be used to purchase at risk properties which will then be re-sold to another low income family in order to preserve the affordability covenants. The funds from the sale of the property would go back into the program to help preserve additional units in the future. As a result, there is no maturity date or interest rate associated with the use of the funds. Any interest that is earned during the year from the funds being on deposit in the bank account is credited to the liability account since the funds belong to the County. To date, the funds have not yet been used to preserve any at-risk affordable properties. During the year ended June 30, 2023, the Authority earned \$14,554 of interest on loan proceeds which have been added to the principal amount of the loan.</p>	<u>1,528,948</u>
Total loans and notes payable	3,246,904
Less: current portion	<u>12,789</u>
Loans and notes payable, excluding current portion	<u>\$ 3,234,115</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,789	\$ 100	\$ 12,889
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029-2033	-	-	-
2034-2038	3,024,115	1,434,200	4,458,315
2039-2043	-	-	-
2044-2048	-	-	-
2049-2053	-	-	-
2054-2056	<u>210,000</u>	<u>346,500</u>	<u>556,500</u>
	<u>\$ 3,246,904</u>	<u>\$ 1,780,800</u>	<u>\$ 5,027,704</u>

Accrued interest on these notes and loans totaled \$1,009,574 as of June 30, 2023.



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 11. OTHER LIABILITIES**

As of June 30, 2023, other liabilities totaled \$1,377,848, and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2023</u>
Accrued interest payable	\$ 980,120	\$ 29,454	\$ -	\$ 1,009,574
FSS Escrow	<u>424,484</u>	<u>-</u>	<u>(56,210)</u>	<u>368,274</u>
Total	<u>\$ 1,404,604</u>	<u>\$ 29,454</u>	<u>\$ (56,210)</u>	<u>\$ 1,377,848</u>

**NOTE 12. RESTRICTED NET POSITION**

Restricted net position consists of the following as of June 30, 2023:

<u>Cash Category</u>	<u>Amount</u>
USDA project replacement	1,507,466
Merrill Road Associates replacement and operating reserves	\$ 184,279
Emergency housing voucher reserves	227,502
Affordable housing preservation reserves	1,528,948
EFF FSS escrow reserves	62,030
Brommer Street replacement reserve	<u>13,916</u>
Total restricted net position	<u>\$ 3,524,141</u>

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

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

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

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

As of June 30, 2023, the Authority estimates that no material liabilities will result from such audits.

**NOTE 14. PENSION PLAN**

**A. Plan Description**

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

The Authority's plan is made up of 4 tiers. Tier 1, 3% at 60 covers all employees hired before March 5, 2006. Tier 2, 2% at 55 covers all employees hired between March 5, 2006 and July 29, 2012. Tier 3, 2% at 60 covers all employees hired between July 29, 2012 and January 1, 2013. Tier 4, 2% at 62 covers all employees hired after January 1, 2013. The fourth tier is the result of State legislation AB 340, the Public Employees' Pension Reform Act. The number of employees across all four tiers as of the June 30, 2022 valuation date was 26 active and 1 retired.

**B. Funding Policy**

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

Participants in the Authority's first tier are required to contribute 8% of their annual covered salary, participants in the second and third tiers contribute 7%, while participants in the fourth tier contribute 7.75% during the fiscal year ended June 30, 2023.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**B. Funding Policy (continued)**

Employer rates are as follows:

	<u>1st Tier</u>	<u>2nd Tier</u>	<u>3rd Tier</u>	<u>4th Tier</u>
2022/2023	16.170 %	11.610 %	8.630 %	7.470 %
2023/2024	18.240 %	13.260 %	10.100 %	7.680 %
2024/2025 (projected)	18.200 %	13.310 %	10.150 %	7.870 %
2025/2026 (projected)	18.200 %	13.300 %	10.200 %	7.900 %
2026/2027 (projected)	18.200 %	13.300 %	10.200 %	7.900 %
2027/2028 (projected)	18.200 %	13.300 %	10.200 %	7.900 %
2028/2029 (projected)	18.200 %	13.300 %	10.200 %	7.900 %

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

	<u>1st Tier</u>	<u>2nd Tier</u>	<u>3rd Tier</u>	<u>4th Tier</u>
2022/2023	\$ 643,225	\$ 42,238	\$ 9,093	\$ 505
2023/2024	\$ 743,024	\$ 38,721	\$ -	\$ -
2024/2025	\$ 728,000	\$ 52,219	\$ 4,726	\$ 12,723
2025/2026 (projected)	\$ 751,000	\$ 61,000	\$ 5,200	\$ 14,000
2026/2027 (projected)	\$ 800,000	\$ 73,000	\$ 6,100	\$ 16,000
2027/2028 (projected)	\$ 865,000	\$ 86,000	\$ 7,400	\$ 19,000
2028/2029 (projected)	\$ 1,034,000	\$ 111,000	\$ 9,300	\$ 23,000

The amounts contributed to the pension plan for the fiscal year ended June 30, 2023 are as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Total</u>
Tier 1	\$ 984,130	\$ 131,514	\$ 1,115,644
Tier 2	112,913	43,459	156,372
Tier 3	32,103	18,909	51,012
Tier 4	<u>146,810</u>	<u>132,229</u>	<u>279,039</u>
Total required contributions made	1,275,956	326,111	1,602,067
Miscellaneous employee contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total payments made to CalPERS	<u>\$ 1,275,956</u>	<u>\$ 326,111</u>	<u>\$ 1,602,067</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 JUNE 30, 2023**

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

**C. Actuarial Methods and Assumptions**

The collective total pension liability for the June 30, 2022 measurement period was determined using the annual funding valuation as of June 30, 2021, with updated procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

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

Actuarial assumptions were based upon the experience study for the period 1997-2015.

**D. Discount Rate**

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

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

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

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

Asset Class	Assumed Asset Allocation	Real Return Year 1 - 10 (a)
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	<u>-5.00%</u>	-0.59%%
	<u>100.00%</u>	

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

**F. Net Pension Liability**

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

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ <u>19,964,594,105</u>	\$ <u>18,065,791,524</u>	\$ <u>1,898,802,581</u>
Changes for the year:			
Service cost	491,778,396	-	491,778,396
Interest	1,400,310,792	-	1,400,310,792
Change of benefit terms	3,710,632	-	3,710,632
Change in assumptions	657,071,478	-	657,071,478
Differences between expected and actual experience	(86,245,219)	-	(86,245,219)
Net plan to plan resource movement	-	(8,366,463)	8,366,463
Contributions - employer	-	869,907,904	(869,907,904)
Contributions - employee	-	209,139,593	(209,139,593)
Net investment income	-	(1,373,096,757)	1,373,096,757
Benefit payments, including refunds of employee contributions	(981,321,786)	(981,321,786)	-
Administrative expense	-	(11,382,676)	11,382,676
Net changes	<u>1,481,593,661</u>	<u>(1,295,120,185)</u>	<u>2,780,424,478</u>
Balance at June 30, 2023	\$ <u>21,446,187,766</u>	\$ <u>16,770,671,339</u>	\$ <u>4,679,227,059</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

Participating employers' allocations for the components of net position liability were calculated by BDO USA, LLP and a report issued December 17, 2021. Based on this report, the Authority's proportionate shares of the risk pool's total pension liability, fiduciary net position, and net pension liability were as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance as of June 30, 2023	\$ <u>41,934,551</u>	\$ <u>31,352,770</u>	\$ <u>10,581,781</u>
Percentage of the pool	<u>0.001954</u> %	<u>0.088320</u> %	<u>0.251540</u> %

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Risk pool's net pension liability	\$ <u>7,603,234,935</u>	\$ <u>4,679,227,059</u>	\$ <u>2,273,494,154</u>
Authority's net pension liability	\$ <u>16,298,217</u>	\$ <u>10,581,781</u>	\$ <u>5,878,574</u>

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

The Authority has recorded pension expense, deferred outflows of resources and deferred inflows of resources based on the GASB 68 Accounting Report and the Schedules of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts prepared by CalPERS. The measurement date of these reports and schedules was June 30, 2022. For the year ended June 30, 2023, the Authority recognized pension expense of \$58,992. As of June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Authority's pension plan from the following sources:

**Risk Pool's Portion**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 212,930,330	\$ -
Net differences between actual and projected earnings on pension plan investments	<u>-</u>	<u>(1,657,554,246)</u>
Total	\$ <u>212,930,330</u>	\$ <u>(1,657,554,246)</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
NOTES TO FINANCIAL STATEMENTS (continued)  
JUNE 30, 2023**

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

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

**Authority's Portion**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 1,084,325	\$ -
Changes in employer's proportion	208,669	-
Differences between expected and actual experience	212,503	142,325
Net differences between actual and projected earnings on pension plan investments	1,938,301	-
Net differences between employer's contributions and the employer's proportionate share of contributions	-	424,192
Contribution subsequent to the measurement date	<u>1,214,312</u>	<u>-</u>
Total	<u>\$ 4,658,110</u>	<u>\$ 566,517</u>

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

Years ending June 30:	<u>Amount</u>
2024	\$ 678,362
2025	592,201
2026	330,489
2027	<u>1,276,229</u>
	<u>\$ 2,877,281</u>

The amounts reported as deferred outflows of resources related to pensions, contributions made after the measurement date of June 30, 2022, should have the effect of reducing net pension liability during the next actuarial measurement period.

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

**NOTE 15. OTHER POST EMPLOYMENT BENEFITS**

**A. OPEB Plan Description**

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

**B. Benefits**

The Authority has contracted with CalPERS to provide medical benefits to qualified retirees and their surviving spouses. The Authority makes actual payments of \$149 per month in 2022 and \$151 per month in 2023, per eligible retiree, to the healthcare benefit provider. The OPEB plan minimum payments are expected to increase on an annual basis. Eligible retirees pay the remaining monthly balance due for insurance. Active employees make no payments toward OPEB until retirement.

**C. Eligibility**

Eligibility for retiree medical benefits is extended to those retirees, as well as their surviving spouses, who are enrolled in a medical plan at the time of retirement and file an application for monthly retirement benefits through CalPERS at the time of separation. Further eligibility requires the employee to retire after age 50 and with at least 5 years of service. As of June 30, 2023, 16 employees were eligible and receiving these benefits. The Authority had another 60 employees who are eligible for the program, but are not receiving benefits due to the fact that they are not retired from the Authority as of June 30, 2023.

**D. Contributions**

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



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**D. Contributions (continued)**

The contributions were as follows:

	Balances at <u>June 30, 2023</u>	Balances at <u>June 30, 2022</u>
Contributions made to CalPERS trust	\$ -	\$ -
Payments made to CalPERS for retiree premiums	<u>31,192</u>	<u>27,800</u>
Total	<u>\$ 31,192</u>	<u>\$ 27,800</u>

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

	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balance at June 30, 2022	\$ <u>1,049,144</u>	\$ <u>1,038,880</u>	\$ <u>10,264</u>
Changes for the year:			
Service cost	37,652	-	37,652
Interest	67,291	-	67,291
Employer contributions	-	27,800	(27,800)
Net investment income	-	(139,041)	139,041
Benefit payments	(27,800)	(27,800)	-
Administrative expense	<u>-</u>	<u>(263)</u>	<u>263</u>
Net changes	<u>77,143</u>	<u>(139,304)</u>	<u>216,447</u>
Balance at June 30, 2023	\$ <u>1,126,287</u>	\$ <u>899,576</u>	\$ <u>226,711</u>

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

The following table represents the net OPEB liability, calculated using the current discount rate of 6.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net OPEB liability (asset)	\$ <u>435,653</u>	\$ <u>226,711</u>	\$ <u>62,140</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

The following presents the net OPEB liability of the plan as of June 30, 2022 calculated using the healthcare cost trend rate of 4%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease <u>(3.00%)</u>	Current Discount Rate <u>(4.00%)</u>	1% Increase <u>(5.00%)</u>
Net OPEB liability	\$ <u>50,763</u>	\$ <u>226,711</u>	\$ <u>450,712</u>

The components of the annual OPEB expense are as follows:

Service Cost	\$ 37,652
Interest	67,291
Expected investment return	(67,519)
Administrative expenses	263
Recognition of difference between actual and expected experience	(6,737)
Recognition of changes in assumptions	6,182
Recognition of differences between projected and actual earnings on investments	<u>13,199</u>
Total OPEB expense for the year ended June 30, 2023	<u>\$ 50,331</u>

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

As of June 30, 2023, the Authority recognized an OPEB expense of \$50,331. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in Assumptions	\$ 49,457	\$ -
Differences between expected and actual experience	27,661	72,378
Net differences between actual and projected earnings on OPEB plan investments	<u>173,117</u>	<u>92,836</u>
Total	<u>\$ 250,235</u>	<u>\$ 165,214</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

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

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

Years ending June 30:	Recognized Deferred Outflows/Inflows of <u>Resources</u>
2024	\$ 13,923
2025	13,568
2026	9,813
2027	40,757
2028	(555)
Thereafter	<u>7,515</u>
Total	<u>\$ 85,021</u>

**H. Actuarial Assumptions**

The following are the assumptions as of the measurement date of June 30, 2021:

**Actuarial Methods and Assumptions**

Inflation	2.75%
Payroll growth	3.25%
Investment rate of return	6.50% per year
Healthcare cost trend rates	CalPERS medical premiums are assumed to increase 4% per year
Discount rate	6.50%
Measurement date	June 30, 2022
Mortality	Rates taken from the 2017 CalPERS valuation

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

**H. Actuarial Assumptions (continued)**

<u>Asset Class</u>	<u>% of Fund</u>	<u>Real Return Next 10 Years</u>
Global Equity - cap - weighted	30.00%	4.45%
Global Equity non-cap - weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

Using these figures, an expected inflation rate of 2% was used for this period. The figures are based on the 2021-2022 asset liability management study.

The discount rate has been set equal to the long-term expected rate of return on investment of 6.5%. The cash flows of the OPEB plan were projected to future years, assuming that the Authority will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.5%.

**Change of assumption:** All actuarial assumptions are unchanged from the July 1, 2017 valuation, except as follows. The assumed rates of retirement, turnover and mortality have been changed from the 2014 GASB OPEB Assumptions Model rates to the 2017 CalPERS pension valuation rates. The effect of this change was to increase the APVPBP by \$119,293.

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

	Merrill Road Associates	New Horizons Affordable Housing and Development Inc.	Total Blended Component Units
<b>Assets:</b>			
Current assets	\$ 25,983	\$ 13,526,187	\$ 13,552,170
Capital assets, net	2,013,251	8,711,011	10,724,262
Other non-current assets	183,779	19,743	203,522
Total assets	<u>2,223,013</u>	<u>22,256,941</u>	<u>24,479,954</u>
<b>Liabilities:</b>			
Current	54,312	678,883	733,195
Non-current	3,291,517	478,962	3,770,479
Total liabilities	<u>3,345,829</u>	<u>1,157,845</u>	<u>4,503,674</u>
<b>Net Position:</b>			
Net investment in capital assets	(186,188)	8,301,011	8,114,823
Restricted	183,779	13,947	197,726
Unrestricted	(1,120,407)	12,784,138	11,663,731
Net position	<u>\$ (1,122,816)</u>	<u>\$ 21,099,096</u>	<u>\$ 19,976,280</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2023**

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

	Merrill Road Associates	New Horizons Affordable Housing and Development Inc.	Total Blended Component Units
Operating revenues:			
Tenant revenue	\$ 181,711	\$ 8,433,523	\$ 8,615,234
Other revenues	<u>-</u>	<u>153,730</u>	<u>153,730</u>
Total operating revenues	<u>181,711</u>	<u>8,587,253</u>	<u>8,768,964</u>
Operating expenses:			
Administrative	82,761	890,213	972,974
Tenant services	-	58,497	58,497
Maintenance and utilities	156,840	1,167,545	1,324,385
Taxes and Insurance	18,916	201,185	220,101
Depreciation	<u>70,337</u>	<u>277,788</u>	<u>348,125</u>
Total operating expenses	<u>328,854</u>	<u>2,595,228</u>	<u>2,924,082</u>
Other income (expense)			
Interest income	1,562	31,658	33,220
Interest expense	<u>(43,438)</u>	<u>(6,300)</u>	<u>(49,738)</u>
Net other (expense) revenue	<u>(41,876)</u>	<u>25,358</u>	<u>(16,518)</u>
Special item - transfer of capital assets	<u>-</u>	<u>(314,652)</u>	<u>(314,652)</u>
Net (loss) income	<u>\$ (189,019)</u>	<u>\$ 5,702,731</u>	<u>\$ 5,513,712</u>

**NOTE 17. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through February 28, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Cruz (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated February 28, 2024.

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

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

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

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

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

### ***Authority's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***Purpose of this Report***

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



February 28, 2024  
Toms River, New Jersey

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

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

***Report on Compliance for Each Major Federal Program***

***Qualified and Unmodified Opinions***

We have audited Housing Authority of the County of Santa Cruz's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Qualified Opinion on the Mainstream Vouchers Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Mainstream Vouchers Program for the year ended June 30, 2023.

***Unmodified Opinion on the Section 8 Housing Choice Vouchers and Emergency Housing Vouchers Programs***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each the Section 8 Housing Choice Vouchers and Emergency Housing Vouchers Programs for the year ended June 30, 2023.

***Basis for Qualified and Unmodified Opinions***

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

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



## ***Basis for Qualified and Unmodified Opinions on Each Major Federal Program (continued)***

### ***Matters Giving Rise to Qualified Opinion on the Mainstream Vouchers Program***

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with the eligibility requirements regarding the Mainstream Vouchers Program, as described in finding number 2023-001. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness and a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

## ***Authority's Response to the Compliance / Internal Control over Compliance Finding***

*Government Auditing Standards* require the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## ***Purpose of this Report***

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

*Novogradac & Company LLP*

February 28, 2024  
Toms River, New Jersey

**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 112,414,408
Mainstream Vouchers	14.879	3,593,932
Emergency Housing Vouchers	14.EHV	<u>6,503,261</u>
Total Housing Voucher Cluster		122,511,601
Section 8 Project-Based Rental Assistance (PBRA) Cluster		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	116,261
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	<u>225,858</u>
Total Section 8 Project-Based Rental Assistance (PBRA) Cluster		342,119
Continuum of Care Program	14.267	820,346
Family Self Sufficiency Program	14.896	<u>166,529</u>
Subtotal United States Department of Housing and Urban Development - Direct Awards		<u>123,840,595</u>
U.S. Department of Housing and Urban Development - Pass Through Programs:		
County of Santa Cruz; HOME Investment Partnership Program	14.239	<u>454,101</u>
Subtotal Pass Through Programs - County of Santa Cruz		<u>454,101</u>
Total U.S. Department of Housing and Urban Development		<u>124,294,696</u>
U.S. Department of Agriculture:		
Farm Labor Housing Loans and Grants	10.427	<u>25,615</u>
Total U.S. Department of Agriculture		<u>25,615</u>
Total Expenditures of Federal Awards		<u>\$ 124,320,311</u>

See Notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

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

**NOTE 3. INDIRECT COST RATE**

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditors' Results

Financial Statement Section

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

Federal Awards Section

- |    |  |            |
|----|--|------------|
| 1. | Internal control over compliance:  |            |
|    | a. Material weakness(es) identified?   | Yes        |
|    | b. Significant deficiency(ies) identified?   | Yes        |
| 2. | Type of auditors' report on compliance for major programs:   |            |
|    | 14.871 Section 8 Housing Choice Vouchers   | Unmodified |
|    | 14.879 Mainstream Vouchers   | Qualified  |
|    | 14.EHV Emergency Housing Vouchers  | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes        |

4. Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers

- |    |  |             |
|----|--|-------------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$3,000,000 |
| 6. | Auditee qualified as low-risk Auditee?                                   | Yes         |

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

II. Financial Statement Findings

Finding 2023-001 listed below is also a financial statement finding which is required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

**Finding 2023-001:**

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Titles: Section 8 Housing Choice Vouchers and Mainstream Vouchers Programs

Assistance Listing Numbers: 14.871 and 14.879

Noncompliance – E. Eligibility – Tenant Files

Non Compliance Material to the Financial Statements:

Section 8 Housing Choice Vouchers Program - No

Mainstream Vouchers Program - Yes

Material Weaknesses in Internal Control over Compliance for Eligibility for the Mainstream Vouchers Program

Significant Deficiency in Internal Control over Compliance for Eligibility Section 8 Housing Choice Vouchers Program

Criteria: Tenant Files. The PHA must do the following: As a condition of admission or continued occupancy, require the tenant and other family member to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516). These files are required to be maintained and available for examination at the time of audit.

Condition: Based upon inspection of the Authority's files and on discussion with management, there were documents that were unavailable for examination at the time of audit.

Context: There are approximately 5,295 units. Of a sample size of seventy-one (71) tenant files, the following was noted:

- HUD 9886 Form was missing in 1 file
- Annual HUD 50058 recertification form and related verification of income and assets was missing in 1 file

Our sample size is statistically valid.

Known Questioned Costs:

- Mainstream Vouchers \$19,830
- Section 8 Housing Choice Vouchers Program \$1,875

Cause: There is a significant deficiency in compliance for the eligibility type of compliance related to the maintenance of tenant files in the Section 8 Housing Choice Vouchers Program. There is a material weakness in compliance for the eligibility type of compliance related to the maintenance of tenant files in the Mainstream Vouchers Program. The Authority has not properly maintained tenant files in compliance with program requirements following the expiration of HUD waivers.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

III. Federal Award Findings and Questioned Costs (continued)

**Finding 2023-001 (continued):**

Effect: The Section 8 Housing Choice Vouchers Program is in non-compliance with the eligibility type of compliance related to the maintenance of tenant files. The Mainstream Vouchers Program is in material non-compliance with the eligibility type of compliance related to the maintenance of tenant files.

Recommendation: We recommend the Authority design and implement a corrective action plan that will assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor. Following the expiration of the COVID-19 HUD regulatory waivers, the Authority experienced a large backlog of reexaminations along with higher than usual rates of staff turnover and other staff capacity challenges related to the pandemic. Authority management developed and implemented a plan to rapidly work through the backlog, and has made significant progress to bring the program into compliance. The audit resulted in one missing consent form (HUD 9886), and one re-examination (HUD 50058), which is noted as missing. While the consent form had expired and a new consent form was required during the audit period, the income information collected for the household was collected while the consent form was still valid. With regards to the re-examination noted as missing, this re-examination was performed late, having been completed just six days after the end of the audit period. The re-examination was initiated on time, and the delay in completing the re-examination was caused by the program participant's delay in providing the required documents. Additionally, the Authority has been selected for participation in the Moving to Work program ("MTW"). Alternative re-examination schedules, including biennial re-examinations, are an approved MTW activity allowable through the MTW Operations Notice. The Authority has received HUD approval of a waiver that allows the use of an alternate re-examination schedule effective July 1, 2023. This re-examination schedule is in effect currently and will be in effect for the entire duration of the subsequent audit period. Based on the transition to biennial and triennial re-examinations, the Authority has already come into compliance with timely recertifications. Further, the Authority management is in the process of implementing enhanced Quality Control procedures, with staff to conduct ongoing internal audits over the course of the year.

IV. Schedule of Prior Year Audit Findings

**Finding 2022-001:**

Observation: Based upon inspection of the Authority's files and on discussion with management, there were documents that were unavailable for examination at the time of audit.

Status: This finding remains open. See Finding 2023-001.

**Finding 2022-002:**

Observation: Based upon inspection of the Authority's files and on discussion with management, there was a failed inspection that did not pass reinspection within 30 days without penalty.

Status: This finding has been resolved.



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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

<u>Measurement Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability ("NPL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NPL/Payroll Ratio</u>
<b>PERF C Public Agency Cost Sharing Plan:</b>						
06/30/2014	30,829,966,631	24,607,502,515	6,222,464,116	79.82 %		
06/30/2015	31,771,217,402	24,907,305,871	6,863,911,531	78.40 %		
06/30/2016	33,358,627,624	24,705,532,291	8,653,095,333	74.06 %		
06/30/2017	37,161,348,332	27,244,095,376	9,917,252,956	73.31 %		
06/30/2018	38,944,855,364	29,308,589,559	9,636,265,805	75.26 %		
06/30/2019	41,426,453,489	31,179,414,067	10,247,039,422	75.26 %		
06/30/2020	43,702,930,887	32,822,501,335	10,880,429,552	75.10 %		
06/30/2021	46,174,942,264	40,766,653,876	5,408,288,388	88.29 %		
06/30/2022	49,525,975,138	37,975,170,163	11,550,804,975	76.68 %		
<b>Miscellaneous Risk Pool in Total:</b>						
06/30/2013	12,374,543,647	9,097,875,216	3,276,668,431	73.52 %		
06/30/2014	13,110,948,452	10,639,461,174	2,471,487,278	81.15 %		
06/30/2015	13,639,503,084	10,896,036,068	2,743,467,016	79.89 %		
06/30/2016	14,397,353,530	10,923,476,287	3,473,877,243	75.87 %		
06/30/2017	16,016,547,402	12,074,499,781	3,942,047,621	75.39 %		
06/30/2018	16,891,153,209	13,122,440,092	3,768,713,117	77.69 %		
06/30/2019	17,984,188,264	13,979,687,268	4,004,500,996	77.73 %		
06/30/2021	18,920,437,526	14,702,361,183	4,218,076,343	77.71 %		
06/30/2022	19,964,594,105	18,065,791,524	1,898,802,581	90.49 %		
06/30/2023	21,449,898,398	16,770,671,339	1,898,802,581	78.19 %		

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY PENSION INFORMATION (continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Measurement Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability ("NPL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NPL/Payroll Ratio</u>
Authority's Proportionate Share of the Miscellaneous Risk Pool (\$):						
06/30/2013	24,885,431	16,887,565	7,997,866	67.86 %	3,495,580	228.80 %
06/30/2014	26,368,790	19,694,701	6,674,089	74.69 %	3,420,738	195.11 %
06/30/2015	27,456,183	22,128,324	5,327,859	80.60 %	3,460,606	153.96 %
06/30/2016	28,826,381	22,106,931	6,719,450	76.69 %	3,328,404	201.88 %
06/30/2017	32,223,692	24,745,480	7,478,212	76.79 %	3,326,175	224.83 %
06/30/2018	33,554,276	26,235,694	7,318,582	78.19 %	3,567,491	205.15 %
06/30/2019	35,367,705	27,289,748	8,077,957	77.16 %	3,754,306	215.17 %
06/30/2020	36,030,280	27,113,310	8,916,970	75.25 %	3,866,637	230.61 %
06/30/2021	37,983,848	28,155,613	9,828,235	74.13 %	3,985,360	246.61 %
06/30/2022	40,652,803	34,268,824	6,383,979	84.30 %	4,099,698	155.72 %

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

06/30/2013	0.20110 %	0.18562 %	0.244085 %
06/30/2014	0.20110 %	0.18511 %	0.270043 %
06/30/2015	0.20130 %	0.20309 %	0.194202 %
06/30/2016	0.20022 %	0.20238 %	0.193428 %
06/30/2017	0.20119 %	0.20494 %	0.189704 %
06/30/2018	0.19865 %	0.19993 %	0.194193 %
06/30/2019	0.19967 %	0.19521 %	0.201722 %
06/30/2020	0.19588 %	0.19193 %	0.209650 %
06/30/2021	0.19541 %	0.18951 %	0.251540 %
06/30/2022	0.19550 %	0.18695 %	0.38245 %

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY PENSION INFORMATION (continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR CALPERS\*\*\***

Fiscal Year Ended	Actuarially Determined Contributions ("ADC")	Contribution in relation to ADC	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions to Payroll Ratio
06/30/2014	804,089	804,089	-	3,430,738	23.44 %
06/30/2015	838,251	2,523,285	(1,685,034)	3,460,606	72.91 %
06/30/2016	965,609	965,609	-	3,328,404	29.01 %
06/30/2017	620,373	620,373	-	3,326,175	18.65 %
06/30/2018	691,803	691,803	-	3,567,491	19.39 %
06/30/2019	822,772	822,772	-	3,754,306	21.92 %
06/30/2020	951,081	951,081	-	3,866,637	24.60 %
06/30/2021	1,083,614	1,083,614	-	3,985,360	27.19 %
06/30/2022	1,175,621	1,175,621	-	4,099,698	28.68 %
06/30/2023	1,275,956	1,275,956	-	4,493,690	28.39 %

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY OPEB INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
 REQUIRED SUPPLEMENTARY OPEB INFORMATION (continued)  
 FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OPEB**

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

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

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO THE REQUIRED SUPPLEMENTARY PENSION AND OPEB INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

- The Schedule of Proportionate Share of Net Pension Liability presents the Authority's portion of CalPERS Miscellaneous Risk Pool NPL as a dollar value as well as a percentage. The funded ratio represents the Authority's proportionate share of the Plan's Fiduciary Net Position as a percentage of the Authority's proportionate share of the Total Pension Liability. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The Miscellaneous Risk Pool information is provided by CalPERS in its "GASB 68 Accounting Report for the measurement date of June 30, 2022. The Authority's proportionate share is calculated using information provided by CalPERS in its "Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts, June 30, 2021.
- The Schedule of Employer Contributions to CalPERS presents information regarding the Authority's required contributions to CalPERS, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. See also footnote 15 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met.
- The Schedule of Changes in the Net OPEB Liability and Related Ratios present the changes in the Authority's Total OPEB Liability (TOL) and Fiduciary Net Position (FNP) of the plan. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. See also footnote 16 to the Financial Statements.
- The Schedule of Employer Contributions to OPEB presents information regarding the Authority's required contributions to their OPEB plan, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. See also footnote 16 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met.
- There were no changes to the benefit terms that applied to the Authority's plans.
- There were no changes to the assumptions applied to the Authority's plans, except as follows for the OPEB plan. The assumed rates for retirement, turnover, and mortality changed from the 2014 GASB OPEB Assumptions Model rates to the 2017 CalPERS pension valuation rates.

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

	Project Total	14,879 Mainstream Vouchers	1 Business Activities	2 State/Local	14,239 HOME Investment Partnerships Program	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 PIH Family Self-Sufficiency Program	14,EFA FSS Escrow Forfeiture Account
111 Cash - Unrestricted	\$7,316,812	\$812,118	\$4,032,981	\$792,376	\$0	\$135,281	\$0	\$126
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$1,528,948	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62,030
114 Cash - Tenant Security Deposits	\$0	\$0	\$11,455	\$0	\$0	\$0	\$0	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$7,316,812	\$812,118	\$4,044,436	\$2,321,324	\$0	\$135,281	\$0	\$62,156
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$25,245	\$0
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$79,304	\$90,252	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$19	\$0	\$2,200	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126,1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126,2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128,1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$19	\$0	\$81,504	\$90,252	\$0	\$25,245	\$0
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$0	\$0	\$105,429	\$0	\$0	\$0	\$0	\$0
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
143,1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$998,215	\$0	\$0	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$7,316,812	\$812,137	\$4,818,080	\$2,402,828	\$90,252	\$135,281	\$25,245	\$62,156
161 Land	\$0	\$0	\$1,912,500	\$0	\$0	\$0	\$0	\$0
162 Buildings	\$0	\$0	\$5,296,475	\$0	\$0	\$0	\$0	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$313,534	\$0	\$0	\$0	\$0	\$0
165 Leasehold Improvements	\$0	\$0	\$47,899	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	\$0	\$0	-\$4,965,692	\$0	\$0	\$0	\$0	\$0
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$3,574,716	\$0	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$923,776	\$0	\$0	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$3,847	\$3,326,962	\$0	\$0	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$3,847	\$7,825,454	\$0	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources	\$354,080	\$75,965	\$386,946	\$0	\$0	\$3,853	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$7,670,892	\$891,949	\$13,030,480	\$2,402,828	\$90,252	\$139,134	\$25,245	\$62,156

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

	Project Total	14,879 Mainstream Vouchers	1 Business Activities	2 State/Local	14,239 HOME Investment Partnerships Program	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 PIH Family Self-Sufficiency Program	14,EFA FSS Escrow Forfeiture Account
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$0	\$0	\$53,958	\$0	\$2,000	\$0	\$0	\$0
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$3,927	\$111,330	\$602	\$211	\$156	\$8,438	\$0
322 Accrued Compensated Absences - Current Portion	\$0	\$1,198	\$10,937	\$0	\$0	\$53	\$0	\$0
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$27	\$0	\$0	\$0	\$2,781	\$0	\$126
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$119	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$0	\$0	\$11,455	\$0	\$0	\$0	\$0	\$0
342 Unearned Revenue	\$0	\$0	\$0	\$431,503	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$453,665	\$30,692	\$88,125	\$0	\$16,807	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$0	\$5,152	\$641,345	\$462,916	\$90,336	\$2,990	\$25,245	\$126
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$1,528,948	\$0	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$611,359	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$9,723	\$36,595	\$1,272	\$0	\$386	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$1,379,852	\$139,503	\$494,343	\$0	\$0	\$8,532	\$0	\$0
350 Total Non-Current Liabilities	\$1,379,852	\$149,226	\$1,141,297	\$1,530,220	\$0	\$8,918	\$0	\$0
300 Total Liabilities	\$1,379,852	\$154,378	\$1,782,642	\$1,993,136	\$90,336	\$11,908	\$25,245	\$126
400 Deferred Inflow of Resources	\$91,861	\$8,920	\$2,434,838	\$0	\$0	\$1,552	\$0	\$0
508,4 Net Investment in Capital Assets	\$0	\$0	\$3,574,716	-\$1,528,948	\$0	\$0	\$0	\$0
511,4 Restricted Net Position	\$0	\$0	\$0	\$1,528,948	\$0	\$0	\$0	\$62,030
512,4 Unrestricted Net Position	\$6,199,179	\$728,651	\$5,238,284	\$409,692	-\$84	\$125,674	\$0	\$0
513 Total Equity - Net Assets / Position	\$6,199,179	\$728,651	\$8,813,000	\$409,692	-\$84	\$125,674	\$0	\$62,030
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,670,692	\$891,949	\$13,030,480	\$2,402,828	\$90,252	\$139,134	\$25,245	\$62,156



Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

	14,267 Continuum of Care Program	6.2 Component Unit - Blended	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,EHV Emergency Housing Voucher	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
111 Cash - Unrestricted	\$0	\$13,213,313	\$125,518	\$3,638,654	\$311,929	\$786,543		\$31,165,651
112 Cash - Restricted - Modernization and Development	\$0	\$126,065	\$1,507,466	\$0		\$0		\$3,162,479
113 Cash - Other Restricted	\$0	\$72,130	\$0	\$368,264	\$390,675	\$0		\$693,099
114 Cash - Tenant Security Deposits	\$0	\$203,372	\$49,571	\$0		\$0		\$264,398
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0		\$0		\$0
100 Total Cash	\$0	\$13,614,880	\$1,682,555	\$4,006,918	\$702,604	\$786,543	\$0	\$35,485,627
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0		\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$76,111	\$0	\$0	\$0		\$0		\$101,356
124 Accounts Receivable - Other Government	\$0	\$0	\$8,328	\$0		\$0		\$17,894
125 Accounts Receivable - Miscellaneous	\$0	\$2,200	\$0	\$130,125	\$5,062	\$0		\$139,606
126 Accounts Receivable - Tenants	\$0	\$50,537	\$2,863	\$0		\$0		\$53,400
126,1 Allowance for Doubtful Accounts - Tenants	\$0	-\$31,316	-\$1,824	\$0		\$0		-\$33,140
126,2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	-\$14,255	\$0	\$0		-\$14,255
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0		\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0	\$297,753		\$0		\$297,753
128,1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	-\$297,753		\$0		-\$297,753
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0		\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$76,111	\$21,421	\$9,367	\$115,870	\$5,062	\$0	\$0	\$424,851
131 Investments - Unrestricted	\$0	\$0	\$0	\$0		\$0		\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0		\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0		\$0		\$0
142 Prepaid Expenses and Other Assets	\$0	\$108,167	\$0	\$0		\$0		\$213,598
143 Inventories	\$0	\$0	\$0	\$0		\$0		\$0
143,1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0		\$0		\$0
144 Inter Program Due From	\$0	\$5,827	\$0	\$0		\$0	-\$674,042	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0		\$0		\$0
150 Total Current Assets	\$76,111	\$13,750,295	\$1,691,922	\$4,122,788	\$707,666	\$786,543	-\$674,042	\$38,124,074
161 Land	\$0	\$6,093,957	\$124,076	\$0		\$0		\$8,130,533
162 Buildings	\$0	\$5,703,665	\$6,198,696	\$0		\$0		\$18,168,836
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$26,200	\$0	\$0		\$0		\$26,200
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0		\$0		\$313,534
165 Leasehold Improvements	\$0	\$0	\$0	\$0		\$0		\$47,899
166 Accumulated Depreciation	\$0	-\$2,345,670	-\$5,823,796	\$0		\$0		-\$13,135,158
167 Construction in Progress	\$0	\$1,246,112	\$13,736	\$0		\$0		\$1,259,848
168 Infrastructure	\$0	\$0	\$0	\$0		\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$10,724,264	\$512,712	\$0	\$0	\$0	\$0	\$14,811,692
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0		\$0	-\$904,272	\$19,504
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0		\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0		\$0		\$0
174 Other Assets	\$0	\$0	\$0	\$0		\$0	-\$238,199	\$3,092,610
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0		\$0		\$0
180 Total Non-Current Assets	\$0	\$10,724,264	\$512,712	\$0	\$0	\$0	-\$1,142,471	\$17,923,806
200 Deferred Outflow of Resources	\$0	\$0	\$198,296	\$3,771,614	\$230,670	\$12,201	-\$125,280	\$4,908,345
290 Total Assets and Deferred Outflow of Resources	\$76,111	\$24,474,559	\$2,402,930	\$7,894,402	\$938,336	\$798,744	-\$1,941,793	\$58,956,225

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

	14,267 Continuum of Care Program	6.2 Component Unit - Blended	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,EHV Emergency Housing Voucher	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
311 Bank Overdraft	\$0	\$0	\$0	\$0		\$0		\$0
312 Accounts Payable <= 90 Days	\$9,144	\$500,423	\$58,738	\$0		\$0		\$624,263
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0		\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$42	\$2,340	\$9,341	\$155,017	\$4,979	\$281		\$296,664
322 Accrued Compensated Absences - Current Portion	\$0	\$1,012	\$3,937	\$46,966	\$1,517	\$92		\$65,712
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0		\$3,673		\$3,673
325 Accrued Interest Payable	\$0	\$0	\$0	\$0		\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$454	\$1,228	\$0		\$4,616
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0		\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0		\$0		\$119
341 Tenant Security Deposits	\$0	\$203,372	\$48,571	\$0		\$0		\$264,398
342 Unearned Revenue	\$0	\$7,851	\$425	\$60	\$163,173	\$0		\$603,012
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$12,789	\$0		\$0		\$12,789
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0		\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0		\$0		\$0
346 Accrued Liabilities - Other	\$0	\$800	\$0	\$4		\$0		\$804
347 Inter Program - Due To	\$66,925	\$12,000	\$0	\$5,827		\$0	-\$674,041	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0		\$0		\$0
310 Total Current Liabilities	\$76,111	\$727,798	\$134,801	\$208,328	\$170,897	\$4,046	-\$674,041	\$1,876,050
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$2,609,439	\$0	\$0		\$0	-\$904,272	\$3,234,115
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0		\$0		\$0
353 Non-current Liabilities - Other	\$0	\$1,156,772	\$0	\$368,273		\$0	-\$147,197	\$1,999,207
354 Accrued Compensated Absences - Non Current	\$0	\$4,268	\$16,711	\$404,987	\$15,872	\$766		\$489,580
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0		\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0		\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$415,031	\$8,235,809	\$195,511	\$30,913	-\$91,002	\$10,808,492
350 Total Non-Current Liabilities	\$0	\$3,770,479	\$431,742	\$9,009,069	\$211,383	\$31,679	-\$1,142,471	\$16,521,394
300 Total Liabilities	\$76,111	\$4,498,277	\$586,543	\$9,217,397	\$382,280	\$35,725	-\$1,816,512	\$18,397,444
400 Deferred Inflow of Resources	\$0	\$0	\$57,763	\$458,512		\$6,120	-\$125,280	\$2,934,286
508,4 Net Investment in Capital Assets	\$0	\$8,114,825	\$499,923	\$0		\$0	\$904,272	\$11,564,788
511,4 Restricted Net Position	\$0	\$198,195	\$1,507,466	\$0	\$227,502	\$0		\$3,524,141
512,4 Unrestricted Net Position	\$0	\$11,893,262	-\$228,765	-\$1,781,507	\$328,554	\$756,899	-\$904,273	\$22,535,586
513 Total Equity - Net Assets / Position	\$0	\$19,976,282	\$1,778,624	-\$1,781,507	\$556,056	\$756,899	-\$1	\$37,624,495
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$76,111	\$24,474,559	\$2,402,930	\$7,894,402	\$938,336	\$798,744	-\$1,941,793	\$58,956,225

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

	Project Total	14,879 Mainstream Vouchers	1 Business Activities	2 State/Local	14,239 HOME Investment Partnerships Program	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 PIH Family Self-Sufficiency Program	14,EFA FSS Escrow Forfeiture Account
70300 Net Tenant Rental Revenue	\$0	\$0	\$23,508	\$0	\$0	\$0	\$0	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$0	\$0	\$23,508	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$0	\$3,911,600	\$0	\$0	\$0	\$116,261	\$166,529	\$0
70610 Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees			\$0					
70700 Total Fee Revenue								
70800 Other Government Grants	\$0	\$0	\$0	\$232,607	\$454,101	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$35,209	\$3,724	\$133,689	\$3,786	\$0	\$639	\$0	\$0
71200 Mortgage Interest Income	\$0	\$0	\$7,583	\$0	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71500 Other Revenue	\$0	\$0	\$1,784,888	\$10,175	\$0	\$0	\$0	\$62,030
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70000 Total Revenue	\$35,209	\$3,915,324	\$1,949,668	\$246,568	\$454,101	\$116,900	\$166,529	\$62,030
91100 Administrative Salaries	\$0	\$81,368	\$1,704,938	\$11,675	\$10,158	\$2,945	\$0	\$0
91200 Auditing Fees	\$0	\$783	\$23,705	\$96	\$0	\$34	\$0	\$0
91300 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$0	\$0	\$21,862	\$0	\$0	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$0	\$29,321	\$548,043	\$4,003	\$2,795	\$1,022	\$0	\$0
91600 Office Expenses	\$0	\$11,923	\$617,348	\$1,801	\$1,183	\$456	\$0	\$0
91700 Legal Expense	\$0	\$70	\$4,082	\$16	\$3	\$3	\$0	\$0
91800 Travel	\$0	\$296	\$13,389	\$44	\$29	\$22	\$0	\$0
91810 Allocated Overhead	\$0	\$11,018	-\$2,818,522	\$1,827	\$1,137	\$420	\$0	\$0
91900 Other	\$0	\$6,352	\$414,782	\$1,692	\$641	\$246	\$0	\$0
91000 Total Operating - Administrative	\$0	\$141,131	\$529,627	\$21,154	\$15,946	\$5,148	\$0	\$0
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$112,152	\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$64,930	\$0
92400 Tenant Services - Other	\$0	\$0	\$0	\$210,351	\$438,002	\$0	\$854	\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$210,351	\$438,002	\$0	\$177,936	\$0
93100 Water	\$0	\$0	\$3,360	\$0	\$0	\$0	\$0	\$0
93200 Electricity	\$0	\$0	\$32,063	\$0	\$0	\$0	\$0	\$0
93300 Gas	\$0	\$0	\$9,265	\$0	\$0	\$0	\$0	\$0
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$0	\$0	\$5,711	\$1,131	\$0	\$0	\$0	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	\$50,399	\$1,131	\$0	\$0	\$0	\$0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

	Project Total	14,879 Mainstream Vouchers	1 Business Activities	2 State/Local	14,239 HOME Investment Partnerships Program	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 PIH Family Self-Sufficiency Program	14,EFA FSS Escrow Forfeiture Account
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$82,780	\$0	\$0	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$2,466	\$0	\$0	\$0	\$0	\$0
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$122,658	\$0	\$0	\$0	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$33,598	\$0	\$0	\$0	\$0	\$0
94000 Total Maintenance	\$0	\$0	\$241,502	\$0	\$0	\$0	\$0	\$0
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$0	\$0	\$18,753	\$0	\$0	\$0	\$0	\$0
96120 Liability Insurance	\$0	\$1,990	\$53,178	\$152	\$95	\$113	\$0	\$0
96130 Workmen's Compensation	\$0	\$993	\$40,274	\$90	\$58	\$35	\$0	\$0
96140 All Other Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96100 Total Insurance Premiums	\$0	\$2,983	\$112,205	\$242	\$153	\$148	\$0	\$0
96200 Other General Expenses	\$0	\$1,132	\$133,316	\$0	\$0	\$0	\$0	\$0
96210 Compensated Absences	\$0	\$11,198	\$57,517	\$1,831	\$0	\$345	\$0	\$0
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$0	\$12,330	\$190,833	\$1,831	\$0	\$345	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$20,218	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$20,218	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$0	\$156,444	\$1,144,784	\$234,709	\$454,101	\$5,641	\$177,936	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$35,209	\$3,758,880	\$804,884	\$11,859	\$0	\$111,259	-\$11,407	\$62,030
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$3,437,488	\$0	\$0	\$0	\$96,849	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$0	\$0	\$210,057	\$0	\$0	\$0	\$0	\$0
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$0	\$3,593,932	\$1,354,841	\$234,709	\$454,101	\$102,490	\$177,936	\$0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

	Project Total	14,879 Mainstream Vouchers	1 Business Activities	2 State/Local	14,239 HOME Investment Partnerships Program	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 PIH Family Self-Sufficiency Program	14,EFA FSS Escrow Forfeiture Account
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0	\$0	\$11,407	\$0
10020 Operating transfer Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$314,652	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0							
10092 Inter Project Excess Cash Transfer Out	\$0							
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$314,652	\$0	\$0	\$0	\$11,407	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$35,209	\$321,392	\$909,479	\$11,859	\$0	\$14,410	\$0	\$62,030
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$6,163,970	\$407,259	\$7,903,521	\$397,833	-\$84	\$111,264	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity								
11180 Housing Assistance Payments Equity								
11190 Unit Months Available	0	2880	12	0	0	132	0	0
11210 Number of Unit Months Leased	0	1890	12	0	0	132	0	0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

	14,267 Continuum of Care Program	6,2 Component Unit - Blended	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,EHV Emergency Housing Voucher	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$8,615,234	\$684,022	\$0		\$0	-\$6,468,397	\$2,854,367
70400 Tenant Revenue - Other	\$0	\$153,730	\$31,853	\$0		\$0		\$185,583
70500 Total Tenant Revenue	\$0	\$8,768,964	\$715,875	\$0	\$0	\$0	-\$6,468,397	\$3,039,950
70600 HUD PHA Operating Grants	\$820,346	\$0	\$0	\$112,839,922	\$5,842,297	\$225,858		\$123,922,813
70610 Capital Grants	\$0	\$0	\$0	\$0		\$0		\$0
70710 Management Fee						\$0		\$0
70720 Asset Management Fee						\$0		\$0
70730 Book Keeping Fee						\$0		\$0
70740 Front Line Service Fee						\$0		\$0
70750 Other Fees						\$0		\$0
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$25,615	\$0		\$0		\$712,323
71100 Investment Income - Unrestricted	\$0	\$31,881	\$597	\$15,982	\$1,546	\$3,782		\$230,835
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0		\$0		\$7,583
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0		\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0		\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$35,424		\$0		\$35,424
71500 Other Revenue	\$0	\$0	\$0	\$8,940		\$0	-\$1,384,909	\$481,124
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0		\$0		\$0
72000 Investment Income - Restricted	\$0	\$1,339	\$17,671	\$0		\$0		\$19,010
70000 Total Revenue	\$820,346	\$8,802,184	\$759,758	\$112,900,268	\$5,843,843	\$229,640	-\$7,853,306	\$128,449,062
91100 Administrative Salaries	\$1,225	\$25,233	\$147,624	\$3,164,533	\$160,023	\$6,462	-\$1,340,970	\$3,975,214
91200 Auditing Fees	\$5	\$23,066	\$1,674	\$31,180	\$945	\$78	-\$19,500	\$62,066
91300 Management Fee	\$0	\$808,961	\$0	\$0		\$0	-\$808,961	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0		\$0		\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$3,838		\$0	-\$21,862	\$3,838
91500 Employee Benefit contributions - Administrative	\$825	\$9,185	\$26,835	\$1,130,811	\$44,456	\$2,284	-\$534,004	\$1,265,576
91600 Office Expenses	\$122	\$5,616	\$25,115	\$473,998	\$23,607	\$925	-\$903,575	\$258,519
91700 Legal Expense	\$1	\$11,628	\$12,232	\$9,444	\$128	\$5	-\$3,663	\$33,949
91800 Travel	\$74	\$919	\$810	\$17,274	\$1,007	\$34	-\$11,907	\$21,991
91810 Allocated Overhead	\$162	\$0	\$23,108	\$434,544	\$21,937	\$855	\$2,879,632	\$556,118
91900 Other	\$121	\$73,785	\$13,727	\$426,833	\$12,057	\$544	-\$370,164	\$590,616
91000 Total Operating - Administrative	\$2,535	\$958,393	\$251,125	\$5,692,455	\$264,160	\$11,187	-\$1,134,974	\$6,757,887
92000 Asset Management Fee	\$0	\$0	\$0	\$0		\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0		\$0		\$112,152
92200 Relocation Costs	\$0	\$16,265	\$0	\$0		\$0		\$16,265
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0		\$0		\$64,930
92400 Tenant Services - Other	\$20,193	\$42,232	\$2,914	\$0	\$486,255	\$0		\$1,200,801
92500 Total Tenant Services	\$20,193	\$58,497	\$2,914	\$0	\$486,255	\$0	\$0	\$1,394,148
93100 Water	\$0	\$164,250	\$22,850	\$0		\$0	-\$3,360	\$187,100
93200 Electricity	\$0	\$42,544	\$10,752	\$0		\$0	-\$32,062	\$53,297
93300 Gas	\$0	\$10,360	\$3,314	\$0		\$0	-\$9,265	\$13,674
93400 Fuel	\$0	\$0	\$0	\$0		\$0		\$0
93500 Labor	\$0	\$0	\$0	\$0		\$0		\$0
93600 Sewer	\$0	\$121,805	\$100,968	\$0		\$0	-\$4,844	\$224,771
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0		\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0		\$0		\$0
93000 Total Utilities	\$0	\$338,959	\$137,884	\$0	\$0	\$0	-\$49,531	\$478,842

Housing Authority of the County of Santa Cruz (CA072)

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

	14,267 Continuum of Care Program	6,2 Component Unit - Blended	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,EHV Emergency Housing Voucher	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$0	\$5,814	\$23,427	\$0		\$0		\$112,021
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$76,683	\$16,732	\$0		\$0	-\$2,384	\$93,497
94300 Ordinary Maintenance and Operations Contracts	\$0	\$846,846	\$257,085	\$0		\$0	-\$119,262	\$1,107,327
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$2,342	\$9,508	\$0		\$0		\$45,448
94000 Total Maintenance	\$0	\$931,685	\$306,752	\$0	\$0	\$0	-\$121,646	\$1,358,293
95100 Protective Services - Labor	\$0	\$0	\$0	\$0		\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0		\$0		\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0		\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0		\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$0	\$199,457	\$30,577	\$0		\$0	-\$5,806	\$232,981
96120 Liability Insurance	\$14	\$22,606	\$4,822	\$72,507	\$1,907	\$208	-\$47,941	\$109,651
96130 Workmen's Compensation	\$3	\$2,241	\$10,512	\$38,847	\$1,664	\$75	-\$12,819	\$81,973
96140 All Other Insurance	\$0	\$0	\$16,630	\$0		\$0		\$16,630
96100 Total Insurance Premiums	\$17	\$214,304	\$62,541	\$111,354	\$3,571	\$283	-\$66,566	\$441,235
96200 Other General Expenses	\$0	\$53,417	\$193	\$19,325	\$943	\$0	-\$12,191	\$196,135
96210 Compensated Absences	\$170	\$4,229	\$23,433	\$473,484	\$26,009	\$926		\$599,142
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0		\$0		\$0
96400 Bad debt - Tenant Rents	\$0	\$16,473	-\$2,238	\$0		\$0		\$14,235
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0		\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0		\$0		\$0
96800 Severance Expense	\$0	\$0	\$0	\$0		\$0		\$0
96000 Total Other General Expenses	\$170	\$74,119	\$21,388	\$492,809	\$26,952	\$926	-\$12,191	\$809,512
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$49,738	\$14	\$0		\$0		\$69,970
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0		\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0		\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$49,738	\$14	\$0	\$0	\$0	\$0	\$69,970
96900 Total Operating Expenses	\$22,915	\$2,625,695	\$782,618	\$6,296,618	\$780,938	\$12,396	-\$1,384,908	\$11,309,887
97000 Excess of Operating Revenue over Operating Expenses	\$797,431	\$6,176,489	-\$22,860	\$106,603,650	\$5,062,905	\$217,244	-\$6,468,398	\$117,139,175
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0		\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0		\$0		\$0
97300 Housing Assistance Payments	\$797,431	\$0	\$0	\$106,117,790	\$5,722,323	\$192,310	-\$6,468,397	\$109,895,794
97350 HAP Portability-In	\$0	\$0	\$0	\$0		\$0		\$0
97400 Depreciation Expense	\$0	\$348,125	\$55,886	\$0		\$0		\$614,068
97500 Fraud Losses	\$0	\$0	\$0	\$0		\$0		\$0
97600 Capital Outlays - Governmental Funds						\$0		\$0
97700 Debt Principal Payment - Governmental Funds						\$0		\$0
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0		\$0		\$0
90000 Total Expenses	\$820,346	\$2,973,820	\$838,504	\$112,414,408	\$6,503,261	\$204,706	-\$7,853,305	\$121,819,749

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

	14,267 Continuum of Care Program	6,2 Component Unit - Blended	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers	14,EHV Emergency Housing Voucher	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
10010 Operating Transfer In	\$0	\$0	\$0	\$0		\$0	\$11,407	\$22,814
10020 Operating transfer Out	\$0	\$0	\$0	-\$11,407		\$0	-\$11,407	-\$22,814
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0		\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0		\$0		\$0
10050 Proceeds from Notes, Loans and Bonds						\$0		
10060 Proceeds from Property Sales						\$0		
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0		\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	-\$314,652	\$0	\$0		\$0		\$0
10091 Inter Project Excess Cash Transfer In						\$0		\$0
10092 Inter Project Excess Cash Transfer Out						\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0		\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0		\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	-\$314,652	\$0	-\$11,407	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$5,513,712	-\$78,746	\$474,453	-\$659,418	\$24,934	-\$1	\$6,629,313
11020 Required Annual Debt Principal Payments	\$0	\$0	\$1,707	\$0	\$0	\$0		\$1,707
11030 Beginning Equity	\$0	\$14,462,570	\$1,857,370	-\$2,255,960	\$1,215,474	\$731,965		\$30,995,182
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0		\$0		\$0
11050 Changes in Compensated Absence Balance						\$0		
11060 Changes in Contingent Liability Balance						\$0		
11070 Changes in Unrecognized Pension Transition Liability						\$0		
11080 Changes in Special Term/Severance Benefits Liability						\$0		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						\$0		
11100 Changes in Allowance for Doubtful Accounts - Other						\$0		
11170 Administrative Fee Equity				-\$1,480,974		\$0		-\$1,480,974
11180 Housing Assistance Payments Equity				-\$300,533		\$0		-\$300,533
11190 Unit Months Available	419	3032	828	62617	3283	228		73431
11210 Number of Unit Months Leased	419	2993	811	58638	3017	223		68135



## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 27, 2024

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Public Hearing, Review and Consideration of Draft 2024 Annual PHA Plan, Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz

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**RECOMMENDATION:** Approve Drafts of the 2024 Annual PHA Plan, 2024 Housing Choice Voucher Program Administrative Plan, and 2024 Moving to Work Supplement to the Annual PHA Plan.

Adopt Resolution No. 2024-01: 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.2024-02: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

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### **BACKGROUND SUMMARY:**

The Housing Authority of the County of Santa Cruz has prepared the Annual PHA Plan, Administrative Plan, and MTW Supplement to the PHA Plan as mandated by HUD. This comprehensive plan serves as a resource for HUD, participants engaged in PHA programs, and the wider public. It summarizes fundamental information about the PHA along with discretionary policies, regulations, operational protocols governing its various programs and services, and current and planned Moving to Work (MTW) activities and waivers.

In January 2024, staff reviewed the draft 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. In February 2024, the Board of Commissioners reviewed and engaged in constructive discussion of the prepared drafts of the 2024 Annual PHA Plan, 2024 MTW Supplement to the Annual PHA Plan, and 2024 Housing Choice Voucher Program Administrative Plan. Since that time, staff have made some minor editorial revisions to the language in the MTW Supplement pertaining to the standardized deduction for medical expense waiver (MTW Supplement, pages 44 – 45), and the waiver to the 10% limit for local non-traditional activities (MTW Supplement, pages 34 – 38).

### **Public Comment Period**

Copies of the draft Agency Plan, HCV Administrative Plan, and MTW Supplement, have been made available to the public through the Housing Authority's website. Additionally, since Friday, February 2, 2024, notices inviting public review and comment on these plans have been continuously published every Friday, in both English and Spanish, in the *Santa Cruz Sentinel*, the *Watsonville Pajaronian*, and the *Hollister Freelance*.

To date, staff have received no public comments on the posted documents. However, staff did receive comments (attached) from the County of Santa Cruz on the Certification by State or Local Official of PHA Plans Consistency with Consolidated Plan or State Consolidated Plan, (attached). Staff responded to the County's comments, as reflected in the attached document.

Two in-person public hearings are scheduled consecutively on March 27, 2024. The first hearing will address general aspects of the Agency Plan, Administrative Plan, and related documents. The second hearing will focus specifically on MTW Agency Specific Waiver(s) and Safe Harbor Waiver(s).

The plans will remain under consideration until the Board of Commissioners receives all public feedback. Following this, the Board will make any necessary modifications and the Chairperson shall then be authorized to execute resolutions, including:

1. A resolution authorizing the Execution of PHA Certifications of Compliance with PHA Plan and Related Regulations for Standard and Streamlined PHA Plans.
2. A resolution authorizing the submission of the MTW Supplement and making required certifications and agreements with HUD with its submission and implementation.

These resolutions and certifications are now recommended to be adopted by the Board.

**RECOMMENDATION:**

**Approve Drafts** of the 2024 Annual PHA Plan, 2024 Moving to Work Supplement to the Annual PHA Plan, and 2024 Housing Choice Voucher Program Administrative Plan.

**Adopt Resolution No. 2024-01**: Authorizing Execution of 50077-ST-HCV-HP, 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. 2024-02**: 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.

**ATTACHMENTS:**

1. County of Santa Cruz Comments on Consistency with State Consolidated Plan
2. Draft 2024 Annual PHA Plan
3. Draft 2024 Moving to Work Supplement to the Annual PHA Plan
4. Draft 2024 Housing Choice Voucher Program Administrative Plan
5. 50077-SL Certification – City of Santa Cruz
6. 50077-SL Certification – City of Watsonville
7. 50077-SL Certification – County of Santa Cruz
8. Draft 2024 50077-ST-HCV-HP Certification – Housing Authority, for Execution
9. Draft 2024 50075-MTW Certification – Housing Authority, for Execution

**County of Santa Cruz comments on *Certification by State or Local Official of PHA Plans Consistency with Consolidated Plan or State Consolidated Plan* (attached).**

**County of Santa Cruz statement:**

*“The County of Santa Cruz is not an entitlement jurisdiction, so it does not have its own Consolidated Plan, it is subject to the State of California’s Consolidated Plan (“ConPlan”). The Housing Authority’s PHA Plan is consistent with the State ConPlan in that both plans identify improved access to affordable housing and homelessness prevention as high priorities (p. 190 of the State ConPlan). However, there may be some degree of inconsistency between these plans at the implementation level, such as the PHA’s current competitive process for awarding Project Based Vouchers (PBVs) to new properties. This application process prioritizes developments that agree to use the Housing Authority’s general HCV Waiting List over those developments that seek PBVs for permanent supportive housing (PSH) units intended to provide housing for homeless households and/or extremely low-income, at-risk households with disabilities. PSH/Special Needs unit referrals typically come from a third-party referral system such as the CoC’s Coordinated Entry System, the County’s Behavioral Health system, or from service providers that assist families with developmental disabilities. Many clients served by these providers may not be on the general HCV waiting list for various reasons. The new PBV scoring system, if implemented for multiple years, could make it more difficult to realize our shared goal of homeless prevention, particularly as many state/federal funding sources now require new projects to include a minimum number of PSH units in order to obtain those financing sources. The County is also subject to state fair housing and planning laws that require it to plan for and assist affordable housing for many types of households, including those with special needs, such as those with developmental disabilities. We welcome continuing collaboration with the Housing Authority, local service providers and housing providers, to find ways to improve consistency between the State ConPlan, our local Housing Element, and the PHA Plan in these areas in the coming planning period.”*

**Housing Authority Response to County** - Housing Authority staff have responded to County staff with the following information. Additionally, Housing Authority staff informed County staff that we would reach out for more feedback on our PBV RFP process and criteria later this year when we update these documents.

1. The comments in the County’s certification address documents that are not part of the Annual Agency Plan, Administrative Plan, nor MTW Supplement, which are the documents that were intended to be reviewed for consistency. The comments specifically address our PBV RFP and PBV Scoring Criteria, which are described as being potentially inconsistent at the implementation level.
2. The PBV Scoring Criteria does prioritize projects that maximize the number of resulting PBV units that will be available to top families on our waiting list, as the PBVs that we award to affordable projects come directly from our limited pool of Housing Choice Vouchers (HCVs). Every time we remove HCVs from our portfolio for a PBV unit that is not available to top HCV applicants, we are extending the wait time for the thousands of households who have been on our waiting list for years. However, the existing scoring criteria does allow projects to utilize existing special purpose vouchers (such as VASH vouchers) for special populations without impacting their score on their PBV application, to the extent such special purpose vouchers are available.
3. The comments state that the existing PBV Scoring Criteria could make it more difficult to realize our shared goal of homelessness prevention, particularly as many funding sources require some number of PSH units to obtain those funding sources. Our Housing Authority has an exemplary track record of using our PBV program to support the development of new affordable housing. We requested and have received a waiver from HUD allowing us to increase our PBV program up to 50% of our total voucher portfolio giving us significant room to grow the program to support many more projects. Further, more than half of our existing PBV program units are designated for special populations, and 40% of units in the PBV pipeline are designated for special populations, the vast majority of which are targeted for households experiencing homelessness.

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

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

**Definitions.**

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

A.	PHA Information.																										
A.1	<p> <b>PHA Name:</b> HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  <b>PHA Code:</b> CA072  <b>PHA Type:</b> <input checked="" type="checkbox"/> High Performer  <b>PHA Plan for Fiscal Year Beginning:</b> (MM/YYYY): 07/2024  <b>PHA Inventory</b> (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)  <b>Number of Public Housing (PH) Units</b> <u>0</u>      <b>Number of Housing Choice Vouchers (HCVs)</b> <u>5,574</u>  <b>Total Combined</b> <u>5,574</u>  <b>PHA Plan Submission Type:</b> <input checked="" type="checkbox"/> Annual Submission      <input type="checkbox"/> Revised Annual Submission </p> <p> <b>Availability of Information.</b> In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. </p> <p> <input type="checkbox"/> <b>PHA Consortia:</b> (Check box if submitting a Joint PHA Plan and complete table below) </p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 20%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 20%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 10%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																	
Participating PHAs	PHA Code					Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program																			
		PH	HCV																								
Lead PHA:																											

<b>B.</b>	<b>Plan Elements</b>
<b>B.1</b>	<p><b>Revision of Existing PHA Plan Elements.</b></p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last <b>Annual PHA Plan</b> submission?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each element below:</p> <p>(c) The PHA must submit its Deconcentration Policy for Field Office Review.</p>
<b>B.2</b>	<p><b>New Activities.</b></p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA’s current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p> <p>The Housing Authority maintains an open and continuous Request for Proposals (RFP) for Project Based Vouchers and will continue to project base units up to the HUD permitted Program Cap, in order to stimulate new affordable housing construction and/or support preservation of existing affordable housing units. HACSC intends to flexibly utilize its Operating Fund, Capital Fund and HAP funds in accordance with the MTW Operations Notice. Such uses may include, but are not limited to, issuing additional vouchers and leasing units above its MTW-eligible ACC authorized units.</p>
<b>B.3</b>	<p><b>Progress Report.</b></p> <p>Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p><b>1. Goal: Expand supply of assisted housing</b></p> <p>a. <u>Apply for maximum award of additional rental assistance vouchers when available</u> – HACSC continues to apply for all voucher funding opportunities.</p> <p>b. <u>Increase ACC of tenant-based voucher program by 200 new vouchers</u> – The number of vouchers in our ACC has increased from 5,095 in July 2020 to 5,774 in December 2023, an increase of 679 vouchers. This includes 234 vouchers acquired through the Streamlined Voluntary Conversion, 280 Emergency Housing Vouchers (which are not permanent and will expire as families attrition out of the program over time), 90 Mainstream Vouchers, 34 VASH vouchers and 41 Stability Vouchers.</p> <p>c. <u>Increase the size of project-based voucher program by 300 vouchers, with at least 150 of those vouchers provided to new affordable housing developments</u> – The number of vouchers under contract in our PBV Program has increased from 321 units in July 2020 to 379 units in December 2023, an increase of 58 units. However, the Housing Authority has 561 additional units in the PBV pipeline that have been conditionally approved. All of these units represent new developments, and the majority are expected to be completed within the timeframe of this 5-year plan.</p> <p>d. <u>Complete the development of a minimum of 6 new affordable units on Natural Bridges Drive</u> – The Housing Authority is in the process of developing 20 SRO units at the site. Units are expected to be ready for occupancy in Fall 2024.</p> <p>e. <u>For new site based affordable housing, take measures to deconcentrate poverty and expand housing opportunity</u> – The Housing Authority successfully transitioned all public housing to tenant protection vouchers and project-based vouchers, enabling enhanced mobility to high-opportunity areas. Notably, 68.5% of the conditionally awarded project-based vouchers</p>

are allocated within Census Tracts boasting a poverty rate of 20% or lower, aligning with our commitment to fostering diverse and thriving communities.

- f. If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:
- i. Fund at least one full or part time housing development position, either among HA staff or through a consultant – The Housing Authority has contracted with an external construction project manager and will continue to build capacity within staff as well as working with external consultants as needed.
  - ii. Expand into affordable housing development and/or partnering with developers. The Housing Authority has secured administrative and funding flexibility through the MTW demonstration program to support the development of affordable housing. Staff are pursuing opportunities to engage in real estate activities which include the acquisition, development, disposition, and financing of affordable housing, consistent with strategies approved by the Board of Commissioners.

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

- a. Renovate or modernize existing housing units and complexes as needed – Since 2020 the Housing Authority oversaw 41 units complete modernization, including painting, fixture replacements, and various upgrades.

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

- a. Conduct FMR study bi-annually to continually increase voucher payment standards – the Housing Authority completed an FMR study in June 2023, which increased FMRs by more than 20% over the previous year’s rates. As a result, the Housing Authority increased payment standards effective January 1, 2024. FMR studies are conducted at least bi-annually.
- b. Continue or expand Landlord Incentive Program by allocating up to \$200,000 to the program – The Landlord Incentive Program budget has decreased over time, with approximately \$62,000 available from the jurisdictions, and \$50,000 available from New Horizons Affordable Housing and Development. Although we anticipated a need of up to \$200,000 in funding when the program was initially developed, the programs have been scaled down to match the funding need, based on historical data regarding consumption of funds.
- c. Increase number of landlords participating in Section 8 voucher program by 10% – The Housing Authority does not have data on the number of landlords at the beginning of the 5 year plan period, due to a software conversion and change in reporting. However, the Housing Choice Voucher Program has seen a 4.5% rise in participating landlords during the 2023 calendar year alone, starting with 1,852 landlords and concluding the year with 1,936 landlords participating.

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

- a. Maintain high performer status with a SEMAP score of at least 95% – The Housing Authority has maintained high performer status for SEMAP. However, with MTW designation, SEMAP is no longer applicable.
- b. Achieve and maintain high voucher and funding utilization rates of at least 95% – Voucher utilization rate is 95.6% as of December 2023.
- c. Implement landlord portal with features including document uploading and electronic signature on contracts – the Housing Authority has implemented the landlord portal through YARDI Rent Café and has implemented DocuSign for executing contracts.
- d. Implement resident portal with features including online annual re-examination forms, document uploading, and online maintenance requests – the Housing Authority has implemented the resident portal through YARDI Rent Café.
- e. Implement applicant portal with features including online access to application status, online application updates – The Housing Authority is in the process of implementing the applicant portal through YARDI Rent Café.

If Section 22 SVC is completed:

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

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

- a. If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:
- i. Provide or attract at least two new supportive services to improve tenant employability –
    1. The Housing Authority’s collaboration with a local Internet provider has successfully secured free high-speed internet for seven of our properties. This initiative aims to provide digital access to numerous households, aligning with our commitment to bridging the digital divide and supporting families through the Equal Access Santa Cruz program, furthering our goal of promoting self-sufficiency and asset development.
    2. The Housing Authority has partnered with the Santa Cruz Metropolitan Transit District (METRO) to provide free bus passes for residents living in any of the Housing Authority’s owned and controlled properties. This initiative dismantles obstacles to mobility, empowering tenants and enriching their employability prospects.
  - ii. Provide or attract at least two new supportive services to improve financial literacy – The Housing Authority initiated the Saving for YOU Program, a financial empowerment initiative focused on asset building. Collaborating with Ventures, an agency specialized in providing tailored financial health workshops and personalized coaching, the program aims to engage participants and equip them with tools for long-term financial success.

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

- a. Take affirmative measures to ensure access to assisted housing for all protected classes or persons least likely to access assistance – The Housing Authority monitors to ensure all protected classes and persons least likely to apply have adequate representation in Housing Authority programs and waiting lists. Additionally, the Housing Authority has developed an Equity Report Card to examine diversity and representation at all levels of the organization, and to identify disparities in outcomes and develop strategies to promote equity.
- b. Implement measures to deconcentrate poverty and expand housing opportunity, such as regional payment standards, policies that do not limit frequency of transfer, and consideration of poverty rates in assignment of project-based vouchers – The

	Housing Authority has taken many measures to expand housing opportunity, including bi-annual FMR studies that result in increased payment standards, regional payment standards that allow greater subsidy in more expensive neighborhoods, lengthy voucher search times of 270 days, and unlimited moves and transfers.
<b>B.4.</b>	<p><b>Capital Improvements.</b> Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>Not Applicable</p>
<b>B.5</b>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N  <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe:</p> <p>Following the expiration of the COVID-19 HUD regulatory waivers, the Authority experienced a large backlog of reexaminations along with higher than usual rates of staff turnover and other staff capacity challenges related to the pandemic. Authority management developed and implemented a plan to rapidly work through the backlog and has made significant progress to bring the program into compliance. The audit resulted in one missing consent form (HUD 9886), and one re-examination (HUD 50058), which is noted as missing. While the consent form had expired and a new consent form was required during the audit period, the income information collected for the household was collected while the consent form was still valid. With regards to the re-examination noted as missing, this re-examination was performed late, having been completed just six days after the end of the audit period. The re-examination was initiated on time, and the delay in completing the re-examination was caused by the program participant's delay in providing the required documents. Additionally, the Authority has been selected for participation in the Moving to Work program ("MTW"). Alternative re-examination schedules, including biennial re-examinations, are an approved MTW activity allowable through the MTW Operations Notice. The Authority has received HUD approval of a waiver that allows the use of an alternate re-examination schedule effective July 1, 2023. This re-examination schedule is in effect currently and will be in effect for the entire duration of the subsequent audit period. Based on the transition to biennial and triennial re-examinations, the Authority has already come into compliance with timely recertifications. Further, the Authority management is in the process of implementing enhanced Quality Control procedures, with staff to conduct ongoing internal audits over the course of the year.</p>
<b>C.</b>	<b>Other Document and/or Certification Requirements.</b>
<b>C.1</b>	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p>Members of the Resident Advisory Board (RAB) raised no questions or concerns other than those related to support regarding the proposed changes to the Annual Agency Plan, Administrative Plan, and the MTW Supplement.</p>
<b>C.2</b>	<p><b>Certification by State or Local Officials.</b></p> <p><a href="#">Form HUD-50077-SL</a>, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<b>C.3</b>	<p><b>Civil Rights Certification/Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</b></p> <p>Form 50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<b>C.4</b>	<p><b>Challenged Elements.</b> If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y N  <input type="checkbox"/> <input type="checkbox"/></p> <p>If yes, include Challenged Elements.</p>

<b>D.</b>	<b>Affirmatively Furthering Fair Housing (AFFH).</b>						
<b>D.1</b>	<p><b>Affirmatively Furthering Fair Housing.</b></p> <p>Provide a statement of the PHA’s strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <table border="1" data-bbox="180 489 1451 940"> <tr> <td data-bbox="180 489 1451 531"><b>Fair Housing Goal:</b></td> </tr> <tr> <td data-bbox="180 531 1451 940"> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p> </td> </tr> </table> <table border="1" data-bbox="180 961 1451 1381"> <tr> <td data-bbox="180 961 1451 1003"><b>Fair Housing Goal:</b></td> </tr> <tr> <td data-bbox="180 1003 1451 1381"> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p> </td> </tr> </table> <table border="1" data-bbox="180 1402 1451 1856"> <tr> <td data-bbox="180 1402 1451 1444"><b>Fair Housing Goal:</b></td> </tr> <tr> <td data-bbox="180 1444 1451 1856"> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p> </td> </tr> </table>	<b>Fair Housing Goal:</b>	<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>	<b>Fair Housing Goal:</b>	<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>	<b>Fair Housing Goal:</b>	<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>
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<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>							



# Instructions for Preparation of Form HUD-50075-HP Annual Plan for High Performing PHAs

## A. PHA Information. All PHAs must complete this section. (24 CFR §903.4)

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **PHA Inventory**, **Number of Public Housing Units and or Housing Choice Vouchers (HCVs)**, **PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

**PHA Consortia:** Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

## B. Plan Elements.

### B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.”

**Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR §5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR §903.7(a).)

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(2)(i)) Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA’s reasons for choosing its strategy. (24 CFR §903.7(a)(2)(ii))

**Deconcentration and Other Policies that Govern Eligibility, Selection and Admissions.** Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA’s procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)) A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

**Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

**Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

**Homeownership Programs.** A description of any homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. For years in which the PHA’s 5-Year PHA Plan is also due, this information must be included only to the extent that the PHA participates in homeownership programs under section 8(y) of the 1937 Act. (24 CFR §903.7(k)) and 24 CFR §903.12(b).

**Safety and Crime Prevention (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

**Pet Policy.** Describe the PHA’s policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

**Substantial Deviation.** PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

**Significant Amendment/Modification.** PHA must provide its criteria for determining a “Significant Amendment or Modification” to its 5-Year and Annual Plan. For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the ‘Sample PHA Plan Amendment’ found in Notice PIH-2012-32 REV-3, successor RAD Implementation Notices, or other RAD Notices.

If any boxes are marked “yes”, describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see [24 CFR 903.2](#). ([24 CFR §903.23\(b\)](#))

**B.2 New Activities.** If the PHA intends to undertake any new activities related to these elements or discretionary policies in the current Fiscal Year, mark “yes” for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark “no.”

**HOPE VI.** 1) A description of any housing (including project name, number (if known) and unit count) for which the PHA will apply for HOPE VI; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI is a separate process. See guidance on HUD’s website at: [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/hope6](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6) . (Notice PIH 2011-47)

**Mixed Finance Modernization or Development.** 1) A description of any housing (including name, project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD’s website at: [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/hope6/mfph#4](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/mfph#4)

**Demolition and/or Disposition.** With respect to public housing only, describe any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA’s last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities. See guidance on HUD’s website at: [http://www.hud.gov/offices/pih/centers/sac/demo\\_dispo/index.cfm](http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm). ([24 CFR §903.7\(h\)](#))

**Conversion of Public Housing under the Voluntary or Mandatory Conversion programs.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD’s website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. ([24 CFR §903.7\(j\)](#))

**Conversion of Public Housing under the Rental Assistance Demonstration (RAD) program.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Assistance or Project-Based Vouchers under RAD. See additional guidance on HUD’s website at: [Notice PIH 2012-32 REV-3, successor RAD Implementation Notices, and other RAD notices.](#)

**Project-Based Vouchers.** Describe any plans to use HCVs for new project-based vouchers. ([24 CFR §983.57\(b\)\(1\)](#)) If using project-based vouchers, provide the projected number of project-based units and general locations and describe how project-basing would be consistent with the PHA Plan.

**Units with Approved Vacancies for Modernization.** The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

**Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

**B.3 Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year PHA Plan. ([24 CFR §903.7\(r\)\(1\)](#))

**B.4 Capital Improvements.** PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. ([24 CFR §903.7 \(g\)](#)). To comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan in EPIC and the date that it was approved. PHAs can reference the form by including the following language in the Capital Improvement section of the appropriate Annual or Streamlined PHA Plan Template: “See Capital Fund 5 Year Action Plan in EPIC approved by HUD on XX/XX/XXXX.”

**B.5 Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark “yes” and describe those findings in the space provided. ([24 CFR §903.7\(p\)](#))

## C. Other Document and/or Certification Requirements

**C.1 Resident Advisory Board (RAB) comments.** If the RAB had comments on the annual plan, mark “yes,” submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA’s decision made on these recommendations. ([24 CFR §903.13\(c\)](#), [24 CFR §903.19](#))

**C.2 Certification by State of Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. ([24 CFR §903.15](#)). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

**C.3 Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of §§ 903.7(o)(1) and 903.15(d) and: (i) examines its programs or proposed programs; (ii) identifies any fair housing issues and contributing factors within those programs, in accordance with 24 CFR 5.154; or 24 CFR 5.160(a)(3) as applicable (iii) specifies actions and strategies designed to address contributing factors, related fair housing issues, and goals in the applicable Assessment of Fair Housing consistent with 24 CFR 5.154 in

a reasonable manner in view of the resources available; (iv) works with jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; (v) operates programs in a manner consistent with any applicable consolidated plan under 24 CFR part 91, and with any order or agreement, to comply with the authorities specified in paragraph (o)(1) of this section; (vi) complies with any contribution or consultation requirement with respect to any applicable AFH, in accordance with 24 CFR 5.150 through 5.180; (vii) maintains records reflecting these analyses, actions, and the results of these actions; and (viii) takes steps acceptable to HUD to remedy known fair housing or civil rights violations. impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o)).

**C.4 Challenged Elements.** If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

#### **D. Affirmatively Furthering Fair Housing.**

##### **D.1 Affirmatively Furthering Fair Housing.**

The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' ... PHA Plans (including any plans incorporated therein) ... Strategies and actions must affirmatively further fair housing ...." Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D., nevertheless, the PHA will address its obligation to affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

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This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 7.02 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**Privacy Act Notice.** The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

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

**PHA Code : CA072**

**MTW Supplement for PHA Fiscal Year Beginning: 7/1/2024**

**PHA Program Type: Combined**

**MTW Cohort Number: Asset Building**

**MTW Supplement Submission Type: Annual Submission**

## B. MTW Supplement Narrative.

The Housing Authority of the County of Santa Cruz (HACSC) is pleased to submit this Fiscal Year (FY) 2024 Moving to Work (MTW) Supplement component of the Annual PHA Plan. HUD designated HACSC as an MTW Agency in September 2022, through the MTW Asset Building Cohort, to test asset building initiatives to encourage growth of savings accounts and/or aim to build credit for assisted households. HACSC's MTW Plan and Application selected the HUD defined "Opt-Out Savings Account" as the initial MTW asset building activity. HACSC ~~looks forward to working with~~ has worked this past year with HUD and the evaluation team to develop and implement ~~asset building activities and to better understand perspectives and experiences of assisted households participating in~~ the "Opt-Out Savings Account" initiative. ~~through the program evaluation process. Additionally,~~ HACSC has also will actively participated in the "Community of Practice" with HUD, the evaluation team, and other MTW agencies in the Asset Building Cohort to further develop and implement best practices related to asset building.

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

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

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

Housing Choice: HACSC's approach to improving housing choice includes providing housing stability to program participants that are already housed through waivers such as alternative income inclusions / exclusions, alternative reexamination schedule, and Moving On policies to align tenant rent and utility payments between partner agencies. The strategy to promote housing choice and to increase the supply of affordable housing ~~will be~~ is being achieved by increasing through our increase to the PBV program cap and PBV project cap. The ability to expand the PBV program will is already providing new housing opportunities to program participants and ~~will~~ supporting the development of hundreds of new affordable housing units within our community. Additionally, housing choice will be expanded through implementation of an Agency Specific Waiver to adopt an alternative reasonable cost formula to include Hard Construction Cost (HCD) and Total Development Cost (TDC) for development and construction activities under the local non-traditional activities, and through a Safe Harbor Waiver to 17.c. Total Development Cost.

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

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

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

<b>1. Tenant Rent Policies</b>	
a. Tiered Rent (PH)	Not Currently Implemented
b. Tiered Rent (HCV)	Not Currently Implemented
c. Stepped Rent (PH)	Not Currently Implemented
d. Stepped Rent (HCV)	Not Currently Implemented
e. Minimum Rent (PH)	Not Currently Implemented
f. Minimum Rent (HCV)	Not Currently Implemented
g. Total Tenant Payment as a Percentage of Gross Income (PH)	Not Currently Implemented
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	Not Currently Implemented
i. Alternative Utility Allowance (PH)	Not Currently Implemented
j. Alternative Utility Allowance (HCV)	Not Currently Implemented
k. Fixed Rents (PH)	Not Currently Implemented
l. Fixed Subsidy (HCV)	Not Currently Implemented
m. Utility Reimbursements (PH)	Not Currently Implemented
n. Utility Reimbursements (HCV)	Not Currently Implemented
o. Initial Rent Burden (HCV)	Not Currently Implemented
p. Imputed Income (PH)	Not Currently Implemented
q. Imputed Income (HCV)	Not Currently Implemented
r. Elimination of Deduction(s) (PH)	Not Currently Implemented
s. Elimination of Deduction(s) (HCV)	Not Currently Implemented
t. Standard Deductions (PH)	Not Currently Implemented
u. Standard Deductions (HCV)	<del>Not Currently Implemented</del> <a href="#">Plan to Implement in the Submission Year</a>
v. Alternative Income Inclusions/Exclusions (PH)	Not Currently Implemented
w. Alternative Income Inclusions/Exclusions (HCV)	<del>Plan to Implement in the Submission Year</del> <a href="#">Currently Implementing</a>
<b>2. Payment Standards and Rent Reasonableness</b>	
b. Payment Standards- Fair Market Rents (HCV)	<del>Plan to Implement in the Submission Year</del> <a href="#">Currently Implementing</a>
c. Rent Reasonableness – Process (HCV)	Not Currently Implemented
d. Rent Reasonableness – Third-Party Requirement (HCV)	<del>Plan to Implement in the Submission Year</del> <a href="#">Currently Implementing</a>
<b>3. Reexaminations</b>	
a. Alternative Reexamination Schedule for Households (PH)	Not Currently Implemented
b. Alternative Reexamination Schedule for Households (HCV)	<del>Plan to Implement in the Submission Year</del> <a href="#">Currently Implementing</a>
c. Self-Certification of Assets (PH)	Not Currently Implemented
d. Self-Certification of Assets (HCV)	<del>Plan to Implement in the Submission Year</del> <a href="#">Currently Implementing</a>
<b>4. Landlord Leasing Incentives</b>	
a. Vacancy Loss (HCV-Tenant-based Assistance)	Not Currently Implemented
b. Damage Claims (HCV-Tenant-based Assistance)	Not Currently Implemented
c. Other Landlord Incentives (HCV- Tenant-based Assistance)	Not Currently Implemented
<b>5. Housing Quality Standards (HQS)</b>	
a. Pre-Qualifying Unit Inspections (HCV)	Not Currently Implemented
b. Reasonable Penalty Payments for Landlords (HCV)	Not Currently Implemented
c. Third-Party Requirement (HCV)	<del>Plan to Implement in the Submission Year</del> <a href="#">Currently Implementing</a>
d. Alternative Inspection Schedule (HCV)	Not Currently Implemented

<b>6. Short-Term Assistance</b>	
a. Short-Term Assistance (PH)	Not Currently Implemented
b. Short-Term Assistance (HCV)	Not Currently Implemented
<b>7. Term-Limited Assistance</b>	
a. Term-Limited Assistance (PH)	Not Currently Implemented
b. Term-Limited Assistance (HCV)	Not Currently Implemented
<b>8. Increase Elderly Age (PH &amp; HCV)</b>	
Increase Elderly Age (PH & HCV)	Not Currently Implemented
<b>9. Project-Based Voucher Program Flexibilities</b>	
a. Increase PBV Program Cap (HCV)	<del>Plan to Implement in the Submission Year</del> Currently Implementing
b. Increase PBV Project Cap (HCV)	<del>Plan to Implement in the Submission Year</del> Currently Implementing
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	<del>Plan to Implement in the Submission Year</del> Currently Implementing
d. Alternative PBV Selection Process (HCV)	Not Currently Implemented
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	Not Currently Implemented
f. Increase PBV HAP Contract Length (HCV)	Not Currently Implemented
g. Increase PBV Rent to Owner (HCV)	Not Currently Implemented
h. Limit Portability for PBV Units (HCV)	<del>Plan to Implement in the Submission Year</del> Currently Implementing
<b>10. Family Self-Sufficiency Program with MTW Flexibility</b>	
a.PH Waive Operating a Required FSS Program (PH)	Not Currently Implemented
a.HCV Waive Operating a Required FSS Program (HCV)	Not Currently Implemented
b.PH Alternative Structure for Establishing Program Coordinating Committee (PH)	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee (HCV)	Not Currently Implemented
c.PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
c.HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d.PH Modify or Eliminate the Contract of Participation (PH)	Not Currently Implemented
d.HCV Modify or Eliminate the Contract of Participation (HCV)	Not Currently Implemented
e.PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
e.HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
<b>11. MTW Self-Sufficiency Program</b>	
a.PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
a.HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b.PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
b.HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
<b>12. Work Requirement</b>	
a. Work Requirement (PH)	Not Currently Implemented
b. Work Requirement (HCV)	Not Currently Implemented
<b>13. Use of Public Housing as an Incentive for Economic Progress (PH)</b>	
Use of Public Housing as an Incentive for Economic Progress (PH)	Not Currently Implemented



<b>14. Moving on Policy</b>	
a. Waive Initial HQS Inspection Requirement (HCV)	<del>Plan to Implement in the Submission Year</del> <u>Currently Implementing</u>
b.PH Allow Income Calculations from Partner Agencies (PH)	Not Currently Implemented
b.HCV Allow Income Calculations from Partner Agencies (HCV)	<del>Plan to Implement in the Submission Year</del> <u>Currently Implementing</u>
c.PH Aligning Tenant Rents and Utility Payments Between Partner Agencies (PH)	Not Currently Implemented
c.HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)	<del>Plan to Implement in the Submission Year</del> <u>Currently Implementing</u>
<b>15. Acquisition without Prior HUD Approval (PH)</b>	
Acquisition without Prior HUD Approval (PH)	Not Currently Implemented
<b>16. Deconcentration of Poverty in Public Housing Policy (PH)</b>	
Deconcentration of Poverty in Public Housing Policy (PH)	Not Currently Implemented
<b>17. Local, Non-Traditional Activities</b>	
a. Rental Subsidy Programs	Not Currently Implemented
b. Service Provision	Not Currently Implemented
c. Housing Development Programs	<del>Plan to Implement in the Submission Year</del> <u>Currently Implementing</u>

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

<p><b><u>1.u. – Standard Deduction (HCV)</u></b></p> <p><b><u>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</u></b></p> <p><u>The HACSC intends to establish a standard deduction for medical expenses applicable to all households with medical expenses exceeding an established threshold. The standard deduction for medical expenses and the threshold at which it applies shall both be indicated in the HACSC Section 8 Administrative Plan. Eligible families who claim medical expenses at or above the established threshold will be required to sign a self-certification.</u></p> <p><u>For FY starting 7/1/2024, the proposed standard deduction for medical expenses is \$1,500 for households with expenses at or above a \$1,500 threshold.</u></p> <p><u>Households may request a Medical Expense Hardship exemption to the standard deduction in accordance with the HACSC Medical Expense Hardship Policy. Families requesting a hardship exception will be asked to complete a medical expense verification packet, and may be asked to provide supporting documents, receipts, and/or contact information of healthcare providers that can verify the expenses.</u></p> <p><u>Staff currently spend a significant amount of time calculating medical expenses to determine a household’s allowable medical expense deduction. By establishing a standard deduction for medical expenses, and by allowing households eligible for the standard deduction to self-certify their medical expenses and applying a standardized deduction, significant staff time will be saved. It’s anticipated that savings in staff time previously spent calculating medical expenses can be redirected to direct client services or other programs benefiting the clients served by HACSC.</u></p>
<p><b><u>Which of the MTW statutory objectives does this MTW activity serve?</u></b></p> <p><u>Cost effectiveness</u></p>
<p><b><u>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</u></b></p> <p><u>Reduced expenditures</u></p>
<p><b><u>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</u></b></p> <p><u>The MTW activity applies to all assisted households.</u></p>
<p><b><u>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households</u></b></p> <p><u>The MTW activity applies to new admissions and currently assisted households.</u></p>
<p><b><u>Family Types. Does the MTW activity apply to all family types or only to selected family types?</u></b></p> <p><u>The MTW activity applies to all family types.</u></p>

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

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

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

No.

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

Yes. The proposed Medical Expense Hardship Policy is:

Households for whom application of the standard deduction for medical expenses policy results in an increase in tenant share of rent may apply for the Medical Expense Hardship.

Medical Expense Hardships must be requested by the household. To request a Medical Expense Hardship, the household must complete a Medical Expense Hardship Request form, complete a medical expense verification packet and may be asked to provide supporting documents, receipts, and/or contact information of healthcare providers that can ver. Staff will review and determine the total amount of unreimbursed allowable medical expenses. The Medical Expense Hardship request will be reviewed, and the household notified of the approval or denial in a timely manner.

If approved, the Medical Expense Hardship will provide a medical expense deduction equal to the household's total annual unreimbursed allowable medical expenses that exceed 3% of household income. The approved Medical Expense Hardship will remain in force until the household's next scheduled reexamination.

In the case of Medical Expense Hardship denials, the household will be sent a denial letter stating why they did not qualify.

As a reasonable accommodation, upon request, the Medical Expense Hardship Request form will be made available in an accessible format.

**Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)**

No.

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

Yes. Impact Analysis is attached.

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

N/A

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

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

<b>1.w. - Alternative Income Inclusions/Exclusions (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>Exclude income from asset-building activities. This change benefits clients, increasing self-sufficiency and housing choice as well as saving tenant time. Additionally, it reduces staff time. Decreased staff paperwork increases operational efficiency and cost-effectiveness.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness; Self-sufficiency; Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>N/A</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>Yes</p>
<p><b>What is the status of the Safe Harbor Waiver request?</b></p> <p>The <a href="#">safe harbor</a> waiver request <del>is being submitted for review with this submission of the MTW Supplement (see Section D).</del> was approved in <a href="#">December, 2023</a>.</p>
<p><b>What inclusions or exclusions will be eliminated, modified, or added?</b></p> <p>Income attributable to the asset-building activities our PHA implements as part of the MtW Asset Building Cohort will be excluded.</p>
<p><b><u>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</u></b></p> <p><a href="#">The asset-building activities are in the process of being implemented, with the first savings deposits anticipated in March, 2024. This waiver will be implemented in tandem with <b>Waiver 5.1.b. Opt-Out Savings Account</b>, which we received formal HUD approval of in December, 2023.</a></p>

<b>2.b. - Payment Standards- Fair Market Rents (HCV)</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b> The HACSC shall implement a payment standard between 80% and 120% of Fair Market Rents.
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Housing choice
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Neutral (no cost implications)
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies to all assisted households.
<b>Does this MTW activity require a hardship policy?</b> Yes. <a href="#">Previously provided.</a> <del>This document is attached.</del>
<b>Does the hardship policy apply to more than this MTW activity?</b> No
<b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b> No
<b>How many hardship requests have been received associated with this activity in the past year?</b> <a href="#">No hardship were requested in the most recent fiscal year.</a>
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does the MTW activity require an impact analysis?</b> Yes. Previously Submitted
<b>Does the impact analysis apply to more than this MTW activity?</b> No
<b>Please explain the payment standards by FMR:</b> Currently, PHAs are required to establish payment standards between 90% - 120% Fair Market Rents. The proposed waiver would provide HACSC with greater flexibility to establish payment standards that reflect market rates, resulting in greater housing choice for program families.
<b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b>  <a href="#">The Housing Authority has established payment standards ranging between 80% and 120% of the Fair Market Rent (FMR). This strategic utilization of payment standards offers flexibility within a reasonable range, aiming to accommodate varying housing market conditions for the benefit of program participants.</a>

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

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

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

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

Cost effectiveness; Housing choice

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

Decreased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types

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

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

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

Applies only to units owned or controlled by the PHA.

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

No

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

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

An explanation was previously provided in lieu of an uploaded document. No document is attached.

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

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

An explanation was previously provided in lieu of an uploaded document.

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

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

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

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

Reducing the frequency of household certifications allows participants to keep more of their income as their income increases. It also reduces the burden on both participants and Housing Specialists in acquiring, submitting, and processing paperwork. This ~~change-waiver~~ gives tenants a longer time with stable rent to allow for better financial planning and housing security. Tenants ~~will~~ have a greater ability to save for and accomplish life goals such as pursuing education and rent independence or home ownership. To enhance self-sufficiency and increase housing choice, HACSC does not require interim examinations due to increases in income. The activity ~~as proposed~~ meets all of the applicable safe harbor requirements in the Operations Notice including (1) Reexaminations must occur at least every three years; (2) The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more; (3) Agency must implement an impact analysis; and (4) Agency must include a hardship policy.

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

Cost effectiveness; Self-sufficiency

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

Increased expenditures

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

The MTW activity applies to all assisted households

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

Yes. ~~This document is attached.~~ Previously provided.

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

No

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

No

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

No hardships were requested in the most recent fiscal year.

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

No

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

Yes. ~~This document is attached.~~ Previously provided.

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

No

**What is the recertification schedule?**

Other: At least every three years for fixed-income families and at least every two years for all remaining families.

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

There is no limit.



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

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

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

HACSC has implemented the waiver with no changes to the waiver request as submitted. With HACSC's waiver of certain provisions of 24 CFR Part 982.516(a) and (c), HACSC has introduced an Alternative Reexamination Schedule to streamline reevaluation processes. Under this initiative, MTW households reliant on fixed-income sources undergo reexaminations at least every three years, non-fixed income MTW households every two years, and all other households annually. Fixed income is defined as stable and primary income sources such as Social Security, Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. As this waiver was written and implemented, HACSC conducts interim adjustments to redetermine subsidy only when the household experiences a qualifying event. Qualifying events are described in the HCV Administrative Plan and include decreases in income, increases in income when requested by the household, changes in household composition, and changes to the contract rent.

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

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

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

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

Cost effectiveness

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

Decreased expenditures

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

The MTW activity applies to all assisted households

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

No

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

\$50,000.

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

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

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

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

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

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

Cost effectiveness; Housing choice

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

Decreased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types

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

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

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

Applies only to units owned or controlled by the PHA.

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

N/A

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

No

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

~~Following will explain the quality assurance method~~

~~"Please explain or upload"—Explanation [previously](#) provided [herein](#) in lieu of an upload: [The HACSC shall develop and implement procedures for the conduct of regularly scheduled quality control of PHA-owned unit inspections, including establishing the sampling size and frequency within the procedures and designating quality control inspector roles and responsibilities.No document is attached.](#)~~

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

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

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

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

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

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

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

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

Housing choice

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

Neutral (no cost implications)

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

The MTW activity applies to all assisted households

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

N/A

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

No

**What percentage of total authorized HCV units will be authorized for project-basing?**

50.00%

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

The Housing Authority has implemented this waiver, introduced a new PBV Request for Proposals, and continues to expand the PBV portfolio and spur new affordable housing development.

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

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

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

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

Housing choice

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

Neutral (no cost implications)

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

The MTW activity applies to all assisted households

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

N/A

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

No

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

The Housing Authority has implemented this waiver, introduced a new PBV Request for Proposals, and continues to expand the PBV portfolio and spur new affordable housing development. The Housing Authority has increased the PBV Project Cap, allowing more than the greater of twenty-five units or 40% of the units at a complex to receive PBV assistance. This waiver allows units beyond those designated for the elderly or supportive services to exceed the cap, enabling PBV awards of up to 100% of the units at a project.

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

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

Under this waiver, the HACSC will eliminate the independent third-party selection process and competitive process in the award of PBV's to properties owned or controlled by the agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site. All other PBV selection and approval requirements, including HQS compliance, NEPA review and subsidy layering review are still applicable and must be conducted. The HACSC will comply with ~~all the following~~ Safe Harbor requirements ~~including~~ (1) A subsidy layering review must be conducted; (2) The agency must complete site selection requirements; ~~(3) HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f);~~ (4) The agency is subject to Notice PIH 2013-27 where applicable, or successor; and (5) Property must be owned by a single-asset entity of the agency, see Notice PIH 2017-21. The HACSC has an approved MTW waiver to conduct its own inspections for PHA-owned or controlled units.

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

Cost effectiveness

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

Decreased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types

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

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

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

Applies only to units owned or controlled by the PHA.

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

No

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

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

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

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

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

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

Cost effectiveness

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

Decreased expenditures

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

The MTW activity applies to all assisted households

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

No

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

The Housing Authority has not yet implemented this waiver. Our Special Purpose Waiver requests for applying MTW flexibilities to VASH, EHV and Stability Vouchers were approved in December 2023, and for VASH and Stability Vouchers this waiver will not be applicable. Now that we have a decision from HUD on the applicability of MTW to VASH, EHV and Stability Vouchers, we will be able to move forward with implementation.

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

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

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

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

Cost effectiveness; Housing choice

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

Decreased expenditures

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

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

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

Currently assisted households only

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Only residents of Permanent Supportive Housing Programs.

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

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

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

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

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

No

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

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



<b>14.b.HCV - Allow Income Calculations from Partner Agencies (HCV)</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b> HACSC may, at their discretion, utilize the income calculations and documentation from partner agencies for PSH households transitioning to voucher based assistance, provided that income calculations must be determined in accordance with 24 CFR 5.609 and that any income calculations accepted from partner agencies must have been calculated within the past year. Utilizing the income calculations and documentation from partner agencies will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance quickly and seamlessly without completing redundant paperwork and procuring verification documents, which can be extremely challenging for vulnerable populations.
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Cost effectiveness
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Decreased expenditures
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies only to a subset or subsets of assisted households
<b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b> Currently assisted households only
<b>Does the MTW activity apply to all family types or only to selected family types?</b> The MTW activity applies only to selected family types
<b>Please select the family types subject to this MTW activity.</b> Other – another specifically defined target population or populations.
<b>If Other Selected in Previous Question: Please describe this target population in the text box.</b> Only residents of Permanent Supportive Housing Programs transitioning to a voucher.
<b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b> The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
<b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b>  Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b><u>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</u></b>

The Housing Authority has implemented a waiver allowing the use of partner agency income calculations and documentation, aligning with 24 CFR 5.609 (defining annual income) and within a one-year timeframe. This measure is aimed at streamlining transitions, reducing costs, and simplifying the process for PSH households by eliminating redundant paperwork and easing document verification burdens, especially for vulnerable populations.

<b>14.c.HCV - Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b> HACSC may, at their discretion, adjust the subsidy for PSH residents transitioning into voucher-based assistance to align the tenant’s portion of rent with the PSH program they are transitioning from. If a PSH tenant is transitioning from a program with a different subsidy structure, the transition could result in a significant increase in the tenant’s contribution of rent, potentially resulting in displacement from their current unit. Having the flexibility to align the voucher subsidy with the subsidy from the PSH program will avoid increases in tenant rent burden and the potential for displacement.
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Housing choice
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Increased expenditures
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies only to a subset or subsets of assisted households
<b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b> Currently assisted households only
<b>Does the MTW activity apply to all family types or only to selected family types?</b> The MTW activity applies only to selected family types
<b>Please select the family types subject to this MTW activity.</b> Other – another specifically defined target population or populations.
<b>If Other Selected in Previous Question: Please describe this target population in the text box.</b> Only residents of Permanent Supportive Housing Programs transitioning to a voucher.
<b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b> The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
<b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b> Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b><u>Based on the Fiscal Year goals listed in the activity’s previous Fiscal Year’s narrative, provide a description about what has been accomplished or changed during the implementation</u></b>  <u>The Housing Authority has implemented a waiver enabling the adjustment of subsidies for PSH residents transitioning to voucher-based assistance, aligning with the tenant's previous rent contributions from their PSH program. This measure aims to prevent substantial increases in tenant rent payments during transitions between programs with varying subsidy structures, thereby mitigating the risk of displacement for affected individuals.</u>

**17.c. - Housing Development Programs**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**  
 HACSC intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of project-based voucher units, tax credit units, or affordable units funded with any other local, state, or federal funds.  
Pending HUD approval of our Safe Harbor Waiver to "i. The agency must not spend more than 10% of its HAP Budget on local, non-traditional activities," HACSC will not spend more than 10% of its HAP budget on local, non-traditional activities. ~~and~~ Families receiving housing or services through local, non-traditional activities must meet the definition of low-income. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice. The Agency shall comply with Safe Harbor provisions requiring compliance with Section 30 of the 1937 Housing Act and that any MTW Funding awarded to a third-party provider must be competitively awarded.

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

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

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

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**  
~~No~~Yes

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**  
The waiver has been implemented as designed, however this year we will seek a waiver to the following Safe Harbor provision:  
*i. The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.*

**Table 17.c.1 - Housing Development Programs that the MTW Agency plans to commit Funds to in Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other

Natural Bridges Apartments - 415 Natural Bridges Drive, Santa Cruz, CA 95060	New Construction	Gap Financing or Construction	20.00	20.00	0.00	20.00	0.00	0.00
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**Housing Development Programs that the MTW Agency plans to spend funds on in the Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
Natural Bridges Apartments - 415 Natural Bridges Drive, Santa Cruz, CA 95060	New Construction	Gap Financing or Construction	20	20	0	20	0	0

**Table 17.c.2 - Housing Development Programs that the MTW Agency committed funds to in prior Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
<a href="#">Natural Bridges Apartments - 415 Natural Bridges Drive, Santa Cruz, CA 95060</a>	<a href="#">New Construction</a>	<a href="#">Gap Financing or Construction</a>	20	20	0	20	0	0

**Housing Development Programs that the MTW Agency spent funds on in prior Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
<a href="#">Natural Bridges Apartments - 415 Natural Bridges Drive, Santa Cruz, CA 95060</a>	<a href="#">New Construction</a>	<a href="#">Gap Financing or Construction</a>	20	20	0	20	0	0

<b>D.</b>	<b>Safe Harbor Waivers.</b>
<b>D.1</b>	<p><b>Will the MTW agency submit request for approval of a Safe Harbor Waiver this year?</b></p> <p>Yes, the Safe Harbor Waiver request <del>for 1w is attached.</del> to Safe Harbor 17.c.i. <i>“The agency must not spend more than 10% of its HAP budget on local, non-traditional activities”</i> is attached.</p>
<b>E.</b>	<b>Agency-Specific Waiver(s).</b>
<b>E.1</b>	<p><b>Agency-Specific Waiver(s) for HUD Approval:</b></p> <p>The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.</p> <p>In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.</p> <p>For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.</p> <p><b>Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?</b></p> <p>Yes, two new Agency-Specific Waiver requests are attached for:  <u><a href="#">(1) Standardized Proration</a></u>  <u><a href="#">(2) Project Based Vouchers Noncontiguous Sites</a></u></p>

E.2

Agency-Specific Waiver(s) for which HUD Approval has been received: Does the MTW agency have any approved Agency-Specific Waivers?

Yes:

**A. Allow use of Tenant Income Certification (TIC) for PBV eligibility determination.**

**Has there been a change in how the waiver is being implemented from when it was originally approved?**

Yes.

**If there has been a change, please provide a description of what has changed.**

We are currently implementing as approved, however we are requesting HUD authority to implement with the following revisions, to be effective upon HUD’s approval, for FY beginning 7/1/2024:

For PBV units that also ~~use~~ are subject to the requirements of the Low-Income Housing Tax Credit (LIHTC) Program, HACSC proposes to use the TIC form required under the LIHTC Program as verification of the family’s income and assets.

Owners of PBV units that receive ~~tax credits~~ LIHTCs must comply with Federal LIHTC regulations, which are similar to HCV regulations regarding verification of income and assets when determining and recertifying income eligibility of residents.

The TIC will only be used as verification of income and assets, ~~for the income eligibility and rent calculation processes.~~

This MTW activity applies to:

- ~~New admissions~~ Both new admissions and currently assisted households

**B. Extend Zero HAP participation from 180 days to 360 days.**

**Has there been a change in how the waiver is being implemented from when it was originally approved?**

No.

~~MTW Agency does not have approved Agency-Specific Waivers~~



<b>F.</b>	<b>Public Housing Operating Subsidy Grant Reporting.</b>			
<b>F.1</b>	Total Public Housing Operating subsidy amount authorized, disbursed by 9/30, remaining, and deadline for disbursement, by Federal Fiscal Year for each year the PHA is designated an MTW agency.			
<b>Federal Fiscal Year (FFY)</b>	<b>Total Operating Subsidy Authorized Amount</b>	<b>How Much PHA Disbursed by the 9/30 Reporting Period</b>	<b>Remaining Not Yet Disbursed</b>	<b>Deadline</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>

<b>G.</b>	<b>MTW Statutory Requirements.</b>	
<b>G.1</b>	<b>75% Very Low Income – Local, Non-Traditional.</b>  HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.	
	<b>Income Level</b>	<b>Number of Local, Non-Traditional Households Admitted in the Fiscal Year*</b>
	80%-50% Area Median Income	0
	49%-30% Area Median Income	0
	Below 30% Area Median Income	0
	<b>Total Local, Non-Traditional Households</b>	<b>0</b>

\*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

<b>G.2</b>	<b>Establishing Reasonable Rent Policy.</b>	
	<b>Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?</b> Yes	
<b>G.3</b>	<b>Substantially the Same (STS) – Local, Non-Traditional.</b>	
	The total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	0 # of unit months

**Number of units developed under the local, non-traditional housing development activity that were available for occupancy during the prior full calendar year:**

PROPERTY NAME/ ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	Population Type	if 'Population Type' is Other	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
<a href="#">Natural Bridges Apartments - 415</a>	0	0	0	0	0	0	0						
<a href="#">Natural Bridges Drive, Santa Cruz.</a>													

|

<a href="#">CA 95060</a>															
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<b>G.4</b>	<b>Comparable Mix (by Family Size) – Local, Non-Traditional.</b>	
To demonstrate compliance with the statutory requirement to continue serving a 'comparable mix" of families by family size to that which would have been served without MTW, the MTW agency will provide the number of families occupying local, non-traditional units by household size for the most recently completed Fiscal Year in the provided table.		
<b>Family Size:</b>	<b>Occupied Number of Local, Non-Traditional units by Household Size</b>	
1 Person	0	
2 Person	0	
3 Person	0	
4 Person	0	
5 Person	0	
6+ Person	0	
Totals	<b>0</b>	

<b>H.</b>	<b>Public Comment</b>
<b><i>PENDING PUBLIC HEARING</i></b> - Attached you will find a copy of all of the comments received and a description of how the agency analyzed the comments, as well as any decisions made based on those comments.	
<b><i>PENDING PUBLIC HEARING</i></b> - Please see attached comments for the additional public hearing held for the Safe Harbor Waiver(s) and Agency-Specific Waiver(s)	
<b>I.</b>	<b>Evaluations.</b>
No known evaluations.	

**MTW Safe Harbor Waiver Activities Planned for Implementation**

**MTW Waiver 17.c Exceed 10% HAP Limit for Local, Non-Traditional Activities**

**The specific safe harbor and its implementing regulation:**

Local, Non-Traditional Activities: Safe Harbor 17.c.i. *“The Agency must not spend more than 10% of its HAP budget on local, non-traditional activities.”*

**The proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver:**

The Housing Authority of the County of Santa Cruz (HACSC) Safe Harbor Waiver seeks authority to exceed the standard 10% HAP budget limit for Local Non-Traditional (LNT) activities, to a maximum of 20% of budget for LNT activities, while maintaining service for at least the same number of households assisted without adverse effects on them or on the high utilization of the HCV program. The initiative responds to both extreme housing scarcity and rising housing development costs within the community by ~~directing the otherwise underutilized HAP budget~~ allowing for the direction of additional funds towards permanent housing resources. This strategic allocation aims to optimize use of the HACSC’s ~~HAP~~ budget, avoid accumulation of reserves, and tackle the challenge of expensive housing, thereby maximizing the value of HAP funds for long-term benefits to the community and the HCV program.

**A description of the local issue and why such an expansion is needed to implement the MTW activity:**

~~The Housing Authority of the County of Santa Cruz is exceptionally strong in HCV utilization and is committed to increasing utilization towards full voucher utilization. HACSC has increased our voucher utilization consistently over the past 5 years, with utilization rates exceeding the state and national level. HACSC seeks to continue to increase voucher utilization and will only dedicate MTW funds to development to the extent that we continue to make progress on our goal to achieve and maintain 100% voucher utilization. The HCV Data Dashboard as of November 2023 reflects 95% voucher utilization along with 98% YTD spending as a percentage of budget authority. We achieved 100% utilization of Emergency Housing Vouchers (EHV) in one of the most expensive rental markets in the nation, outperforming most other PHAs.~~

The June 2023 edition of “Out Of Reach,” an annual report by the National Low Income Housing Coalition, listed the Santa Cruz-Watsonville metro area, which is made up solely of Santa Cruz County, as the top spot in the rankings of costliest rental markets in the U.S.. In 2022, the county ranked No. 2, behind the San Francisco metro area comprised of San Francisco, San Mateo and Marin counties. In our extremely expensive and competitive rental market, families experience low voucher success rates and long search times, making it very difficult for voucher families to lease up. Given the lack of affordable rental housing, we have a strong need to utilize MTW funds for development to increase housing supply.

~~We have~~HACSC has a rapidly expanding portfolio of Project-Based Vouchers which are spurring the development of new affordable housing, ~~which are moving families off of our HCV waiting list at a faster rate. With the addition of Project Based Voucher properties that will be ready for occupancy in 2024, we expect to reach or exceed 97% voucher utilization by the end of the calendar year.~~ During years where we have a large number of PBV units either conditionally awarded or in AHAP status, we may experience atypically low spending in the voucher program. The Constrained housing market limits our ability to scale voucher utilization between the tides of PBV conditional awards and increased funding. Additionally, there are many other factors including FMR increases, RFIF inflation factor changes, and high volumes of PBV projects that become ready for occupancy, which may result in much higher spending in the voucher program in other years. Therefore, while we seek the flexibility to direct more than 10% of funding to Local Non-Traditional activities in any given year, we expect that in other years our voucher spending will significantly constrain our ability to use MTW funds for development. The requested waiver will allow us to utilize

additional funding for development in low-spending years, resulting in more predictability that will be useful in long-term planning.

~~The June 2023 edition of “Out Of Reach,” an annual report by the National Low Income Housing Coalition, listed the Santa Cruz-Watsonville metro area, which is made up solely of Santa Cruz County, as the top spot in the rankings of costliest rental markets in the U.S.. In 2022, the county ranked No. 2, behind the San Francisco metro area comprised of San Francisco, San Mateo and Marin counties. In our extremely expensive and competitive rental market, families experience low voucher success rates and long search times, making it very difficult for voucher families to lease up. Given the lack of affordable rental housing, we have a strong need to utilize MTW funds for development to increase housing supply.~~

Additionally, as outlined in the PIH Notice 2020-29, *Guidance for Running an Optimized HCV Program*, the HACSC seeks to optimize the HCV program by avoiding accumulation of reserves, maximizing both effectiveness and efficacy. The HACSC anticipates that strategic allocation of ~~otherwise underutilized HAP budget to~~MTW funds directed towards the creation of permanent housing resources under this Safe Harbor Waiver ~~is anticipated to~~will increase the agency’s cost effectiveness while also increasing Housing Choice for families. The HACSC would like to expend ~~all available surplus funding~~reserves in service of our waiting-list households, by increasing housing development ~~which that~~ will reduce the time families are on the waitlist, and by increasing their success rate in finding housing when they are issued a voucher.

~~With the possible receipt of \$7.8M in set aside funds in 2024 and the use of reserves for development, we could potentially reach the 10% cap this year. Lower than expected Renewal Funding Inflation Factors (RFIF) for 2024, resulting from a change in methodology, could negatively impact HACSC’s ability to fully lease HCV in 2025, unless we can spend all our reserves and set aside funding in 2024, which we may not be able to do without exceeding the 10% cap.~~

~~Additionally, it is anticipated that the Safe Harbor Waiver will be valuable for long term planning. In some years the HACSC may not spend anything on development, and in other years we may need to spend more than 10%. Having this waiver in place will provide necessary flexibility.~~

~~By utilizing the Safe Harbor Waiver to exceed the 10% Safe Harbor limit, the agency intends to redirect HAP dollars towards creating additional, new permanent housing resources. This proactive step~~ to allow for production of additional affordable housing aligns with the urgent need to maximize available funds and effectively address the challenge of housing affordability. Ultimately, this waiver signifies the Agency’s unwavering commitment to serving households, ensuring program efficiency, and resourceful navigation within the County’s challenging housing landscape.

Finally, HACSC wishes to emphasize that our PHA has HCV utilization rates well above national and statewide averages and is committed to increasing utilization towards full voucher utilization. HACSC seeks to continue to increase voucher utilization and will balance the need to use MTW funds to support development with the need to continue to make progress on our goal to achieve and maintain 100% voucher utilization.

**An impact analysis is required for this activity.**

Impact Analysis is attached.

**A description of the hardship policy for the MTW activity, if applicable:**

No hardship policy is needed for this MTW activity.

**A copy of all comments received at the public hearing along with the MTW agency’s description of how the comments were considered.**

***Pending public hearing.***

<b>Safe Harbor Waiver Impact Analysis</b>
<b>Waiver Description:</b> <b>MTW Waiver 17.c Exceed 10% HAP Limit for Local, Non-Traditional Activities</b>
<b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b>
The Housing Authority of the County of Santa Cruz (HACSC) Safe Harbor Waiver seeks authority to exceed the standard 10% HAP budget limit for Local Non-Traditional (LNT) activities, <u>to a maximum of 20% of HAP budget for LNT activities</u> , while maintaining service for at least the same number of households assisted without adverse effects on them or <u>on</u> the high utilization of the HCV program. The initiative responds to both extreme housing scarcity and rising housing development costs within the community by <del>directing the otherwise underutilized HAP budget</del> <u>by allowing for the direction of additional funds</u> towards permanent housing resources. This strategic allocation aims to optimize use of the HACSC’s <del>HAP</del> budget, <u>avoid accumulation of reserves, and</u> tackle the challenge of expensive housing, <u>thereby</u> maximizing the value of HAP funds for long-term benefits to the community and the HCV program.
<b>Which of the MTW statutory objectives does this MTW activity serve?</b>
<input checked="" type="checkbox"/> Cost effectiveness. <input checked="" type="checkbox"/> Housing Choice
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b>
All assisted households
<b>Does the MTW activity apply to all family types or only to selected family types?</b>
All family types
<b>Please select the family types subject to this MTW activity.</b>
N/A
<b>Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).</b>
Increased costs for Local Non-Traditional development, with no changes to the agency’s per family contributions.
<b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b>
HACSC does not expect any impact to the amount affected families will pay.
<b>Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist):</b>
The Safe Harbor Waiver’s potential impact on the agency's waitlist(s) is positive and is anticipated to contribute to a slight reduction in wait times for families.
<b>Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency):</b>
HACSC does not expect any impact to the Agency’s termination rate of families.

**Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program:**

N/A

**Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice:**

The June 2023 edition of "Out Of Reach," an annual report by the National Low Income Housing Coalition, listed the Santa Cruz-Watsonville metro area, which is made up solely of Santa Cruz County, as the top spot in the rankings of costliest rental markets in the U.S.. In 2022, the county ranked No. 2, behind the San Francisco metro area comprised of San Francisco, San Mateo and Marin counties. In our extremely expensive and competitive rental market, families experience low voucher success rates and long search times, making it very difficult for voucher families to lease up. Given the lack of affordable rental housing, we have a strong need to utilize MTW funds for development to increase housing supply.

HACSC has a rapidly expanding portfolio of Project-Based Vouchers which are spurring the development of new affordable housing. During years where we have a large number of PBV units either conditionally awarded or in AHAP status, we may experience atypically low spending in the voucher program. The Constrained housing market limits our ability to scale voucher utilization between the tides of PBV conditional awards and increased funding. Additionally, there are many other factors including FMR increases, RFIF inflation factor changes, and high volumes of PBV projects that become ready for occupancy, which may result in much higher spending in the voucher program in other years. Therefore, while we seek the flexibility to direct more than 10% of funding to Local Non-Traditional activities in any given year, we expect that in other years our voucher spending will significantly constrain our ability to use MTW funds for development. The requested waiver will allow us to utilize additional funding for development in low-spending years, resulting in more predictability that will be useful in long-term planning.

Additionally, as outlined in the PIH Notice 2020-29, *Guidance for Running an Optimized HCV Program*, the HACSC seeks to optimize the HCV program by avoiding accumulation of reserves, maximizing both effectiveness and efficacy. The HACSC anticipates that strategic allocation of MTW funds directed towards the creation of permanent housing resources under this Safe Harbor Waiver will increase the agency's cost effectiveness while also increasing Housing Choice for families. The HACSC would like to expend available reserves in service of our waiting-list households, by increasing housing development that will reduce the time families are on the waitlist, and by increasing their success rate in finding housing when they are issued a voucher.

This proactive step to allow for production of additional affordable housing aligns with the urgent need to maximize available funds and effectively address the challenge of housing affordability. Ultimately, this waiver signifies the Agency's unwavering commitment to serving households, ensuring program efficiency, and resourceful navigation within the County's challenging housing landscape.

Finally, HACSC wishes to emphasize that our PHA has HCV utilization rates well above national and statewide averages and is committed to increasing utilization towards full voucher utilization. HACSC seeks to continue to increase voucher utilization and will balance the need to use MTW funds to support development with the need to continue to make progress on our goal to achieve and maintain 100% voucher utilization. ~~The impact on meeting the statutory goal of cost effectiveness through the proposed Safe Harbor Waiver for exceeding the 10% limit in Local Non-Traditional Development can be substantial. By redirecting HAP dollars towards the creation of permanent housing resources, the Agency aims to optimize the value of these funds.~~



~~This strategic investment aligns with the MTW goal of cost effectiveness by utilizing the agency's HAP budget to efficiently address the pressing challenge of housing affordability. Additionally, focusing on development of new permanent housing solutions in response to the exorbitant costs of housing in the County signifies a deliberate effort to maximize the impact of available funds. By strategically investing in sustainable housing, the agency aims to achieve cost effectiveness by utilizing resources thoughtfully to provide long-term solutions that benefit the community and the HCV program within the MTW framework.~~

~~The strategic allocation of otherwise underutilized HAP budget to creation of permanent housing resources under the Safe Harbor Waiver is also anticipated to increase housing choice by alleviating housing scarcity, leading to shorter wait times for families seeking housing assistance.~~

**Impact on the agency's ability to meet the MTW statutory requirements.**

The proposed policy will positively impact HACSC's ability to meet statutory requirements by increasing cost effectiveness and housing choice

**Impact on the rate of hardship requests and the number granted and denied as a result of this activity.**

No impact as there is no hardship policy needed for this Safe Harbor Waiver.

**Across the other factors above, the impact on protected classes (and any associated disparate impact).**

The proposed policy is not expected to have any negative or disparate impact on any protected classes. The policy will benefit households.

**Implementation timeline:**

HACSC will implement this initiative upon HUD approval of the MTW Supplement.

**Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.**

No hardship policy is needed for this Safe Harbor Waiver.

**MTW Agency Specific Waiver Activities Planned for Implementation**

<b>Agency-Specific Waiver</b>
<b>Standardized Proration</b>
<b>Regulation to Waive: § 5.520</b>
<p>When a household includes eligible and ineligible members, defined as individuals who do not have eligible immigration status, the household is considered a “mixed family.” In such cases, current HUD regulations require that the PHA prorate the HAP portion of the household’s subsidy based on the number of eligible to in-eligible household members. This current practice is challenging to calculate correctly, is very hard for most mixed families to understand, and at times can be a significant barrier to the family’s ability to find a rental unit. Additionally, it results in a significant rent burden for affected households.</p> <p>To address these issues, HACSC proposes a simplified approach: a standardized deduction of \$150 per ineligible household member from the total monthly HAP subsidy. This streamlined method aims to simplify calculations, reduce complexities, and offer clearer guidance to mixed families, supporting their quest for stable housing and reducing rent burden.</p> <p>The proposed waiver seeks to replace the proration process with a straightforward approach that ensures more clear calculations and removes obstacles to housing access for mixed families.</p>
<p><b>This MTW activity serves the following statutory objectives:</b></p> <p><input checked="" type="checkbox"/> Housing Choice</p> <p><input checked="" type="checkbox"/> Self Sufficiency</p>
<p><b>Cost Implications</b></p> <p><input checked="" type="checkbox"/> Increased expenditure</p>
<p><b>Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p><input checked="" type="checkbox"/> The MTW activity applies only to a subset or subsets of assisted households.</p>
<p><b>If previous question is a subset.</b></p> <p><b>Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p><input checked="" type="checkbox"/> New admissions and currently assisted households</p>
<p><b>If waiver doesn’t apply to all assisted households:</b></p> <p><b>Family Types. Does the MTW activity apply to all family types or only to selected family types?</b></p> <p><input checked="" type="checkbox"/> The MTW activity applies only to selected family types</p> <p><b>Family types subject to this MTW activity:</b></p> <p><input checked="" type="checkbox"/> Other – another specifically defined target population or populations. Please describe this target population here:</p> <p><b>Households that include eligible and ineligible (individuals who do not have eligible immigration status) members are considered a “mixed family.”</b></p>
<p><b>If not all assisted households are selected.</b></p> <p><b>For HCV activities:</b></p> <p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p><input checked="" type="checkbox"/> The MTW activity applies to all properties with project-based vouchers</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p><input checked="" type="checkbox"/> No</p>
<p><b>Does this MTW activity require a Hardship Policy:</b></p>

No

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

Yes. The Impact Analysis is attached.

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

No

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

N/A

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

*Pending public hearing.*

<b>Agency-Specific Waiver Impact Analysis</b>
<b>Waiver Description: Standardized Proration</b>
<b>Regulation to Waive: § 5.520</b>
<b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b>
<p>When a household includes eligible and ineligible members, defined as individuals who do not have eligible immigration status, the household is considered a "mixed family." In such cases, current HUD regulations require that the PHA prorate the HAP portion of the household's subsidy based on the number of eligible to in-eligible household members. This current practice is challenging to calculate correctly, is very hard for most mixed families to understand, and at times can be a significant barrier to the family's ability to find a rental unit. Additionally, it results in significant rent burdens for affected households.</p> <p>To address these issues, HACSC proposes a simplified approach: a standardized deduction of \$150 per ineligible household member from the total monthly HAP subsidy. This streamlined method aims to simplify calculations, reduce complexities, and offer clearer guidance to mixed families, supporting their quest for stable housing, and reducing rent burden. The proposed waiver seeks to replace the proration process with a straightforward approach that ensures more clear calculations and removes obstacles to housing access for mixed families.</p>
<b>Which of the MTW statutory objectives does this MTW activity serve?</b>
<input checked="" type="checkbox"/> Self-sufficiency. <input checked="" type="checkbox"/> Housing Choice
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b>
Subset of households
<b>Does the MTW activity apply to all family types or only to selected family types?</b>
New admissions and currently assisted households
<b>Please select the family types subject to this MTW activity.</b>
Households that include eligible and ineligible (individuals who do not have eligible immigration status) members are considered a "mixed family."
<b>Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).</b>
<p>The estimated cost of implementing this waiver is calculated to be \$1,719,552. This cost projection covers the reduction in rent for households benefitting from the waiver. This figure reflects the difference between the current method of proration and the proposed standardized proration method, specifically deducting a fixed amount of \$150 per ineligible household member from the total monthly HAP subsidy.</p> <p>In terms of the change in the Agency's per-family contributions, implementing the waiver will result in an increase in the amount of subsidy allocated per household for most households. The current proration method based on the ratio of eligible to ineligible household members could potentially offer slightly higher subsidies to some households compared to the proposed standardized method that deducts a fixed amount per ineligible member. As a result, the Agency's per-family contributions for a few families may decrease due to the implementation of this simplified pro-ration approach.</p>

<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p>
<p>Implementing the proposed waiver for the standardized proration method for determining HAP subsidies in mixed families is anticipated to positively impact the affordability of housing costs for affected households. A substantial percentage of prorated households are paying more than 40% and 50% of their adjusted income on rent. Currently 82% of prorated households are paying more than 40% of their adjusted income on rent; with implementation of this waiver, only 50% of prorated households will pay more than 40%. Out of the total prorated households, 277 families are projected to experience a decrease in their monthly rent payments by an average of \$519. A small fraction of prorated households (10) are projected to experience an average increase of \$46 as a result of the waiver implementation. The waiver is anticipated to substantially reduce the housing cost burdens for the vast majority of prorated households. By simplifying calculations and offering a fixed deduction per ineligible member, the proposed method aims to alleviate the financial strain of extreme rent burden experienced by mixed families, thereby enhancing housing affordability and stability for these households.</p>
<p><b>Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist);</b></p>
<p>HACSC does not expect any impact to the amount of time families wait on the waiting list.</p>
<p><b>Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);</b></p>
<p>HACSC does not expect any impact to the Agency’s termination rate of families.</p>
<p><b>Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program</b></p>
<p>The waiver may lead to increased occupancy levels as it enables easier access to suitable rental units for mixed families.</p>
<p><b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b></p>
<p><b>Self-Sufficiency:</b> The current complex proration method creates administrative burdens and is confusing for both households and the Agency. By simplifying the calculation process and providing clarity through the proposed standardized proration method, HACSC aims to empower households achieve greater self-sufficiency. Simplified procedures enable households to better understand and manage their housing assistance, potentially allowing them to allocate more resources toward self-improvement, education, and career development, thus fostering self-sufficiency.</p> <p><b>Housing Choice:</b> The complexity of the current proration practice hinders housing access for prorated families. Delays or difficulties in understanding calculations often impede the search for suitable rental units, intensifying housing instability. The proposed standardized method seeks to remove these barriers, thereby expanding housing options and choices for prorated families. With clearer and more accessible calculations, families will have an improved ability to find appropriate housing that meets their needs, enhancing their overall housing choice.</p> <p>The proposed waiver is poised to significantly contribute to meeting the MTW statutory goals of self-sufficiency and housing choice by simplifying processes, enhancing affordability, and expanding housing options for mixed families.</p>
<p><b>Impact on the agency’s ability to meet the MTW statutory requirements;</b></p>
<p>The proposed policy will not impact HACSC’s ability to meet statutory requirements.</p>
<p><b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b></p>
<p>HACSC does not expect any impact to the rate of hardship requests.</p>
<p><b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b></p>

The proposed policy is not expected to have any negative or disparate impact on any protected classes. The policy will benefit households.

**Implementation timeline.**

HACSC will implement this initiative upon approval of the MTW Supplement, Agency Plan, and Administrative Plan

**Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.**

N/A

<b>Agency-Specific Waiver</b>
<b>Project Based Vouchers – Noncontiguous Sites</b>
<b>Regulation to Waive: § 983.3(b) Definition of “Project”</b>
<p>The Housing Authority of the County of Santa Cruz (HACSC) proposes to expand the definition of “Project” to include non-contiguous scattered sites. This would allow logical groupings of contract units on non-contiguous parcels with the same owner to be included in the same HAP contract. By expanding the definition of “Project” to encompass non-contiguous scattered sites, HACSC aims to foster administrative efficiency, streamline operations, and provide improved housing services. This approach aligns with the goal of optimizing resources and enhancing programmatic effectiveness to better serve the community's housing needs. The HACSC intends to utilize this administrative flexibility with its former Low-Income Public Housing properties as they are converted to PBV.</p>
<p><b>Grouping Contract Units:</b> Including non-contiguous scattered sites under a unified HAP contract enables the logical grouping of contract units situated on separate but related parcels under the same ownership. This consolidation simplifies administrative processes by allowing HACSC to manage these units collectively, streamlining operations and reducing administrative complexities associated with disparate management.</p>
<p><b>Achieving Administrative Efficiency:</b> Particularly beneficial for former Low-Income Public Housing properties, this expansion facilitates the efficient management of scattered units that may have previously been administratively cumbersome to handle separately. Consolidating these units into a single HAP contract enhances the HACSC's ability to efficiently oversee and allocate resources to these properties.</p>
<p><b>This MTW activity serves the following statutory objectives:</b></p> <p><input checked="" type="checkbox"/> Cost effectiveness</p>
<p><b>Cost Implications</b></p> <p><input checked="" type="checkbox"/> Decreased expenditures</p>
<p><b>Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p><input checked="" type="checkbox"/> The MTW activity applies only to a subset or subsets of assisted households.</p>
<p><b>If previous question is a subset.</b></p> <p><b>Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p><input checked="" type="checkbox"/> New admissions and currently assisted households</p>
<p><b>If waiver doesn't apply to all assisted households:</b></p> <p><b>Family Types. Does the MTW activity apply to all family types or only to selected family types?</b></p> <p><input checked="" type="checkbox"/> The MTW activity applies to all family types</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p><input checked="" type="checkbox"/> No</p>
<p><b>Does this MTW activity require a Hardship Policy:</b></p> <p><input checked="" type="checkbox"/> No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p><input checked="" type="checkbox"/> Yes. The Impact Analysis is attached.</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b></p> <p><input checked="" type="checkbox"/> No</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>N/A</p>
<p><b>Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.</b></p> <p><i>Pending public hearing.</i></p>

<b>Agency-Specific Waiver Impact Analysis</b>
<b>Waiver Description: Project Based Vouchers – Noncontiguous Sites</b>
<b>Regulation to Waive: § 983.3(b) Definition of “Project”</b>
<b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b>
<p>The Housing Authority of the County of Santa Cruz (HACSC) proposes to expand the definition of “Project” to include non-contiguous scattered sites. This would allow logical groupings of contract units on non-contiguous parcels with the same owner to be included in the same HAP contract. By expanding the definition of “Project” to encompass non-contiguous scattered sites, HACSC aims to foster administrative efficiency, streamline operations, and provide improved housing services. This approach aligns with the goal of optimizing resources and enhancing programmatic effectiveness to better serve the community’s housing needs. The HACSC intends to utilize this administrative flexibility with its former Low-Income Public Housing properties as they are converted to PBV.</p> <p><b>Grouping Contract Units:</b> Including non-contiguous scattered sites under a unified HAP contract enables the logical grouping of contract units situated on separate but related parcels under the same ownership. This consolidation simplifies administrative processes by allowing HACSC to manage these units collectively, streamlining operations and reducing administrative complexities associated with disparate management.</p> <p><b>Achieving Administrative Efficiency:</b> Particularly beneficial for former Low-Income Public Housing properties, this expansion facilitates the efficient management of scattered units that may have previously been administratively cumbersome to handle separately. Consolidating these units into a single HAP contract enhances the HACSC's ability to efficiently oversee and allocate resources to these properties.</p>
<b>Which of the MTW statutory objectives does this MTW activity serve?</b>
<input checked="" type="checkbox"/> Cost effectiveness.
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b>
Subset(s) of assisted households.
<b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b>
<input checked="" type="checkbox"/> New admissions and currently assisted households
<b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b>
<input checked="" type="checkbox"/> The MTW activity applies to all properties with project-based vouchers
<b>Does the MTW activity apply to all family types or only to selected family types?</b>
All family types
<b>Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).</b>
The proposed expansion of the “Project” definition to include non-contiguous scattered sites is expected to reduce administrative complexities, leading to modest cost savings for the Agency by streamlining operations. This move aligns with the Agency’s aim to optimize resources, particularly in managing former Low-Income Public Housing properties.
<b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b>
HACSC does not anticipate any impact on affordability of housing cost for affected families.
<b>Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist);</b>



HACSC does not anticipate any impact to the amount of time families wait on the waiting list.
<b>Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);</b>
HACSC does not anticipate any impact to the Agency’s termination rate of families.
<b>Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program</b>
Implementing the proposed waiver could optimize occupancy levels by through more efficient administrative processes, leading to improved utilization rates within the HCV program.
<b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b>
The proposed expansion of the “Project” definition to include non-contiguous scattered sites aligns with the MTW program's objective of cost effectiveness. By consolidating scattered units under a unified HAP contract, the Agency aims to reduce administrative cost and eliminate inefficient processes
<b>Impact on the agency’s ability to meet the MTW statutory requirements;</b>
The proposed expansion of the “Project” definition to include non-contiguous scattered sites is expected to positively impact the Agency’s ability to meet the MTW statutory requirement of cost effectiveness.
<b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b>
HACSC does not expect any impact to the rate of hardship requests.
<b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b>
The proposed policy is not expected to have any negative or disparate impact on any protected classes. The policy will benefit households.
<b>Implementation timeline.</b>
HACSC will implement this initiative upon HUD approval of the MTW Supplement.
<b>Description of a hardship policy, if needed.</b>
N/A, there is no hardship policy needed for this waiver.

**Housing Authority of the County of Santa Cruz  
Impact Analysis**

**Waiver 1.u. Standard Deductions (HCV) – Impact Analysis**

**Waiver Description: Standard Deduction for Medical Expenses**

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

For FY starting 7/1/2024, the proposed standard deduction for medical expenses is \$1,500 for households with expenses at or above a \$1,500 threshold.

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

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

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

Cost effectiveness.

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

All households.

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

All family types.

**Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).**

The change in annual total HAP is anticipated to be a reduction of \$53,556.

**Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)**

There are currently 5,370 households, 581 of which have medical expenses.

2,620 households will have no change.

2,495 households will have a decrease averaging \$4.

255 households will have an increase averaging \$54.

**Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist);**

No changes anticipated.

**Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency).**

**Housing Authority of the County of Santa Cruz  
Impact Analysis**

No changes anticipated.

**Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program.**

No changes anticipated.

**Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice.**

Anticipated to enhance the agency's ability to meet the MTW statutory goal of cost effectiveness.

**Impact on the rate of hardship requests and the number granted and denied as a result of this activity.**

It is anticipated that some households experiencing an increase will submit hardship requests, but it is not yet known how many. This will be easier to assess after the first year of implementation.

**Across the other factors above, the impact on protected classes (and any associated disparate impact).**

None anticipated.

**Implementation timeline.**

Upon HUD approval of the MTW Supplement for FY starting 7/1/2024.

**Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.**

Households for whom application of the standard deduction for medical expenses policy results in an increase in tenant share of rent may apply for the Medical Expense Hardship.

Medical Expense Hardships must be requested by the household. To request a Medical Expense Hardship, the household must complete a Medical Expense Hardship Request form, complete a medical expense verification packet and may be asked to provide supporting documents, receipts, and/or contact information of healthcare providers that can ver. Staff will review and determine the total amount of unreimbursed allowable medical expenses. The Medical Expense Hardship request will be reviewed, and the household notified of the approval or denial in a timely manner.

If approved, the Medical Expense Hardship will provide a medical expense deduction equal to the household's total annual unreimbursed allowable medical expenses that exceed 3% of household income. The approved Medical Expense Hardship will remain in force until the household's next scheduled reexamination.

In the case of Medical Expense Hardship denials, the household will be sent a denial letter stating why they did not qualify.

As a reasonable accommodation, upon request, the Medical Expense Hardship Request form will be made available in an accessible format.

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

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



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

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**July 1, 2024**

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

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

### Selecting Applicants from the Waiting List

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

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

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

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

Upon the close-out of the Consolidated Annual Contributions Contract (CACC) with HUD for Low Income Public Housing, any remaining active applicants on the Low-Income Public Housing Waiting List will be contacted and provided with an opportunity to be added to the end of the Santa Cruz County Housing Choice Voucher Waiting List. Such applicants would receive preference for the former Public Housing units as units become available.

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

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

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

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

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

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

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

[Asset Limits and Determination of Net Family Assets - \(Applicable upon the Housing Authority's HOTMA Compliance Date of January 1, 2025\)](#)

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

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

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

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

Number of Waiting Lists

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

Medicaid Waiver

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

Selection of Families for Project-Based Voucher Units

Project-Based Voucher sites may have separate site-based waiting lists, or third-party referral units, as listed below, or may utilize the combined Housing Choice Voucher waiting list. The Housing Authority will consider the establishment of additional site-based waiting lists for new Project-Based Voucher contracts on a case-by-case basis. Existing Housing Choice Voucher holders may transfer into a Project-Based unit in developments that utilize the combined Housing Choice Voucher waiting list. Specifically designated Project-Based Voucher properties may offer units through a referral process with a third-party agency. Eligible families referred through this method will be placed on a PBV waiting list for designated unit(s) at that property and receive an absolute preference. Such properties are listed in the table below.

<b>PBV Development</b>	<b>Location</b>	<b>Waiting List Conditions</b>
<b>El Centro</b> 44 PBV units – senior housing	1110 Pacific Avenue Santa Cruz	44 units for elderly households – Date of placement on the site-based waiting list
<b>Resetar Residential Hotel</b> 52 PBV units	15 West Lake Avenue Watsonville	44 PBV units - date of placement on the site-based waiting list 8 HUD VASH PBV units – referrals from the Department of Veterans Affairs
<b>St. Stephens Senior Housing</b> 39 PBV units – senior housing	2510 Soquel Avenue Santa Cruz	29 PBV units for elderly households – lottery number on the site-based waiting list 5 HUD VASH PBV units for elderly households – referrals from the Department of Veterans Affairs 5 PBV units for frail elderly households – referrals from Health Projects Center
<b>Pippin Orchards Apartments</b> 31 PBV units	56 Atkinson Lane Watsonville	23 PBV units – lottery number on the site-based waiting list 6 PBV units for families eligible for supportive services. 2 units for transitional age youth – referrals from Encompass Community Services



<p><b>Sunrise Senior Apartments</b></p> <p>48 PBV units – senior housing</p>	<p>580 Westside Blvd. Hollister</p>	<p>43 PBV units for elderly households – Sunrise Senior Apartments will use a site-based waiting list.</p> <p>Applications will be processed based on the date the application is received after the initial lottery is conducted.</p> <p>5 HUD VASH PBV units for elderly households – referrals from the Department of Veterans Affairs</p>
<p><b>San Andreas</b></p> <p>4 PBV units – farmworker housing</p>	<p>295 San Andreas Road Watsonville</p>	<p>4 PBV units – the Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list.</p>
<p><b>Villas del Paraiso</b></p> <p>15 PBV units – farmworker housing</p>	<p>340 Paraiso Drive Watsonville</p>	<p>15 PBV units – The Housing Authority may accept referrals of eligible families from Mid Pen Housing’s waiting list.</p>
<p><b>Jardines del Valle</b></p> <p>5 PBV units</p>	<p>76 Murphys Crossing Road Santa Cruz County (unincorporated area)</p>	<p>5 PBV units – The Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list</p>
<p><b>Pajaro Valley Shelter Services</b></p> <p>4 PBV units</p>	<p>Scattered sites</p>	<p>4 units for formerly homeless families referred by Pajaro Valley Shelter Services</p>
<p><b>Merrill Road Apartments</b></p> <p>15 PBV units</p>	<p>3201 Merrill Road Aptos</p>	<p>15 standard PBV units – date of placement on site-based waiting list</p>
<p><b>Bienestar Plaza</b></p> <p>40 PBV units</p>	<p>1500 Capitola Road Santa Cruz</p>	<p>25 standard PBV units – lottery number on the HCV waiting list.</p> <p>10 units for families eligible for supportive services – referrals from County of Santa Cruz Coordinated Entry System</p> <p>5 units with a preference for “high utilizers” from either CES or Central California Alliance for Health</p>

<p><b>Tabasa Gardens</b></p> <p>37 PBV units</p>	<p>1482 Freedom Blvd Watsonville</p>	<p>21 standard PBV units – lottery number on the HCV waiting list.</p> <p>6 units for families eligible for supportive services – referrals from the County of Santa Cruz Coordinated Entry System</p> <p>10 units for farmworker families eligible for supportive services – families to be selected from the owner’s site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list.</p>
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Waiting List Preferences for Designated Groups on the Housing Choice Voucher Waiting List

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

1. Live/Work Residency Preference

The Housing Authority has established a partial live/work residency preference, such that at least 75% of the families selected from the waiting list will either currently live or work in the jurisdiction of the waiting list. The residency preference is applicable to the Santa Cruz County Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works in Santa Cruz County) and the Hollister/San Juan Bautista Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works in San Benito County.) The residency preference ensures that the majority of the Housing Choice Vouchers, which have been awarded to the Housing Authority by HUD to serve our jurisdiction, will be made available to those who live or work in the jurisdiction.

2. Disabled and Medically Vulnerable Homeless Persons (DMV)

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

- a) Disabled as defined by HUD at 24CFR 5.403.
- b) Medically vulnerable as determined by Continuum of Care prioritization policies.
- c) Homeless as defined by HUD per the HEARTH Act in Federal Register / Vol. 76, No. 233.

- d) Have established a case management plan with a provider of housing supportive services within Santa Cruz County.

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

### 3. Homeless Families with Minor Children

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

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

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

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

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

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

### 5. Homeless Families with Minor Children for Brommer Street Supportive Housing Units

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

6. Disabled Transitioning from Institutions (DTI)

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

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

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

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

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

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

7. Mainstream Vouchers

The Housing Authority has received 240 Mainstream Vouchers. These Mainstream Vouchers are available to waiting list applicants that meet the following eligibility criteria:

The Household must include a family member between the age of 18 and 62 who is a person with a disability.

Assistance will be offered to applicants eligible for the program based on lottery or random sequence number. If the Housing Choice Voucher waiting lists do not contain sufficient numbers of eligible households, the Housing Authority may accept referrals for persons eligible for this preference. Eligible persons include those who are transitioning from institutions, at serious risk of institutionalization, homeless or at risk of homelessness.

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

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

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

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

9. Admission of Low-Income Families

Low-income families (up to 80% median household income) may be admitted to the program if they are working families (defined as a family in which the head, spouse or sole member is employed). In addition, low-income families in which the head and spouse or sole member is age 62 or over or is a person with disabilities may be admitted under this section. Such low-income families will not be admitted ahead of non-low-income families but will be placed on the waiting list according to the random number sequence lottery of their application.

10. Temporary Measures during Periods of Low Utilization Rate

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

- a) Lease In-Place Option. This preference will only be applicable to applicants already on the waiting list who currently live in the Housing Authority jurisdiction, reside in a unit that meets HQS standards, with a landlord who is willing to accept a voucher.

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

### Targeting

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

### Opening and Closing the Waiting list

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

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

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

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

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

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

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

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

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

#### Selecting Applicants for the Moderate Rehabilitation Program

All vacant units under contract will be rented to eligible families referred by the Housing Authority from the Housing Choice Voucher waiting list.

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

All Housing Choice Vouchers are issued with an initial term of at least 60 days. One or more extensions of at least an additional 60 days will be considered.

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

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

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

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

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

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

The Department of Housing and Urban Development (HUD) and the Veterans Administration (VA) have partnered to create a program for homeless veterans. This program combines HUD Housing Choice Voucher rental assistance with the Department of Veterans Affairs case

management and clinical services provided at its medical centers and in the community. Funding for this program is limited to housing authorities that partner with “eligible Veterans Affairs Medical Centers (VAMCs) or other entities as designated by the VA.”

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

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

#### Family Unification Program / FUP (218 vouchers)

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

Family Unification vouchers are not issued based on placement on the Housing Choice Voucher waiting list. Instead, HSD provides referrals to the Housing Authority based on comprehensive risk assessment and FUP-eligibility determination. HSD will provide written certification to the Housing Authority that a family or a youth qualifies as a FUP-eligible family or youth. A family will be certified as eligible if it is determined that (1) the children are at imminent risk of placement in out-of-home care or at risk of having their discharge to the family from out-of-home care delayed (2) the lack of adequate housing is a primary factor in the risk of placement or delay of discharge and (3) the family meets all other eligibility requirements for Section 8 assistance; youth will be certified as eligible by age, foster care history, and homelessness risk. Youth will also be identified through the county Coordinated Entry System. FUP Youth vouchers have a HUD imposed 36- month limit on rental assistance, excepting for the provisions under Fostering Stable Housing Opportunities (FSHO). Under HACSC’s existing FUP-FSS demonstration program, FUP Youth voucher holders who enter into a HUD Family Self- Sufficiency contract may have their FUP Youth rental assistance extended for the life of the FSS contract up to five years, with the possibility of an extension up to two years.

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

1. FUP youth who are participating in a Family Self-Sufficiency (FSS) Program under Section 23 of the U.S. Housing Act or an MTW self-sufficiency program.
  - a) If the youth is offered an FSS slot during their first 36 months of FUP assistance, the youth must participate in the FSS program to receive an extension of assistance.



- b) If the youth is offered an FSS slot after the 36-month mark, the youth may choose to accept the FSS slot or decline the slot and meet the education, workforce development, or employment requirement instead.
- 2. FUP youth who were unable to enroll in FSS but engaged in education, workforce development, or employment, or employment activities for at least 9 months of the 12-month period preceding the extension. The youth is considered unable to enroll in FSS if the youth has not been offered an FSS slot during the first 36 months of receiving FUP/FYI assistance.
  - a) The youth must have engaged in at least one of the following activities for not less than 9 months of the 12-month period preceding each extension.
    - i. Education:
      - 1. The youth was engaged in obtaining a “recognized postsecondary credential” or a “secondary school diploma or its recognized equivalent;” or
      - 2. The youth was enrolled in an “institution of higher education” a “proprietary institution of higher education,” or a “postsecondary vocational institution” as defined in the Higher Education Act.
    - ii. Workforce Development: The youth was participating in a career pathway, as such term is defined in section 3 of the Workforce Innovation and Opportunity Act (WIOA).
    - iii. Employment: The youth was employed.
- 3. FUP youth who meet one of the statutory exceptions:
  - a) Are responsible for the care of a dependent child under the age of 6 or for the care of an incapacitated person;
  - b) Are regularly and actively participating in a drug addiction or alcohol treatment and rehabilitation program; or
  - c) Are incapable of complying with the requirement to participate in an FSS program or engage in education, workforce development, or employment activities, as applicable, due to a documented medical condition.

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

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

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

- 1. seeking and identifying eligible families and making referrals to the Housing Authority;
- 2. certifying special program eligibility;
- 3. assisting in identifying and securing housing appropriate to the family’s size and needs;

4. offering training on HSD referral procedures to the Housing Authority and HSD-subcontractors; and
5. providing case management and some or all of the following supportive services:
  - a) child welfare and family reunification services
  - b) vocational training and educational assistance
  - c) childcare assistance
  - d) health, mental health, and substance abuse services
  - e) renter education
  - f) job search and placement assistance.

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

The HSD will be responsible for case management for the FUP Youth Family Self-Sufficiency (FSS) for the first 18 months from the start of the FSS Contract. Case Management is intended to assist the youth fulfill their FSS plan toward independence and self-sufficiency. HSD will be responsible for a Transitional Independent Living Plan developed with each FUP-Youth as well as providing basic life skills, counseling, providing assurances to property owners, job preparation, and educational advancement opportunities.

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

#### Issuance as a Reasonable Accommodation

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

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

#### Disabled Vouchers (138 vouchers)

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

#### Medicaid Waiver Program (27 vouchers)

HUD has made available vouchers for persons participating in the Medicaid Home and Community Based Waiver Program. The Medicaid waiver vouchers are reserved for disabled persons, also covered under a waiver of Section 1915(c) of the Social Security Act, who are Medicaid-eligible at risk of being placed in intermediate care facilities. The voucher would allow them to be cared for in their homes and communities. These individuals are thereby assisted in

preserving their independence and ties to family and friends at a cost no higher than that of institutional care.

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

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

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

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

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

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

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

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

The Housing Authority will be responsible wholly or in part for

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

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

1. screening and refer CalWORKs participants;
2. assisting CalWORKs participants who receive vouchers with housing-related issues and work with Housing Authority staff to resolve those issues;
3. supporting housing stability for eligible CalWORKs participants who receive vouchers by providing them with comprehensive services including individual assistance in the areas of vocational training and assessment, job search and upgrade, on-the-job training, transportation assistance, child care, participation in MediCal/MediCruz as appropriate,

- counseling services for substance abuse, domestic violence and mental health issues and other supportive services; and
4. coordinating participant involvement in programs offered through the Small Business Development Center, Career Centers, and Cabrillo Student Resource Support Network.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **IV. Occupancy Policies**

### Definition of a Family

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

Each family contains a head of household, who must be at least eighteen years old, or if under 18, they must be an emancipated minor. Additionally, each family member must reside in the assisted unit at least 51% of the time (at least 186 days out of the year). Children who are temporarily away from the home because of placement in foster care and military servicepersons on active duty are considered part of the family if they would otherwise be living in the assisted unit. However, they will not be considered for the purposes of determining voucher size while they are out of the unit. Households with children who have been placed in foster care will keep their voucher size for at least 12 months after the child is removed but may be removed from the household at the next regular re-examination following the 12 month period, or after being provided at least 120 days' notice following the 12 month period. When the child returns from foster placement, the household will be upsized at the interim and the payment standard will be updated at that time. The household will not be required to wait until their next re-examination to be upsized or to have their payment standard updated.

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

Live-in aides and family members of live-in aides are not family members, temporary family members, or guests.

#### Definition of a Temporary Family Member

A temporary family member is a member of an assisted family that has been approved by the Housing Authority and resides in the assisted unit less than 51% of the time (less than 184 days of the year).

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

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

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

Minor children who stay in the household a few days per week (less than 51% of the time and less than 184 days of the year) will not be added to the household. No persons other than minor children will be approved to stay in the household for a few days per week. Instead, other individuals will be considered to be guests (see definition of guest).

#### Definition of a Guest

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

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

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

#### Standards for Denying Admission or Terminating Assistance

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

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

15. The Housing Authority will deny admission or terminate assistance for applicants or participants in violation of current applicable HUD rules and regulations or Housing Authority policy.
16. The Housing Authority will deny admission for applicants that do not meet the current applicable HUD eligibility requirements.

The Housing Authority may deny admission or terminate tenancy for criminal activity or drug or alcohol abuse in accordance with HUD regulations. The Housing Authority has the discretion to consider all factors in the case, including the seriousness of the case, the extent of participation or culpability of individual family members, past history, recency of criminal activity, age at time of criminal/drug or alcohol activity, mitigating factors such as treatment and character references, and the effects of denial or termination of assistance on other family members who were not involved in the action.

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

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

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

Specific steps include the following:

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

Actions to explain program requirements including equal opportunity to owners

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

#### Property Agent Incentive Programs

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



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

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

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

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

Specific steps include the following:

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

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

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

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

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

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

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

### **VIII. Disapproval of Owners**

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

### **IX. Subsidy Standards**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Persons who may NOT receive the voucher

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

Persons who may receive the voucher

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

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

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

### Notice to Applicant

The Housing Authority must give an applicant for admission prompt notice of a decision denying admission to the applicant. The notice must contain a brief statement of the reasons for the Housing Authority decision and a copy of the criminal record if that is a reason for denial. The

notice must also state that the applicant may request an informal review of the decision and must describe how to obtain the informal review.

#### Informal Review Process

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

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

#### When Informal Review Is Not Required

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

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

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

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

#### When Hearing Is Required

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

1. A determination of the family's annual or adjusted income and the use of such income to compute the housing assistance payment.
2. A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the Housing Authority utility allowance schedule.
3. A determination of the family unit size under the Housing Authority subsidy standards.

4. A determination that a family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under the Housing Authority subsidy standards, or the Housing Authority determination to deny the family's request for an exception from the standards.
5. A determination to terminate assistance for a participant family because of the family's action or failure to act
6. A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under Housing Authority policy and HUD rules.

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

#### When Hearing Is Not Required

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

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

#### Expeditious Hearing Process

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

#### Discovery

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

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

#### Representation of Family, Recording of Hearing

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

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

#### Hearing Officer

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

#### Evidence

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

#### Issuance of Decision

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

#### Effect of Decision

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

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



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

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

Payment Standards are used to calculate the Housing Assistance Payment that the Housing Authority pays to the landlord on the tenant's behalf. The payment standard represents the maximum level of subsidy that may be paid by the Housing Authority. The Payment Standard will be reviewed, and revised, if necessary, at least annually following the publication of the Fair Market Rents (FMR) by HUD. Factors used in this analysis include the following:

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

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

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

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

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

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

Reasonable rent is determined using information produced by Affordable Housing.com, a national rent reasonableness system, via the AffordableHousing.Com database. The AffordableHousing.com database meets HUD regulatory requirements for rent comparisons

based on comparable unassisted units, including information about each unit's location, size, type, age, quality/condition, utilities, maintenance (including special services) and amenities.

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

### Shared Housing in the Housing Choice Voucher Program

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

### Shared Housing in the Project Based Voucher Program

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

### Eligibility for Shared Housing

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

### Subsidy Standards

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

### Additional Limitations for Shared Housing

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

### Utilities

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

### Other Special Housing Types

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

1. Single-person households will be eligible to use Single Room Occupancy housing.
2. Elderly or disabled participants in the Housing Choice Voucher program will be eligible to use Congregate Housing and Group Home Housing.
3. All participants in the Housing Choice Voucher program will be eligible to use Cooperative Housing, Manufactured Home Housing and Manufactured Home- Space Rent Housing.
4. Any special housing type will be eligible for use if needed as a reasonable accommodation so that the program is readily available to and usable by persons with disabilities.

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

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

### Family Participation Requirements

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

### Housing Counseling

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

### Capacity Test

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

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

### Locating a Unit

1. There are no shopping deadlines imposed on families who are interested in purchasing a home. Because the homeownership option is available only to families currently receiving Section 8 rental assistance, their rental voucher will remain in effect as they search for a unit to purchase. The rental voucher will be converted to a homeownership voucher during the escrow process. If a family wishes to transfer to another unit and is issued a transfer voucher, the usual requirement to locate a unit within regular voucher search term applies, regardless of whether the family chooses to move to another rental unit or wishes to purchase a home under the homeownership option. Therefore, it is highly recommended that families remain in their current unit while they undertake a search to locate a unit to purchase.
2. If a family cannot locate a unit to purchase, their rental voucher will remain in effect.

### Down Payment and Financing

1. Cash down payment and equity requirements shall be the same as those required under Section D, "Capacity Test", subsection 1.
2. Prospective purchasers must demonstrate that they have adequate cash reserves to pay for the required home inspection in addition to the down payment.
3. The home inspection must be conducted by a home inspector certified through the American Society of Home Inspectors or other comparable certification to be approved by the Housing Authority on a case-by-case basis.
4. For the purposes of calculating the housing assistance payment, "Home-ownership expenses" shall be defined as those homeownership expenses listed in 24CFR 982.635, and shall include homeownership association dues.
5. The first mortgage lender shall be responsible for determining whether the family can afford the financing being offered. The Housing Authority will not be responsible for determining the affordability of the financing.

6. Lenders participating in the program must be approved by the Housing Authority.
7. Adjustable-rate mortgages and balloon payments will not be permitted in the Homeownership program.
8. The Housing Authority must approve any refinancing or additional debt recorded against the property. The Housing Authority will record a notice against the property requiring such prior approval. In order to approve refinancing or additional debt, the Housing Authority will determine whether the family's income is sufficient to pay any additional debt service.
9. Assistant payments will be made directly to the purchaser or lender, depending on the lender's requirements.

#### Continuation of Assistance

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

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

The Project-Based Voucher (PBV) program is a rental assistance program where the assistance is attached to the unit rather than to the family occupying the unit. The PBV program allows PHAs that already administer a tenant-based voucher program to use a limited number of its program authorized vouchers and attach funding to specific units rather than using it for tenant-based assistance. Under MTW authority, the Housing Authority has a Program Cap of 50% of ACC or total budget authority.

##### 1. Project Definition

The Housing Authority defines a project as a single building, multiple contiguous building, or multiple buildings on contiguous parcels of land.

##### 2. Project-Basing Special Voucher Types

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

3. Project-Based Vouchers Per Complex (Income-Mixing Requirements or Project Cap)

The Housing Authority, under MTW flexibilities, may project-base up to 100% of the units at a project. The scoring criteria established by the Board of Commissioners determines how many PBV units a particular project may be eligible for. More information about these requirements can be found in the PBV Application and PBV Request for Proposals (RFP) Evaluation and Scoring Criteria, available on the Housing Authority's webpage.

4. Small Area Fair Market Rents for Project Based Voucher Programs

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

5. Open Request for PBV Proposal

The Housing Authority may continually maintain an open Request for Proposals (RFP) for project-based vouchers. Interested parties may submit proposals at any time during the year. The RFP will remain posted on the Housing Authority website.

6. Conflict of Interest

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

- a) Any present or former member or officer of the Housing Authority;
- b) Any employee of the Housing Authority, or any contractor, subcontractor or agent of the Housing Authority, who formulates policy or who influences decisions with respect to the programs;
- c) Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or
- d) Any member of Congress of the United States.

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

7. Project-Based Voucher Selection

a) Standard Competitive PBV Selection Process

The Housing Authority will consider many factors including site location, project design, project amenities, services to be provided to residents, target population, and any other relevant information in determining the extent to which the PBV proposal furthers the Housing Authority's mission and whether the public interest is best served by converting

tenant-based vouchers into project-based vouchers based on scoring criteria established by the PHA Board of Commissioners.

Prior to award of Project Based Vouchers, the Housing Authority will score a proposal to determine that the proposal complies with HUD program regulations and requirements, including a determination that the property is eligible for project-based vouchers, that the proposal complies with the cap on the number and percentage of project-based units per project, and that the proposal meets site selection standards.

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

1. Whether a PBV development will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition.
2. Whether the project is located in a census tract with a poverty rate of twenty percent (20%) or less.
3. If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, the PHA should consider whether in the past five years there has been an overall decline in the poverty rate.
4. Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization.
5. Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement.
6. Whether new market rate units are being developed in the same census tract where the proposed PBV development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area.
7. Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

Designated Housing Authority staff will review proposals as they are received before selecting units. They will determine whether proposals are responsive to and in compliance with the information requested in the RFP. Housing Authority staff will assure that the project meets PBV goals, civil rights requirements, and site selection standards. All units (whether existing, rehabilitated or newly constructed) shall be inspected for HQS before the family moves in. The Housing Authority may not execute the HAP contract until the units fully comply with HQS. The Housing Authority may, at its discretion, select one or more of the proposal(s) submitted, or none of the proposals submitted. If selected, the Housing Authority may also award fewer PBVs than requested in the proposal.

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

## b) Non-Competitive PBV Selection Process

- i) The Housing Authority may provide PBV assistance to a project in which the Housing Authority has an ownership interest or over which the Housing Authority has control, without using a competitive process, in cases in which the Housing Authority is engaged in an initiative to improve, develop, or replace a public housing property or site, and when the Housing Authority describes what it means to substantially comply with HUD's housing quality standards.

The unit will "substantially comply" if the unit has passed an HQS inspection within the past 24 months, or if at least 50% of the units at the project have no life-threatening fail items.

The Housing Authority has recently converted 234 units of public housing property currently owned by affiliated nonprofit New Horizons. The Housing Authority may apply project-based vouchers to these units without using a competitive process in order to retain affordability of these units.

- ii) Any existing PBV HAP contract may be amended to add units by mutual agreement of the Housing Authority and the owner without competitive selection in order to increase housing opportunities for low-income families. The amendment is subject to all PBV requirements.
- iii) With its MTW authority approved by HUD, the Housing Authority awards these non-competitively and eliminates the independent third-party selection process in the award of PBVs to properties owned or controlled by agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site.

## 8. Waiting List and Tenant Selection

For most Project Based Voucher sites, families will be offered assistance through the Project-Based Voucher (PBV) Program in the order of their random number sequence or lottery number of their application on the Housing Choice Voucher waiting list. Additionally, existing Housing Choice Voucher holders who are in the process of transferring may lease project-based units at developments that utilize the regular HCV waiting list. Some complexes have site-based waiting lists, as described in the Waiting List section above. When a Project-Based unit becomes available, the Housing Authority will send a letter to the top families in the HCV Waiting List or PBV site-based waiting list, as applicable. The letter will instruct interested families to contact the owner directly. Additionally, specifically designated PBV properties may offer units to families through a referral process with a third-party agency. Eligible families referred through this method will be placed on a PBV waiting list for designated unit(s) at that property and receive an absolute preference. Such properties are listed in the table in Section I.

Owners may refer families to the HCV waiting list if the waiting list is open, and such referrals will be placed on the list. While the owner is not allowed to choose their own tenant and have



that tenant move up the waiting list ahead of other applicants, the owner may apply their own tenant selection criteria and preferences, provided that they remain in compliance with fair housing law.

Families on the HCV waiting list who reject an offer of a PBV unit or who are rejected by the owner will not be penalized. They will retain the same position on the waiting list that they would have had if they had not been offered PBV assistance.

The Housing Authority will allow moves from PBV units with an HCV after 12 months for all families who have come from the HCV waiting list. However, for families who did not come from the HCV waiting list (including households originating from a site-based waiting list or referral-based households), the Housing Authority will require households to reside in the PBV unit for 24 months before being eligible to transfer with an HCV. Exceptions may be made on a case-by-case basis for good cause.

#### 9. Overcrowded, Under Occupied and Accessible Units

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

- i) Another PBV unit in the same building or another building
- ii) A tenant-based voucher

#### 10. Rent Reasonableness Determination for PHA-Owned Units

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

#### 11. Rent Redetermination

The Housing Authority will accept owner requests for rent changes in PBV units when owner submits at least 60 days before the HAP Contract anniversary date. The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year. The adjusted rent to owner amount applies for the period of 12 calendar months from the annual anniversary of the HAP contract. The Housing Authority will notify owners in writing specifying the amount of the redetermined rent. The Housing Authority written notice of the rent adjustment constitutes an amendment of the rent to owner specified in the HAP contract.

#### 12. Housing Quality Inspections for PHA-Owned Units

Under MTW flexibilities, the Housing Authority may conduct all HUD-mandated HQS inspections on PHA-owned units, following existing procedures for non-PHA-owned units.

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

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

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

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

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

In between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will include decreases in income, increases in income (when requested by the household), changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or financial reasons.

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

[When the Housing Authority receives written information concerning a change in the family's income or household composition between regularly scheduled reexaminations, the Housing Authority will consult with the family and make any adjustments determined to be appropriate. Any change in the family income or household composition that results in an adjustment in the Total Tenant Payment, Tenant Rent, and HAP must be verified.](#)

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

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

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

Determination of Family Income Using Other Means Tested Public Assistance, "Safe Harbor"  
The Housing Authority will consider the Low-Income Housing Tax Credit or the Temporary Assistance for Needy Families block grant (Medicaid, SNAP benefits, Earned Income Tax Credit) as an acceptable income verification source to determine a family's income for reexaminations, prior to applying any applicable deductions, based on income determinations made within the previous 12-month period.

#### Consent Form

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

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

Effective on the Housing Authority's HOTMA compliance date, families eligible for this expense deduction may deduct from annual income the sum of unreimbursed health and medical care and reasonable attendant care and auxiliary expenses that exceed 10 percent of the family's annual income.

A family with eligible expenses in excess of 5 percent of annual income will be eligible for either Phased-In relief or General Relief due to hardship.

#### Phased-in Relief:

Families previously granted a deduction for unreimbursed health and medical care, attendant care, or auxiliary apparatus expenses based on their latest income examination prior to implementation of HOTMA, may choose the 24-month phased-in relief during their next annual or interim reevaluation, whichever occurs first after the Housing Authority's HOTMA compliance date. Families under the Phased In relief plan will have their qualifying expenses deducted as follows: Families who receive phased-in relief will have eligible expenses deducted that exceed 5 percent of annual income for 12 months. Twelve months after the 5 percent phase-in began, families will have eligible expenses deducted that exceed 7.5 percent of annual income for the immediately following 12 months. After the family has completed the 24 months phase-in at the lower thresholds, as described above, the family will remain at the 10 percent threshold, unless the family qualifies for relief under the general hardship relief provision.

#### General Hardship Relief:

To receive general relief, a family must demonstrate that the family's unreimbursed health and medical care expenses or unreimbursed reasonable attendant care and auxiliary apparatus expenses increased, or the family's financial hardship is a result of a change in circumstances that would not otherwise trigger an interim reexamination. Relief is available regardless of whether the family previously received an unreimbursed health and medical care expense deduction, unreimbursed reasonable attendant care and auxiliary apparatus expense deduction, are currently receiving phased-in hardship relief, or were previously eligible for either this general relief or the phased-in relief. Families electing General Relief will receive a deduction for the sum of the eligible expenses that exceed 5 percent of annual income. The family's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after one or more 90-day periods. Once a family opts for General Relief, they forfeit eligibility for the Phased-In relief.

#### Changes to the Head of Household

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

#### Changes to Household Composition

If any household member moves out of the assisted unit, the household must inform the Housing Authority in writing within 14 calendar days of the move out. If the reduction in family members results in the number of bedrooms in the unit exceeding that which the family is eligible for, the Housing Authority will reduce the subsidy standard and reduce the voucher size and adjust the payment standard accordingly at the family's next regular recertification or with at least 30 days notice of the change, or longer as established by Housing Authority procedures.

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

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

When a family member is added, staff must first redetermine the family subsidy standard, using the new subsidy standards, without this new family member. Then staff will apply the following rules. Please note that "parent" refers to the birth or adoptive parent, and "child" refers to children

by birth, court awarded custody, or (for minor children only) by foster placement. The voucher size and payment standard will be updated accordingly.

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

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

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

Changes in Household Income:

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

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

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

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

Program participants must be in good standing in order to be eligible to transfer their assistance to another rental unit. A program participant who owes the Housing Authority or their landlord money as a result of program or lease violations may not transfer to a new unit or port out to a new jurisdiction until the money is repaid or satisfactory arrangements have been made to repay

the debt. The Housing Authority may postpone the transfer for up to 21 days, while the security deposit is reconciled and while the Housing Authority consults with the tenant and landlord and collects appropriate documentation. Length of tenancy will be considered. After this time, the Housing Authority will either issue a transfer packet or begin the process of termination of assistance.

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

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

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

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

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

In the case of new move-ins, all units must pass inspection before the HAP contract may begin. If a unit initially fails the inspection, it must be re-inspected until it passes. However, in the case of biennial re-inspections, if a unit fails the inspection, the Housing Authority may allow the owner to self-certify that the repairs or corrections have been made. The Housing Authority reserves the right to require re-inspections for significant fail items.

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

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

Life-threatening fails must be corrected within twenty-four hours. Life-threatening fails will be reported immediately to the tenant, landlord, and Housing Authority management.

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

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

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

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

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

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

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

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

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

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

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

The first assisted project will be new construction of twenty (20) units of affordable housing located at 415 Natural Bridges Drive, Santa Cruz CA.



**Certification by State or Local  
Official of PHA Plans Consistency  
with the Consolidated Plan or  
State Consolidated Plan  
(All PHAs)**

U. S Department of Housing and Urban Development

Office of Public and Indian Housing

OMB No. 2577-0226

Expires 3/31/2024

**Certification by State or Local Official of PHA Plans  
Consistency with the Consolidated Plan or State Consolidated Plan**

I, Jessica Mellor, the Principal Management Analyst, certify that the Annual PHA Plan for  
*Official's Name* *Official's Title*

fiscal year 2024 of the Housing Authority of the County of Santa Cruz is consistent with the  
Consolidated Plan *PHA Name*


or State Consolidated Plan including the Analysis of Impediments (AI) to Fair Housing Choice or  
Assessment of Fair Housing (AFH) as applicable to the City of Santa Cruz pursuant to 24 CFR Part  
*Local Jurisdiction Name*

91 and 24 CFR § 903.15.

Provide a description of how the PHA Plan's contents are consistent with the Consolidated Plan or  
State Consolidated Plan.

The PHA Plan is consistent with the City's current Consolidated Plan. The Housing Authority of the County  
of Santa Cruz PHA Plan retains affordable housing for low-income households. The City of Santa Cruz's  
Consolidated Plan identifies the need for affordable housing for low-income households. Therefore, the  
Housing Authority's PHA Plan is consistent with the City of Santa Cruz's Consolidated Plan.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will  
prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official:	Title:
Jessica Mellor	Principal Management Analyst
Signature: 	Date: 2/9/2024

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S.  
Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information  
are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to  
ensure consistency with the consolidated plan or state consolidated plan.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing  
instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD  
may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**Certification by State or Local  
 Official of PHA Plans Consistency  
 with the Consolidated Plan or  
 State Consolidated Plan  
 (All PHAs)**

U. S Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 3/31/2024

**Certification by State or Local Official of PHA Plans  
 Consistency with the Consolidated Plan or State Consolidated Plan**

I, Suzi Merriam, the Community Development Director, certify that the Annual PHA Plan for  
*Official's Name Official's Title*

fiscal year 2024 of the Housing Authority of the County of Santa Cruz is consistent with the  
*PHA Name*

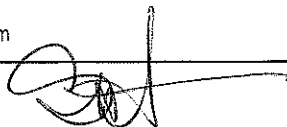
Consolidated Plan or State Consolidated Plan including the Analysis of Impediments (AI) to Fair  
 Housing Choice or Assessment of Fair Housing (AFH) as applicable to the City of Watsonville  
*Local Jurisdiction Name*

pursuant to 24 CFR Part 91 and 24 CFR § 903.15.

Provide a description of how the PHA Plan's contents are consistent with the Consolidated Plan or  
 State Consolidated Plan.

The PHA Plan is consistent with the City's current Consolidated Plan. The Housing Authority of the County  
 of Santa Cruz PHA Plan retains affordable housing for low-income households. The City of Watsonville's  
 Consolidated Plan identifies the need for affordable housing for low-income households. Therefore, the  
 Housing Authority's PHA Plan is consistent with the City of Watsonville's Consolidated Plan.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will  
 prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official: Suzi Merriam	Title: Community Development Director
Signature: 	Date: 2/21/23

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S.  
 Code, Section 1701 et seq, and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information  
 are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to  
 ensure consistency with the consolidated plan or state consolidated plan.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing  
 instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD  
 may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**Certification by State or Local  
 Official of PHA Plans Consistency  
 with the Consolidated Plan or  
 State Consolidated Plan  
 (All PHAs)**

U. S Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 3/31/2024

**Certification by State or Local Official of PHA Plans  
 Consistency with the Consolidated Plan or State Consolidated Plan**

I, Suzanne Ise, the Principal Planner, certify that the Annual PHA Plan for fiscal year 2024 of the  
*Official's Name Official's Title*

Housing Authority of the County of Santa Cruz is consistent with the State of California  
*PHA Name*

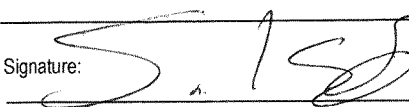
Consolidated Plan including the Analysis of Impediments (AI) to Fair Housing Choice or  
 Assessment of Fair Housing (AFH) as applicable to the County of Santa Cruz pursuant to  
*Local Jurisdiction Name*

24 CFR Part 91 and 24 CFR § 903.15.

Provide a description of how the PHA Plan's contents are consistent with the Consolidated Plan or  
 State Consolidated Plan.

The County of Santa Cruz is not an entitlement jurisdiction, so it does not have its own Consolidated Plan, it is subject to the State of California's Consolidated Plan ("ConPlan"). The Housing Authority's PHA Plan is consistent with the State ConPlan in that both plans identify improved access to affordable housing and homelessness prevention as high priorities (p. 190 of the State ConPlan). However, there may be some degree of inconsistency between these plans at the implementation level, such as the PHA's current competitive process for awarding Project Based Vouchers (PBVs) to new properties. This application process prioritizes developments that agree to use the Housing Authority's general HCV Waiting List over those developments that seek PBVs for permanent supportive housing (PSH) units intended to provide housing for homeless households and/or extremely low-income, at-risk households with disabilities. PSH/Special Needs unit referrals typically come from a third-party referral system such as the CoC's Coordinated Entry System, the County's Behavioral Health system, or from service providers that assist families with developmental disabilities. Many clients served by these providers may not be on the general HCV waiting list for various reasons. The new PBV scoring system, if implemented for multiple years, could make it more difficult to realize our shared goal of homeless prevention, particularly as many state/federal funding sources now require new projects to include a minimum number of PSH units in order to obtain those financing sources. The County is also subject to state fair housing and planning laws that require it to plan for and assist affordable housing for many types of households, including those with special needs, such as those with developmental disabilities. We welcome continuing collaboration with the Housing Authority, local service providers and housing providers, to find ways to improve consistency between the State ConPlan, our local Housing Element, and the PHA Plan in these areas in the coming planning period.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official:	Title:
Suzanne Isé	Principal Planner, County CDI Planning Div., Housing Section
Signature: 	Date: Feb. 23, 2024

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure consistency with the consolidated plan or state consolidated plan.

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**Certifications of Compliance with  
PHA Plan and Related Regulations  
(Standard, Troubled, HCV-Only, and  
High Performer PHAs)**

**U.S. Department of Housing and Urban Development**  
Office of Public and Indian Housing  
OMB No. 2577-0226  
Expires 3/31/2024

**PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations  
including PHA Plan Elements that Have Changed**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 2024 Annual PHA Plan, hereinafter referred to as "the Plan", of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning July 1, 2024, in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located (24 CFR § 91.2).
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments (AI) to Fair Housing Choice, or Assessment of Fair Housing (AFH) when applicable, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan (24 CFR §§ 91.2, 91.225, 91.325, and 91.425).
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA provides assurance as part of this certification that:
  - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
  - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
  - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program.
7. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.
8. For PHA Plans that include a policy for site-based waiting lists:
  - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2011-65);

- The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
  - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
  - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing; and
  - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR 903.7(o)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
  10. In accordance with 24 CFR § 5.105(a)(2), HUD's Equal Access Rule, the PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
  11. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
  12. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
  13. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
  14. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
  15. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
  16. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
  17. The PHA will keep records in accordance with 2 CFR 200.333 and facilitate an effective audit to determine compliance with program requirements.
  18. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
  19. The PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Financial Assistance, including but not limited to submitting the assurances required under 24 CFR §§ 1.5, 3.115, 8.50, and 107.25 by submitting an SF-424, including the required assurances in SF-424B or D, as applicable.
  20. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
  21. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
  22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

**Housing Authority of the County of Santa Cruz**

**CA072**

\_\_\_\_\_  
PHA Name

\_\_\_\_\_  
PHA Number/HA Code

  X   Annual PHA Plan for Fiscal Year 2024

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

\_\_\_\_\_  
Name of Executive Director

\_\_\_\_\_  
Name Board Chairman

**Jennifer Panetta**

**Andy Schiffrin**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure compliance with PHA Plan, Civil Rights, and related laws and regulations including PHA plan elements that have changed.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**MTW CERTIFICATIONS OF COMPLIANCE****U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF PUBLIC AND INDIAN HOUSING****Certifications of Compliance with Regulations:  
Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan**

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairperson or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the MTW Supplement to the Annual PHA Plan for the MTW PHA Fiscal Year beginning (\_\_\_\_\_), hereinafter referred to as "the MTW Supplement", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the MTW Supplement and implementation thereof:

- (1) The PHA made the proposed MTW Supplement and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the MTW Supplement and invited public comment.
- (2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board(s) or tenant associations, as applicable) before approval of the MTW Supplement by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the annual MTW Supplement.
- (3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).
- (4) The MTW PHA will carry out the MTW Supplement in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) all regulations implementing these authorities; and other applicable Federal, State, and local civil rights laws.
- (5) The MTW Supplement is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
- (6) The MTW Supplement contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the MTW PHA's jurisdiction and a description of the manner in which the MTW Supplement is consistent with the applicable Consolidated Plan.
- (7) The MTW PHA will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, and that AFH has been accepted by HUD, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and (v) maintains records reflecting these analyses and actions.
- (8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at 24 C.F.R. Part 146.
- (9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identity, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
- (10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
- (11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
- (12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
- (13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment.
- (14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.



- (15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
- (16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.
- (17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
- (18) The MTW PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements.
- (19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
- (20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200.
- (21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of housing quality standards as required in PIH Notice 2011-45, or successor notice, for any local, non-traditional program units. The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982, for any Housing Choice Voucher units under administration.
- (22) The MTW PHA will undertake only activities and programs covered by the Moving to Work Operations Notice in a manner consistent with its MTW Supplement and will utilize covered grant funds only for activities that are approvable under the Moving to Work Operations Notice and included in its MTW Supplement. MTW Waivers activities being implemented by the agency must fall within the safe harbors outlined in Appendix I of the Moving to Work Operations Notice and/or HUD approved Agency-Specific or Safe Harbor Waivers.
- (23) All attachments to the MTW Supplement have been and will continue to be available at all times and all locations that the MTW Supplement is available for public inspection. All required supporting documents have been made available for public inspection along with the MTW Supplement and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its MTW Supplement and will continue to be made available at least at the primary business office of the MTW PHA.

\_\_\_\_\_  
**MTW PHA NAME**

\_\_\_\_\_  
**MTW PHA NUMBER/HA CODE**

*I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).*

\_\_\_\_\_  
**NAME OF AUTHORIZED OFFICIAL**

\_\_\_\_\_  
**TITLE**

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

*\* Must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.*

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 27, 2024

**ITEM NUMBER:** 6B

**FROM:** Executive Director

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**SUBJECT:** Housing Authority Stakeholder Survey – Final Results

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

The Housing Authority of the County of Santa Cruz has established a nonprofit affiliate, New Horizons Affordable Housing and Development, for the purpose of acting as the owner and property manager of Housing Authority controlled properties and to engage in development of new affordable housing. Additionally, New Horizons exists to provide programs and services that align with the Housing Authority mission.

Specifically, New Horizons programs and services are designed to achieve the following goals:

1. Improve the quality of life for residents of HA properties and HCV participants.
2. Provide multi-generation services available to all tenants, young and old, to enhance economic mobility and to offer future opportunities of employment, education, and financial literacy.
3. Increase engagement between the Housing Authority and residents/HCV participants which may include in-person events, newsletters, and other forums.
4. Develop and maintain partnerships with providers that assist in achieving the above stated goals.

The New Horizons Year Two Plan included a data development goal of conducting a study, including three distinct surveys of three unique populations with varying needs and concerns. The information from the study is intended to help to inform the development of additional programs and services in subsequent years.

**Housing Choice Voucher (HCV) Participant Survey:** The HCV participant survey collected information about challenges and barriers related to program participation, including locating housing and experience with landlords, as well as satisfaction with and utilization of the HCV program, and interest and need for additional services.

**Resident Survey:** The Resident survey was administered to residents of HA owned and managed properties to assess the overall satisfaction with various aspects of property management, HCV program participation, satisfaction with and utilization of New

Horizons services, and interest and need for additional services.

**Landlord Survey:** The landlord survey assessed landlord's satisfaction with the HCV program, including their experience with tenants, with Agency staff, and satisfaction with and utilization of landlord services and incentives.

The Housing Authority contracted with a third party survey research firm (Zilo) to execute the three surveys and provide the final report, which is attached for the Board's review.

### **Summary of Key Findings**

The Housing Authority 2024 Stakeholder Survey provides a wealth of information about the experiences and perspectives of families in the Housing Choice Voucher Program, residents of Housing Authority owned and managed properties, and participating landlords. The report also includes an executive summary with key findings as identified by the researchers. The summary below includes additional key findings.

#### **Group 1 – Housing Choice Voucher Participants**

- A majority of HCV families positively rated nearly all aspects of their neighborhood, including the quality of housing (77%), sense of community (67%), safety (71%) and schools (67%). One outlier was the availability of job opportunities, which only 45% rated positively.
- A majority of HCV families (65%) indicated that the community they live in currently is their first choice. However, 35% are not living in their desired community.
- The majority of HCV families (61%) noted having some challenges in searching for housing with a voucher. The most common challenge was landlord reluctance to participate in the voucher program, with 41% of survey respondents noting this as a challenge.
- HCV families experienced the most difficulty in finding units in North County locations including Santa Cruz (28%) and Capitola (21%).
- Nearly one third of HCV families (30%) reported experiencing housing discrimination in the past 5 years during their housing search. The most common forms of discrimination reported by survey respondents were discrimination based on HCV participation (20%) and discrimination based on income (13%), which are grouped together under law as Source of Income (SOI) discrimination.
- About one fifth of HCV families (19%) reported having no access to the internet, and a majority of families (53%) are interested in access to free or low cost internet service.
- A majority of HCV families positively rated the Housing Authority for staff responsiveness (69%), professionalism (76%), and overall customer service (75%). Areas for improvement include the online RentCafé web portal, with only 44% expressing satisfaction.
- In open ended survey questions, HCV families expressed high levels of gratitude

and appreciation for the rental assistance and housing they receive. However, some themes emerged in the qualitative comments, including a need to improve responsiveness and customer service, along with requests for the Housing Authority to do more to support tenants with their housing search including attracting and retaining landlords and promoting fair housing practices.

- A strong majority of HCV families (87%) indicated that the HCV program prevented their family from becoming homeless, or ended their homelessness, and 86% reported that it significantly improved their overall quality of life.

#### Group 2 – Residents of Housing Authority Owned or Managed Properties

- A majority of residents (84%) expressed satisfaction with the quality of their housing and affordability of their housing (78%).
- A majority of residents also expressed satisfaction with Housing Authority services, with high ratings for housing conditions (86%) and how the Housing Authority enforces rules (80%).
- The HCV Program significantly enhanced the overall quality of life for most residents (88%), and most residents also indicated that the voucher allowed them to live in a safer neighborhood (87%).
- More than half of residents (55%) reported having internet access through the Affordable Connectivity Program (ACP) or Equal Access Santa Cruz County, while 10% indicated having no access at all. An interest in free or reduced-cost internet service (60%) and devices (43%) was also expressed by many residents.
- Residents expressed gratitude for stable housing, but improvements were desired, such as increasing affordable housing availability and enhancing communication efforts. Suggestions for improvement included faster response times for repairs, installation of security cameras, and clearer guidance on program processes.

#### Group 3 – Housing Choice Voucher Landlords

- Most respondents (81%) are property landlords, with 19% as property managers.
- Nearly half (45%) have participated in the HCV Program for over 10 years.
- Top reasons for participation in the HCV program include a steady rental income (71%), helping others/community benefit (62%), and the stability (45%) of tenants.
- Two-thirds (67%) of landlords do not face challenges hindering participation in the voucher program, but issues such as lengthy approval processes and support with tenant evictions are mentioned as challenges.
- Landlord concerns include wear and tear on the property (60%), unpaid rent (46%), and below-market rent rates (33%).
- A strong majority of landlords (87%) express a positive experience with the Housing Authority and 71% express a positive experience with the HCV program.
- Overall, the Housing Authority received high praise: 87% rate it positively.

The report also includes direct quotes from program participants, residents, and landlords who provided qualitative comments in response to some of the questions.

**Next Steps**

Housing Authority staff are currently in the process of thoroughly reviewing the report provided by Zilo. Additionally, staff will be receiving additional cross tabulations of the data to disaggregate the information, reviewing differences in survey results between various demographic groups. Staff will utilize the data in the reports and accompanying data to provide recommendations on New Horizons Programs and Services Year Three Plan as well as Housing Authority Agency Goals, both of which will be provided to the Board at the May or June 2024 regular meetings.

**RECOMMENDATION:** Receive Report

**ATTACHMENTS:**

1. Housing Authority 2024 Stakeholder Survey – Final Report

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ



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HCV Participants  
Residents  
Landlords  
Research Surveys | 2024

**ZILO**  
INTERNATIONAL GROUP

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# EXECUTIVE SUMMARY

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# Executive Summary

In 2023, Housing Authority of the County of Santa Cruz (HACSC) partnered with Zilo International Group LLC to provide Research Survey Services. HACSC provides rental subsidies, manages, and operates affordable housing units, and develops affordable housing to assist low-income families, seniors, and persons with disabilities living in Santa Cruz County and the cities of Hollister and San Juan Bautista. HACSC administers nearly 5,600 vouchers and owns and manages 326 rental units across 20 housing developments. The Housing Authority of the County of Santa Cruz is committed to advancing access to affordable housing and a thriving community free from discrimination by providing affordable housing and delivering inclusive services to our diverse community with compassion and kindness. Our mission extends beyond shelter, utilizing housing as a catalyst to promote equity, economic mobility, dignity, stability, improved quality of life, and a place to call home..

This report highlights results from the surveys of the following stakeholders: Group 1) Housing Choice Voucher (HCV) program participants; Group 2) Residents of properties owned or managed by the Housing Authority; and, Group 3) Property owners and managers currently participating in the HCV program, or other rental assistance programs overseen by the Housing Authority. The overarching objective was to leverage the survey findings to guide HACSC's efforts in furthering its organizational mission of enhancing services for its clientele.

The survey commenced on Tuesday November 28, 2023, and concluded on Sunday, January 7, 2024. Overall the response was a success, we were able to collect: 1,606 surveys for the HCV Participants, 192 surveys from the Residents, and 571 surveys from the Landlords. Responses reveal high levels of satisfaction with HACSC and the program, insight to programmatic success as well as suggestions for improvement and expansion of the program.

Below are key themes and highlights from each group that was surveyed:

## *HCV Participants:*

The survey data paints a predominantly positive picture of participants' perceptions of their neighborhoods, with high ratings for factors like housing quality (77%) and cleanliness (76%). Access to essential services such as public transportation (76%) and grocery stores (81%) also garners positive feedback. Affordability of housing emerged as a significant concern, with 25% expressing dissatisfaction. The primary motivations for choosing their neighborhoods include affordability (44%), the appeal of the area (38%), and unit size (29%).

The survey data highlights 48% of households experienced challenges in securing housing with their voucher with some attribute this difficult to personal circumstances, while others cite a scarcity of rentals that accept vouchers. The program plays a crucial role in preventing homelessness, with 87% of participants agreeing that it prevented their family from becoming homeless or ended their homelessness. Additionally, 86% noted that the HCV program significantly improved their overall quality of life.

The survey reveals that 65% of participants live in their preferred community, 41% report encountering challenges finding housing. Additionally, 30% have experienced housing discrimination in the past five years, with reasons including voucher status, income, and pet ownership. Despite the challenges, many participants emphasize factors such as safety, community connections, and the need for pet-friendly accommodations when choosing their current housing.

*Residents of Housing Authority Owned or Managed Properties:*

Residents expressed satisfaction with the quality of housing (86% satisfied or very satisfied) and affordability (66% rating it as excellent) of housing. Residents highly regard the cleanliness (71% good, 56% excellent) and condition of streets and sidewalks (84% good, 46% excellent). On Housing Authority services satisfaction is high with housing conditions (82% satisfied or very satisfied) and enforcement of rules (80% satisfied or very satisfied). However, there are areas for improvement, such as maintenance services and RentCafe.

Impact of HCV Program has significantly enhanced the overall quality of life (88%), enabling safer neighborhoods (86%), and preventing homelessness or ending homelessness for 68% of the residents. Through this survey many of the Residents expressed gratitude for stable housing. Areas of improvement include increasing affordable housing availability and improving communication channels, better communication, and faster maintenance response times.

*Landlords:*

The survey data provides insights into landlords' experiences and perceptions regarding the HCV program and property management. 81% of participants are property landlords, with over 18% identifying as property managers. 28% have participated in the HCV Program for 10-20 years. The top reasons for participation include steady rental income (71%), community benefit (62%), and tenant stability (45%).

67% of landlords do not face challenges hindering their participation in the HCV programs. However, issues such as lengthy approval process, delays in inspections, tenant eviction, and bureaucratic hurdles are also mentioned. Other concerns include wear and tear on the property (59.49%), unpaid rent (45.65%), and below-market rent rates (33.20%) are primary concerns.

Feedback on the HCV Program received high praise, with a combined 71% expressing positivity. Satisfaction with the online portal (RentCafe) was also noted, although improvements are suggested. Other suggestions include enhancing effectiveness include increasing the availability of affordable housing and providing clearer guidance on program navigation. Overall landlords' experience with HACSC was positive with 87% rating it very positive and positive (47% and 40% respectively).

In summary, the overarching theme was general appreciation and profound gratitude felt by the HCV participants, residents and landlords towards the housing assistance program. There's a strong sense of community support, with praise for the kind and professional staff members who facilitate the program.

# 1,606

Surveys completed by  
the HCV Participants

*30% participation rate*

+/-2.05% margin of error at  
the 95% confidence level

# 192

Surveys completed by  
Residents

*61% participation rate*

+/-4.42% margin of error at  
the 95% confidence level

# 571

Surveys completed by  
Landlords

*30% participation rate*

+/-3.44% margin of error at  
the 95% confidence level

# METHODOLOGY

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# Distribution and Response

Zilo International Group was responsible for:

- Designing survey methods and questions
- Distributing surveys
- Collecting and analyzing data, and
- Delivering a comprehensive report.

The survey commenced on Tuesday November 28, 2023, and concluded on Sunday, January 7, 2024.

Overall the response was a success, we were able to collect: 1606 surveys for the HCV group, 192 surveys from the Residents, and 571 surveys from the Landlords.

We used a hybrid methodology consisting of mail, online, and phone to maximize the overall level of response. Invitations were sent by mail to all three groups to addresses supplied by HACSC. The survey was accessible through a QR code displayed on flyers ensuring easy access to the survey on SurveyMonkey. Weekly reminders were also sent to the emails for all those that had not participated yet. This multichannel strategy guaranteed that every stakeholder had at least one opportunity to participate in the survey in either English or Spanish. The ultimate goal is to ensure the surveys' effectiveness and validity, enabling HACSC to make well-informed decisions based on reliable data.

After gathering the surveys, we began our data entry and data analysis of the responses. Throughout the survey management we ensured quantity, quality, distribution of samples collected, as well as completeness and accuracy of the information.

The recommendations and feedback provided in the survey and analysis of the results will aid HACSC in future strategic planning regarding various aspects of their housing, community engagement, and the services provided by HACSC. The data collected provides valuable insights into the satisfaction levels, preferences, and concerns of residents within the community.

## Data Analysis

For each group we were able to collect:

- HCV Participants resulted in 1606 surveys, of which 1522 met validity criteria. 593 were collected by mail, and 929 via phone and online. 1283 were in English and 239 in Spanish
- Among residents, 192 surveys were collected, with 162 meeting validity standards. Only 44 were collected by mail, and 118 via phone and online. 52 were in English and 110 in Spanish
- Landlords contributed 571 surveys, with 533 determined to be valid. 255 were collected by mail, and 278 via phone and online.

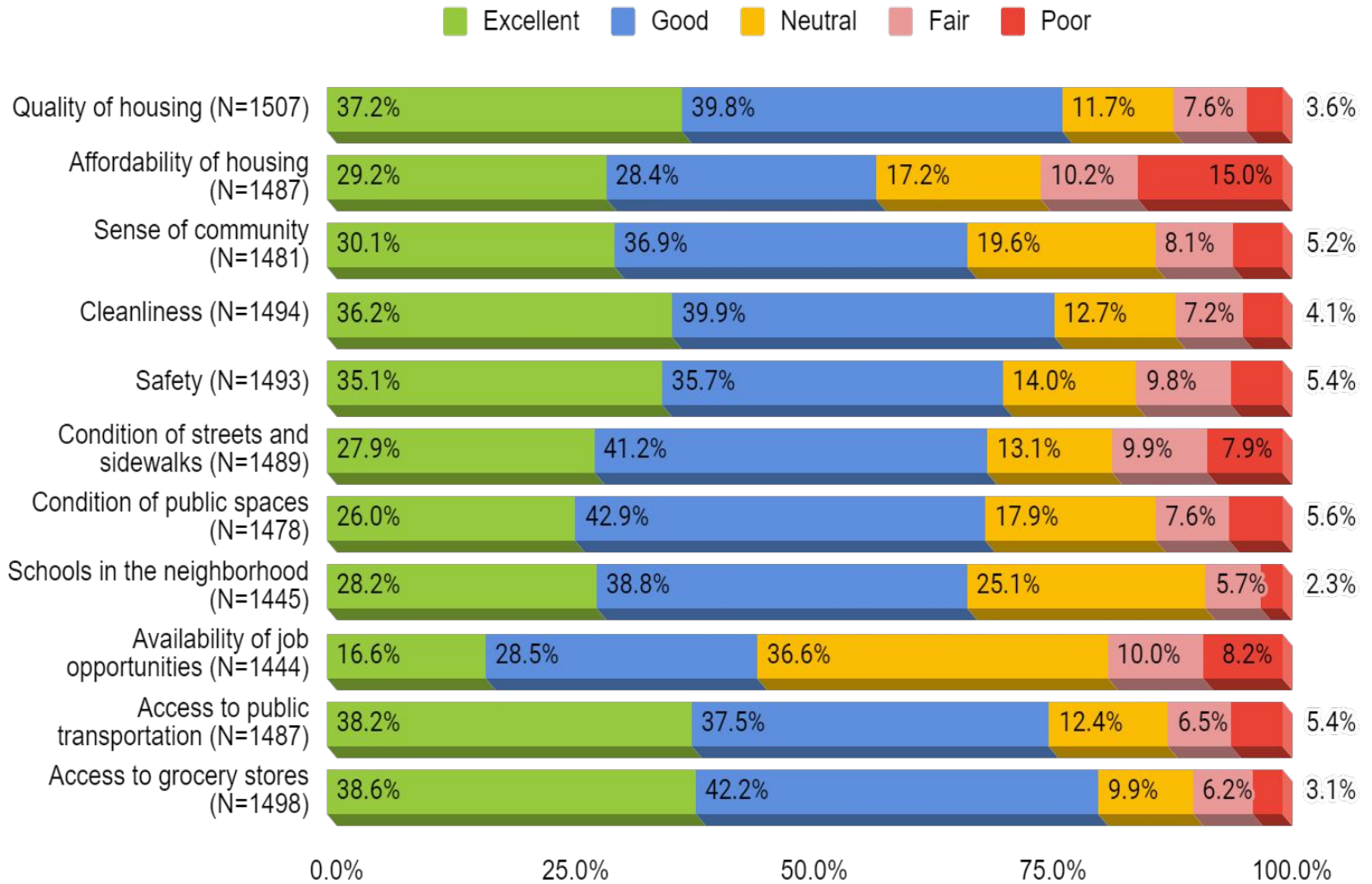
The overall survey results have a precision of:

- HCV Participants: +/-2.05% margin of error at the 95% confidence level, and a response rate of 29.5%.
- Residents: +/-4.42% margin of error at the 95% confidence level, and a response rate of 61.1%.
- Landlords: +/-3.44% margin of error at the 95% confidence level, and a response rate of 29.6%.

# **HCV PARTICIPANTS SURVEY RESULTS**

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## How would you rate the following aspects of your neighborhood?



**The survey data illustrates a predominantly positive perception among participants regarding nearly ALL aspects of their neighborhood.**

Top-rated factors include the quality of housing (77%), and cleanliness (76%). Access to public transportation (76%) and grocery stores (81%) are also highly rated. Additionally, safety, and the condition of streets and sidewalks as well as public spaces are highly regarded, reflecting a well-maintained living space.

Affordability of housing was the the area with the one of the highest dissatisfaction at 25%. Participants also expressed less confidence in the availability of job opportunities with over 36% being neutral and and over 18% rating it fair or poor.

## What were the top reasons why you chose this community? Select 3

Affordability of housing	43.9%	647
Neighborhood / Area	37.9%	558
Size of unit	29.3%	432
Safety	27.1%	400
No choice / Nowhere else to go	26.0%	383
To live near family or friends	25.1%	370
Accessibility of goods and services	17.8%	263
I grew up here	16.8%	248
To be near public transportation	14.8%	218
To be close to work	14.2%	209
Other	12.2%	180
Services and activities in the community	10.7%	158
Disability / Accessibility related	10.7%	158
Quality of schools	9.7%	143
Access to job opportunities	4.9%	72

N = 1474

**The primary motivations were affordability of housing (44%), followed by the appeal of the neighborhood/area (38%) and size of unit (29%).**

Other notable factors influencing the choice included safety (27%), having no alternative options (26%), and the desire to live near family or friends (25%). Additionally, a significant portion of participants cited accessibility to goods and services (18%), proximity to public transportation (15%) and to work (14%), as influential factors.



## Continued: What were the top reasons why you chose this community? Select 3

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**The difficulty in securing housing with vouchers is a common theme.** Some attribute their choice of residence to personal circumstances, such as proximity to schools or medical facilities, while others highlight the scarcity of available rentals that accept vouchers. Despite varying reasons for selecting their current housing, tenants frequently emphasize factors such as safety, community connections, and the need for pet-friendly accommodations. Many express gratitude for landlords who accept vouchers, providing affordable rent and opportunities for people with disability and families.

*“All other options were in really bad areas and with poor upkeep of units and security”*

*“First place to approve renting to my family after nearly a year searching”*

*“I don't like this neighborhood and don't feel very safe here, but I couldn't find anywhere else that would accept my Section 8 voucher or allow me to have a pet, which is very important to me”*

*“I was a renter-in-place when voucher came through.”*

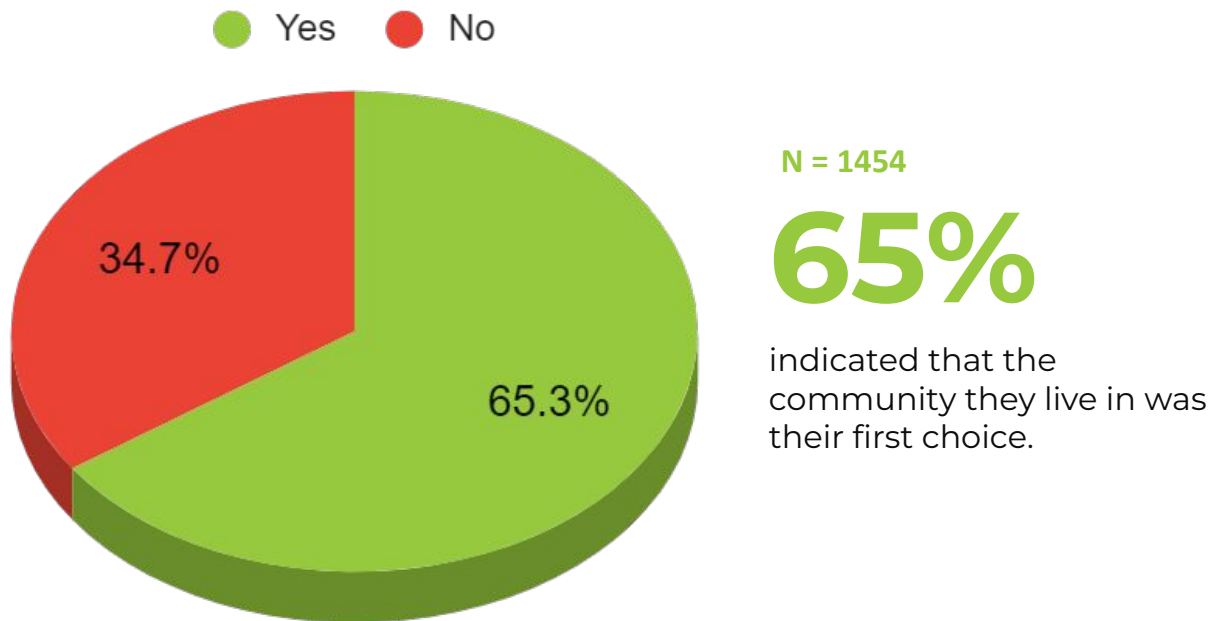
*“I was homeless with my two kids. This was the first place available. I love my landlord and his family they are great we are connected and comfortable with each other they're great neighbors.”*

*“It was the only landlord who would allow a large dog”*

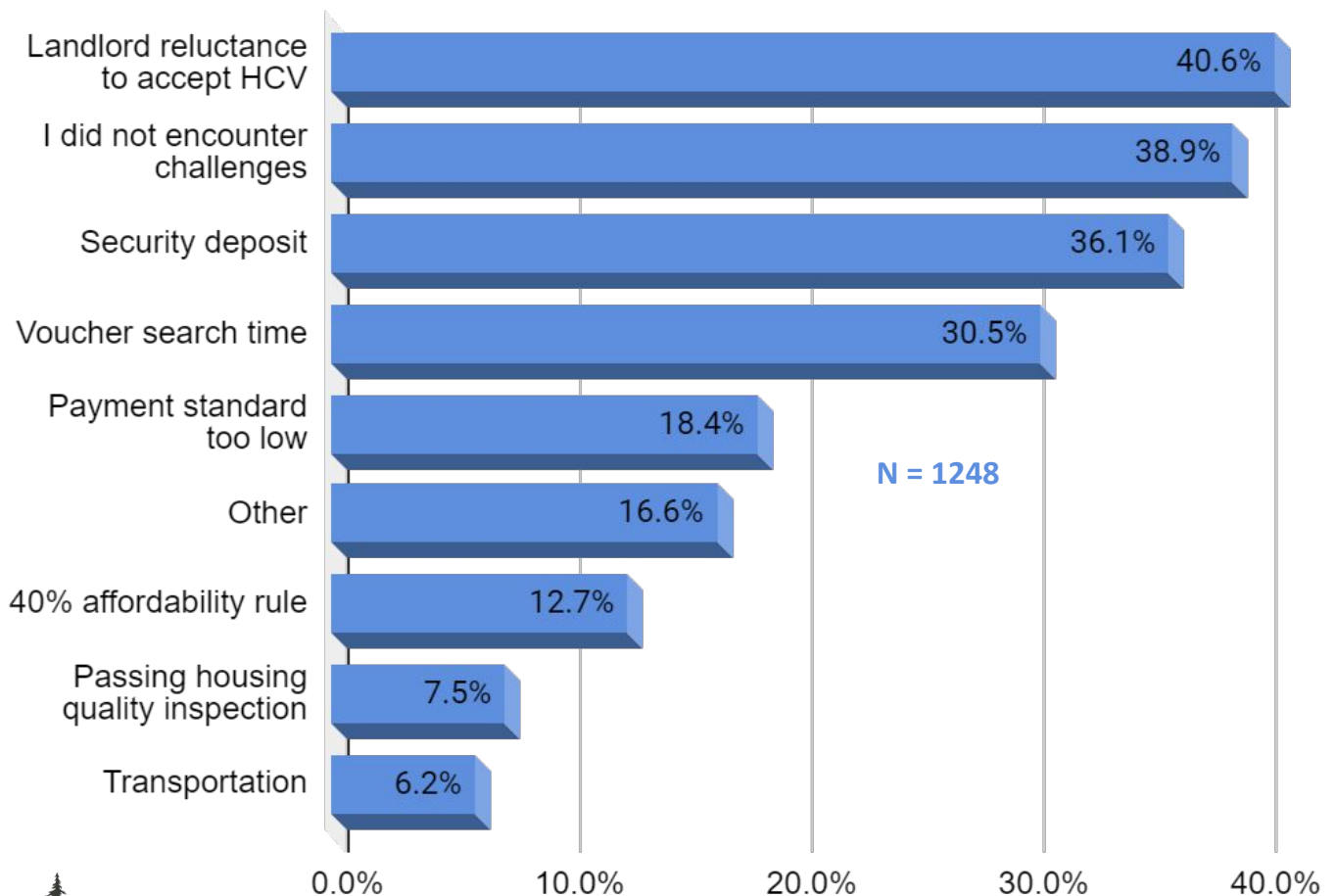
*“Near my children's school and community college”*

*“No many rentals were available with my number of bedroom voucher”*

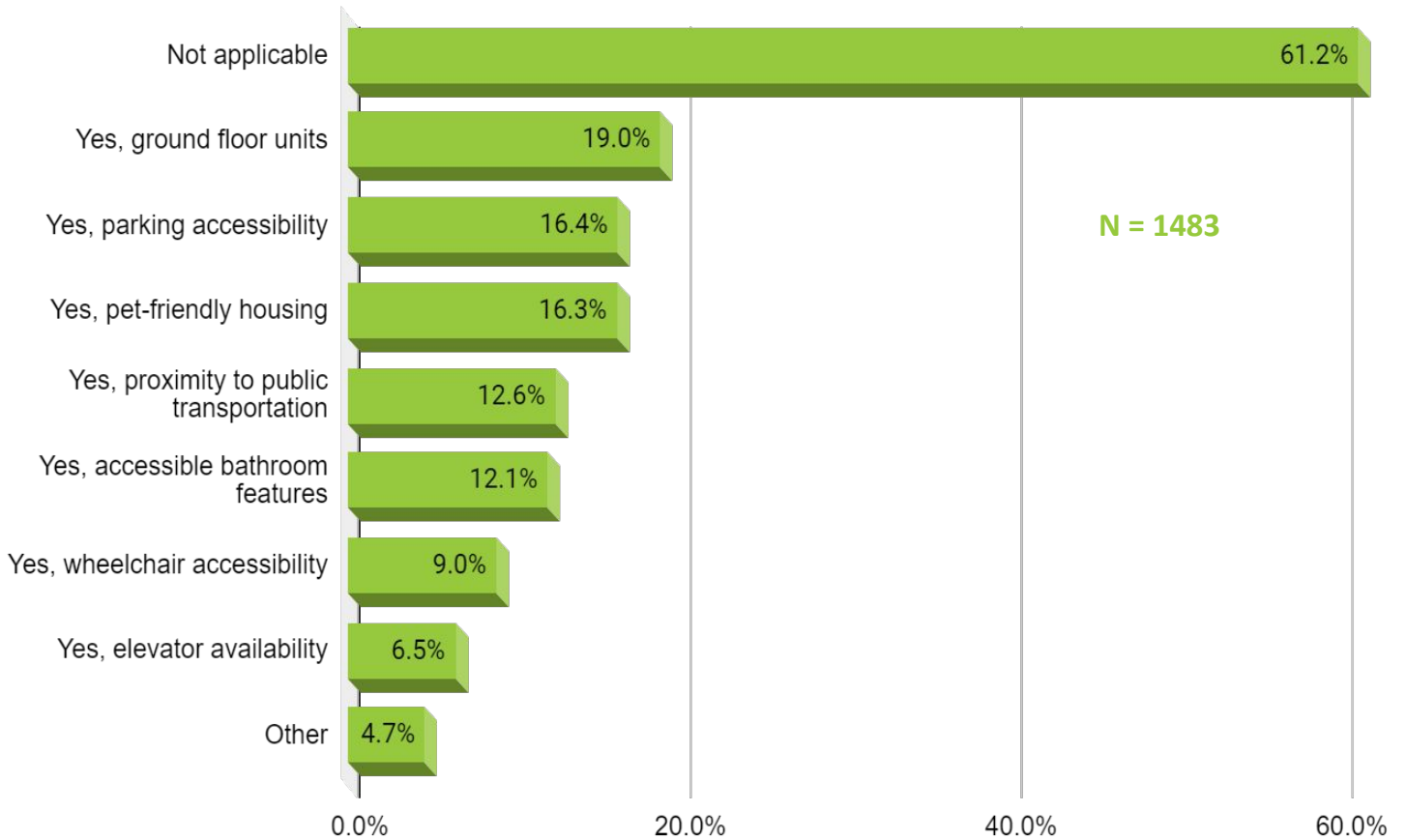
## Was the community you currently live in your first choice?



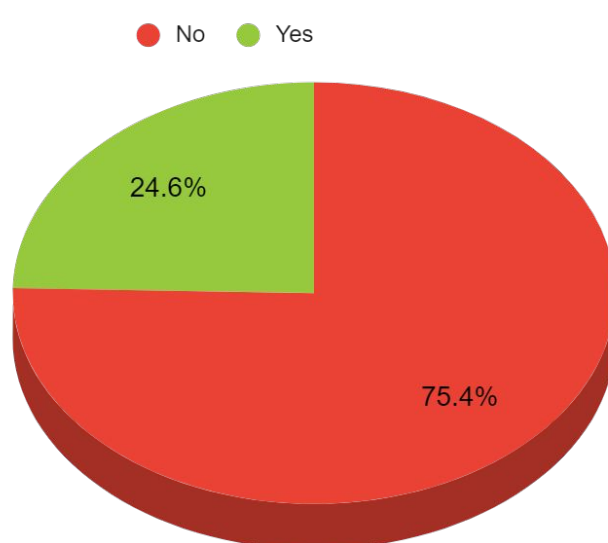
## What are some challenges you experienced when searching for housing with a voucher? Select all that apply



## Does your household have any disability related housing needs?



## If you answered Yes, have you encountered any challenges in finding housing that meets your needs?

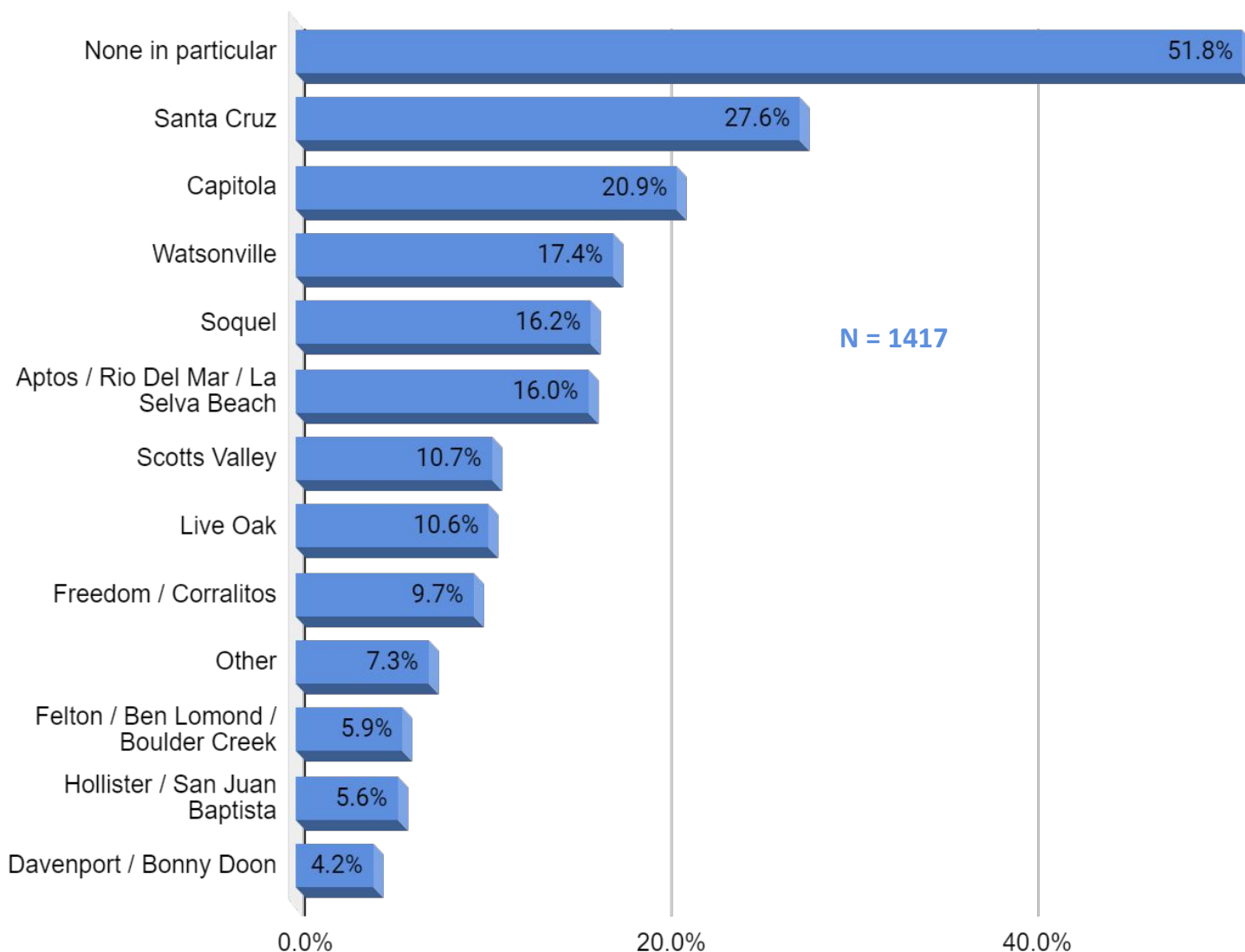


N = 882

# 25%

have encountered challenges finding housing that accommodates their disability-related needs such as, ground-floor access or wheelchair accommodations, and pet-friendly housing options.

## Are there any specific areas where you have found it more difficult to secure housing with housing vouchers?



**52% of participants stated that they encountered no specific challenges in securing housing using housing vouchers.** 7% of participants that selected other to this question indicated a wide range of responses. Several indicated they have not actively been searching for housing in years, and happy with their current living situation. Some expressed difficulties in finding landlords willing to accept vouchers in all areas they explored.

*"All Bay Area places are hard to secure housing"*

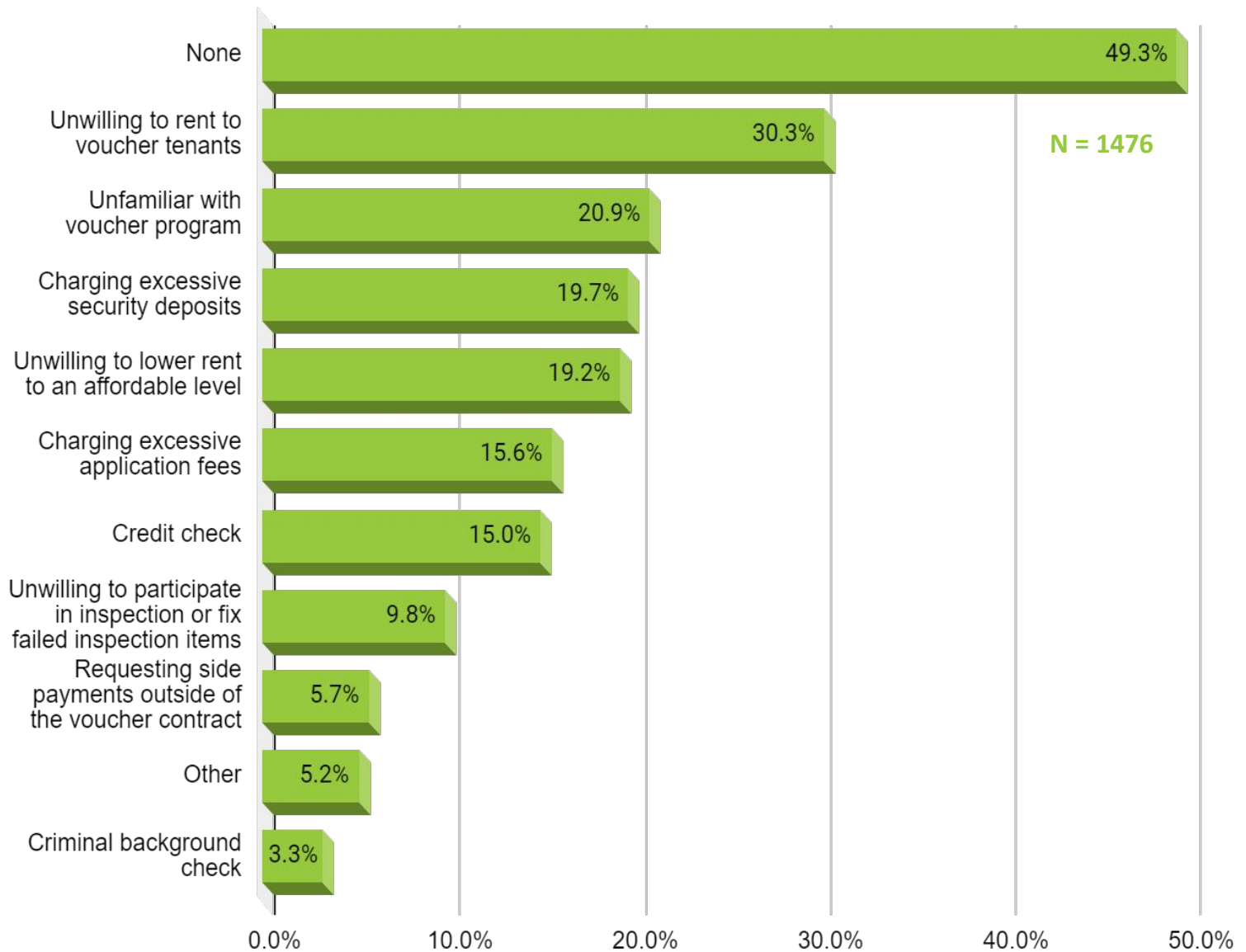
*"I haven't been looking to move from where I am."*

*"I'm lucky, I was already living here when voucher came through"*

*"Seems to be everywhere"*

*"No one wants sect. 8 tenants, housing too complicated"*

**Which of the following challenges related to HCV vouchers, if any, have you encountered with landlords? Check all that apply**



**Nearly 51% have encountered challenges related to HCV vouchers**

Other challenges include delays in addressing maintenance issues, discriminatory treatment based on income status or reliance on housing assistance programs, animal fees for service animals, getting ahold of landlords and general unfair treatment.

## In the past 5 years, have you experienced housing discrimination during your housing search? Select all that apply

No	70.2%	1049
Yes, HCV participation	20.3%	304
Yes, income	13.2%	198
Yes, pets	9.6%	144
Yes, disability	4.0%	60
Yes, other	3.8%	57
Yes, race / ethnicity	3.5%	52
Yes, pregnant or children	3.2%	48
Yes, employment related	2.9%	43
Yes, age	2.8%	42
Yes, gender	1.5%	23
Yes, criminal record	1.3%	19
Yes, student status	1.2%	18
Yes, sexual orientation	0.5%	8
Yes, religion	0.5%	8

N = 1495

### 30% had experienced housing discrimination during their housing search in the past 5 years.

The ones that had experienced discrimination indicated HCV participation, income and pets as the top three reasons.

Many participants who selected other have been residing in their current homes for extended periods. Some felt marginalized or overlooked in their search due to their credit scores.

# Are there any Housing Authority policies or procedures that might contribute to inequitable outcomes or that don't seem fair to you?

● No ● Yes (please specify)

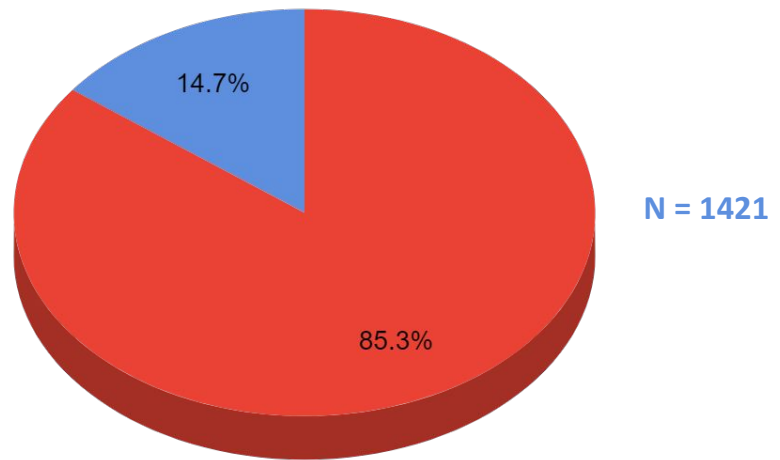
**15%** believe there

are policies or procedures that might contribute to inequitable outcomes or that don't seem fair.

Participants provided feedback on challenges they faced including: financial burdens, administrative hurdles, housing availability issues, and concerns regarding tenant rights and support, and availability issues.

Many participants express frustration with the affordability of rent payments, security deposits, and utility costs, citing discrepancies between housing costs and voucher amounts as major obstacles. Lengthy administrative processes, including yearly recertification and delays in rent adjustments, contribute to tenant stress and financial strain. Additionally, participants encounter difficulties in finding suitable housing within the voucher's limitations and face discrimination from landlords, limiting their housing options. Privacy concerns, accessibility issues, and the need for improved support for elderly and people with disability are also highlighted.

**Coded Analysis of Open-Ended Responses:** Financial / Affordability (75), Administrative / Program (64), Landlords / Tenant rights (32), Customer Service (30), No concerns (6)



## Key Themes:

### Financial Challenges and Affordability:

- Concerns about the financial burden of rent payments, security deposits, and utility costs.
- Frustration with the lack of assistance for security deposits and upfront costs associated with moving.
- Issues with the calculation of rent portions based on income, including the use of gross income rather than net income.
- Complaints about the disparity between housing costs and the amount provided by vouchers.

### Administrative Processes and Delays:

- Lengthy processes for landlords to receive payments, leading to financial strain on tenants.
- Challenges in reporting income changes and receiving timely adjustments to rent amounts.
- Complaints about the time-consuming nature of yearly recertification and paperwork requirements.

### Housing Availability and Quality:

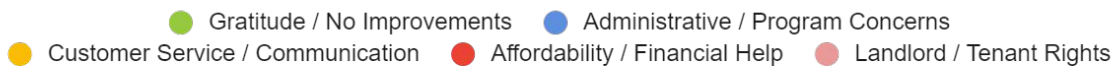
- Difficulties in finding suitable housing within the voucher's time constraints and limitations.
- Concerns about the quality of available housing units, issues with cleanliness, maintenance, and safety.
- Discrimination from landlords against voucher holders, limiting housing options.
- Challenges for families with children regarding bedroom restrictions and privacy concerns.
- Issues related to changes in household composition and limitations on adding family members to vouchers.
- Specific concerns for elderly and people with disability, including accessibility, support with paperwork, and housing preferences.

## Please provide any comments or suggestions on how we can improve our policies or practices to promote diversity, equity, and inclusion in our programs and in our community?

The feedback provided by participants reflects a strong sense of gratitude and appreciation for the assistance received. Many participants emphasize the program's significant impact on their lives, providing stable and safe housing during times of need. Overall satisfaction with the services offered by the Housing Authority is prevalent, with participants commending the professionalism and helpfulness of staff members. Additionally, participants recognize the program's role in preventing homelessness, providing affordable housing options, and improving their quality of life. They highlight the importance of addressing housing inequality and ensuring fair treatment for both tenants and landlords.

There are several suggestions for improving the program's effectiveness and fairness. Key themes include the need for better education and outreach to landlords, addressing discrimination, improving housing conditions, and fostering community engagement. Participants also expressed concerns about communication gaps, accessibility issues, and affordability challenges.

**Coded Analysis of Open-Ended Responses:** Gratitude / No Improvements (310), Administrative / Program Concerns (121), Customer Service / Communication (100), Affordability / Financial Help (72), Landlord / Tenant Rights (49)



### Key Themes:

#### Gratitude and Appreciation:

Profound gratitude for the program, highlighting its positive impact on their lives and the assistance it provides to them and their families.

Many participants believe the program is well-managed with no significant suggestions for improvement. Appreciation for the staff's professionalism, and supportiveness addressing their housing needs.

#### Landlord / Tenant Support:

Education for landlords about the benefits of accepting vouchers and incentivizing their participation. The need to protect tenant rights, address discrimination, and provide support during the housing search. Suggestions for community gatherings, support programs, and increased communication to foster a sense of community and address various needs effectively.

#### Policy and Program Improvements:

Policy changes to address issues such as rent control, landlord oversight, and eligibility criteria.

Call for more accessible and available housing options, especially for vulnerable groups including people with disabilities, seniors, and families with children.

Concerns about the quality of housing and maintenance, regular inspections, and safety and cleanliness.

Need to address discrimination against voucher participants and combat stigma associated with voucher.



**Please provide any comments or suggestions on how we can improve our policies or practices to promote diversity, equity, and inclusion in our programs and in our community?**

---

*"I am so grateful and happy with the HA support that I have received. Being a participant in the voucher program, I speak for my children and myself when I say thank you for making housing a possibility during our time in need."*

*"Keep up the great work!!"*

*"Building more houses/apartments in the community. The community is growing. Open the waiting list to provide more help"*

*"Have way more landlords accept Section 8 Vouchers. In safe neighborhoods, within walking distance to the bus stops."*

*"Improve landlord oversight"*

*"Better community outreach to highlight benefits of housing authority programs with prospective landlords."*

*"I think it would be helpful to have one social worker to help with housing process from beginning to finding a home"*

*"Maybe show more success stories or more stories of normal families thriving in California with section 8 , bad renters give good ones a bad reputation"*

*"More assistance with deposits"*

*"I think is a great program for us the community! and every time its improving more and more so is fantastic!"*

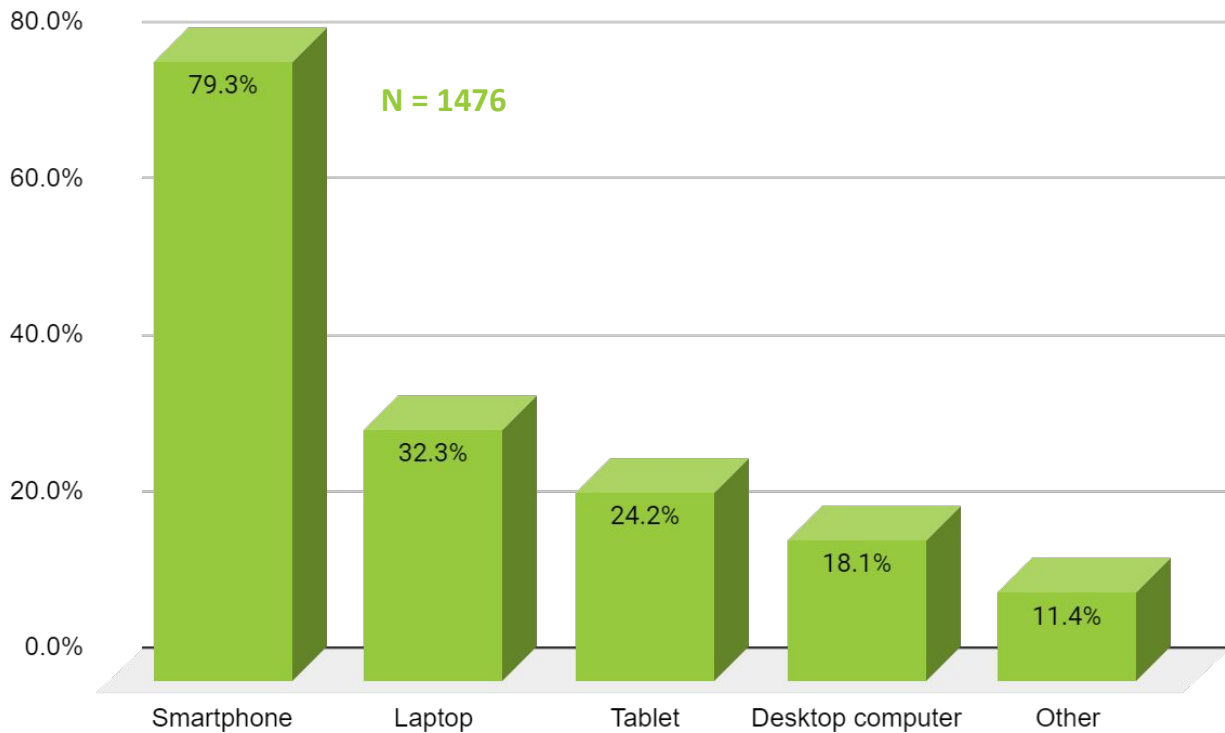
*"You're doing great!"*

*"Quarterly community meetings and/or activities? Tenants only or with employees?"*

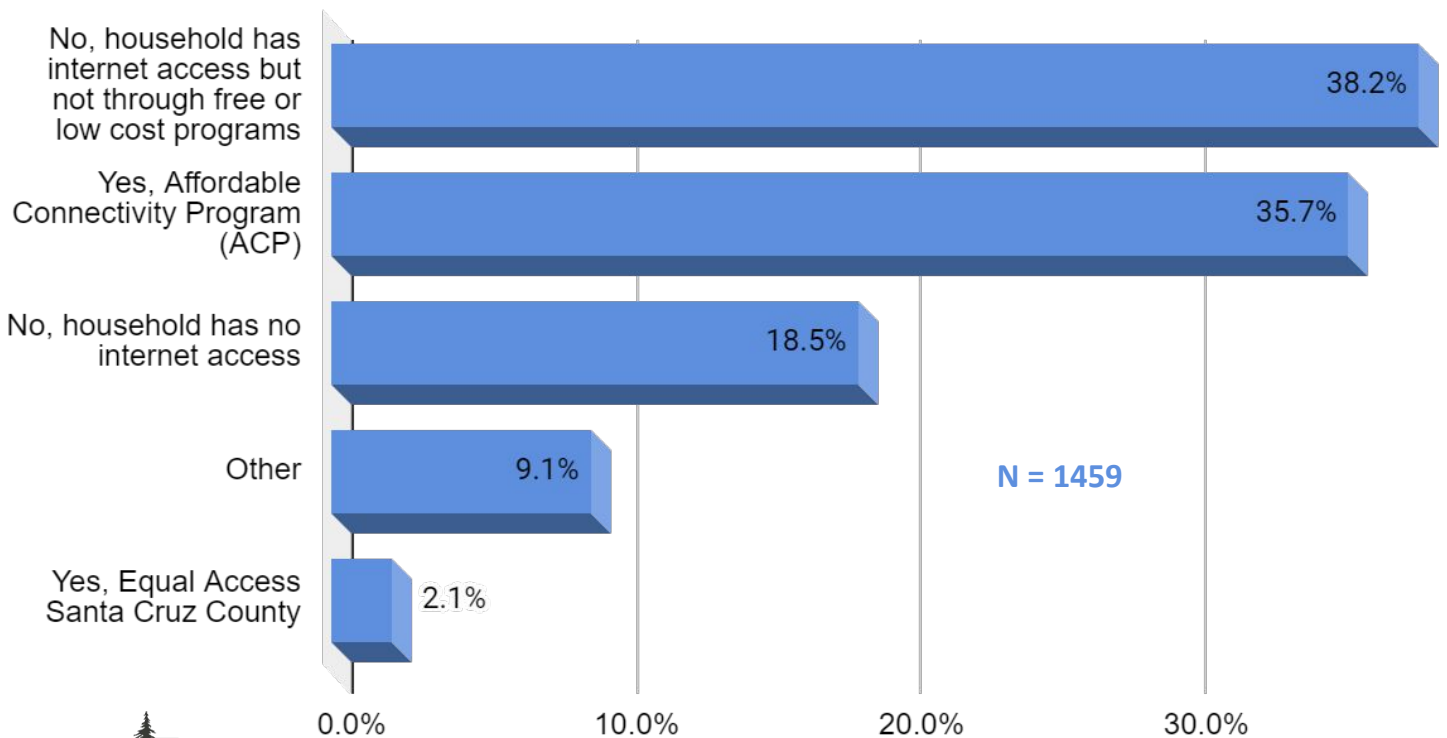
*"For the most part I am very pleased with the program. I am thankful for the quality of life section has provided for me and my family."*

*"Everything is excellent even the works thank thanks to this program I was able to give a better and comfortable and safe place for my kids and my self to live in"*

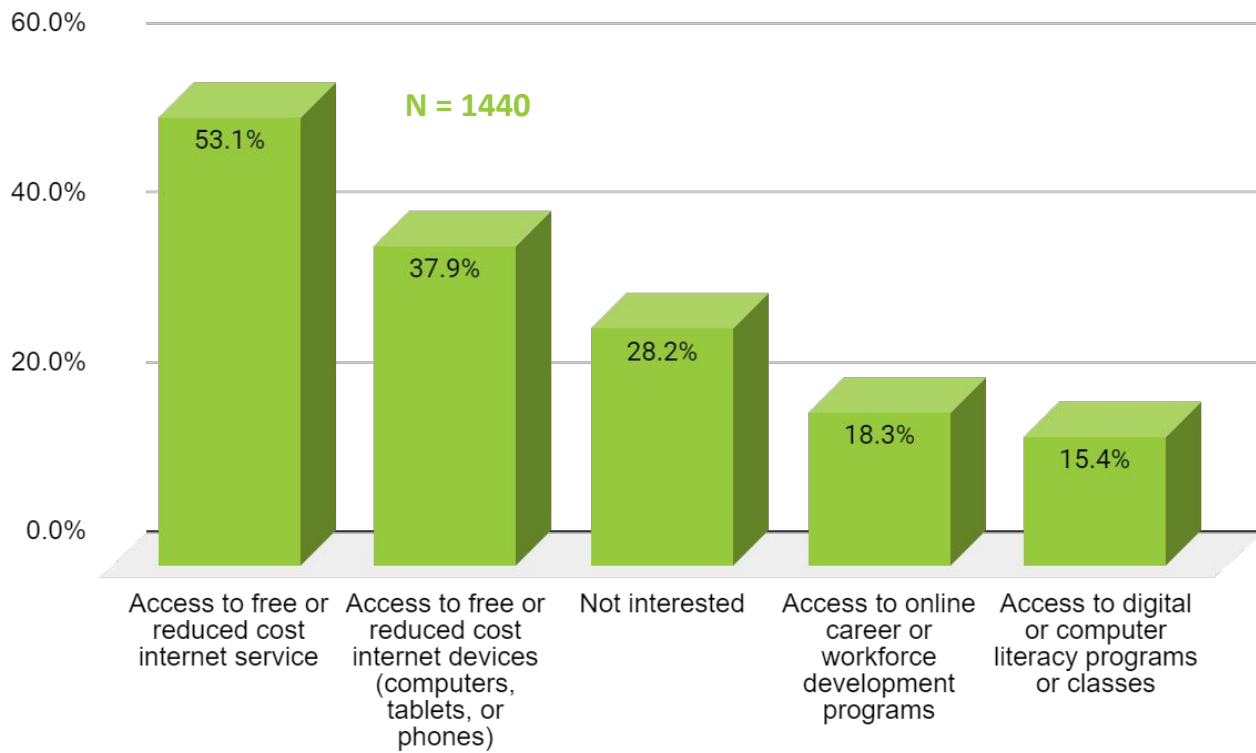
## Which of the following devices do you have access to for Internet use? Select all that apply



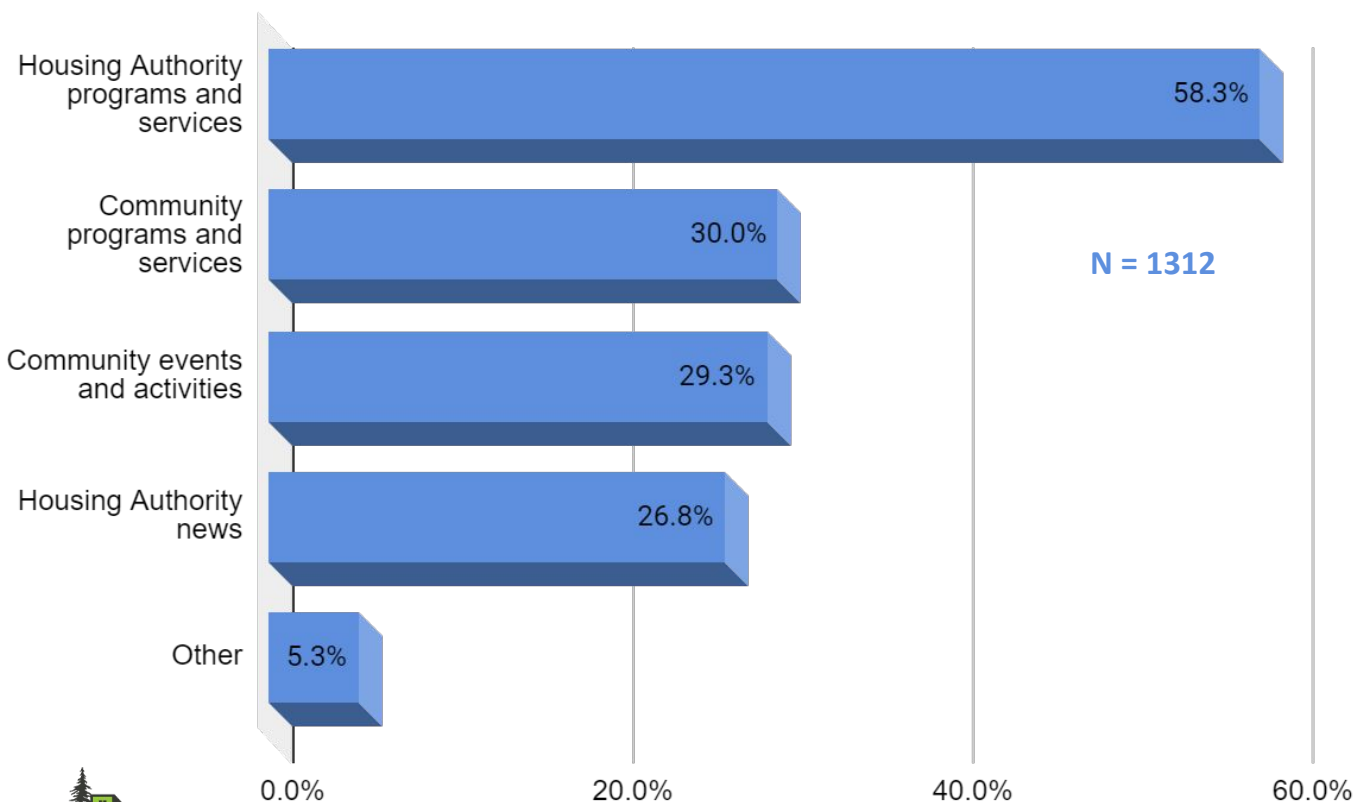
## Does your household participate in any free or low cost internet programs?



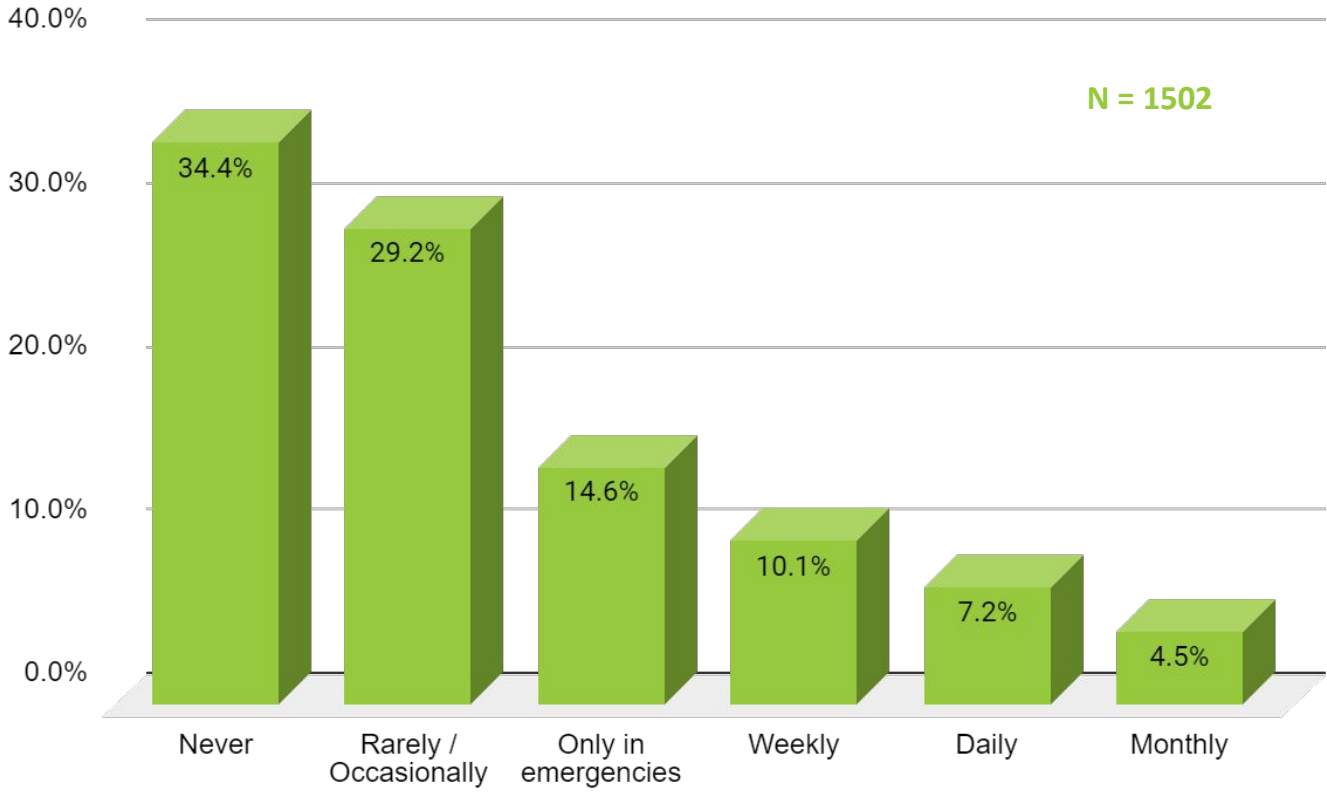
## Which of the following digital or internet related services would you be most interested in? Select all that apply



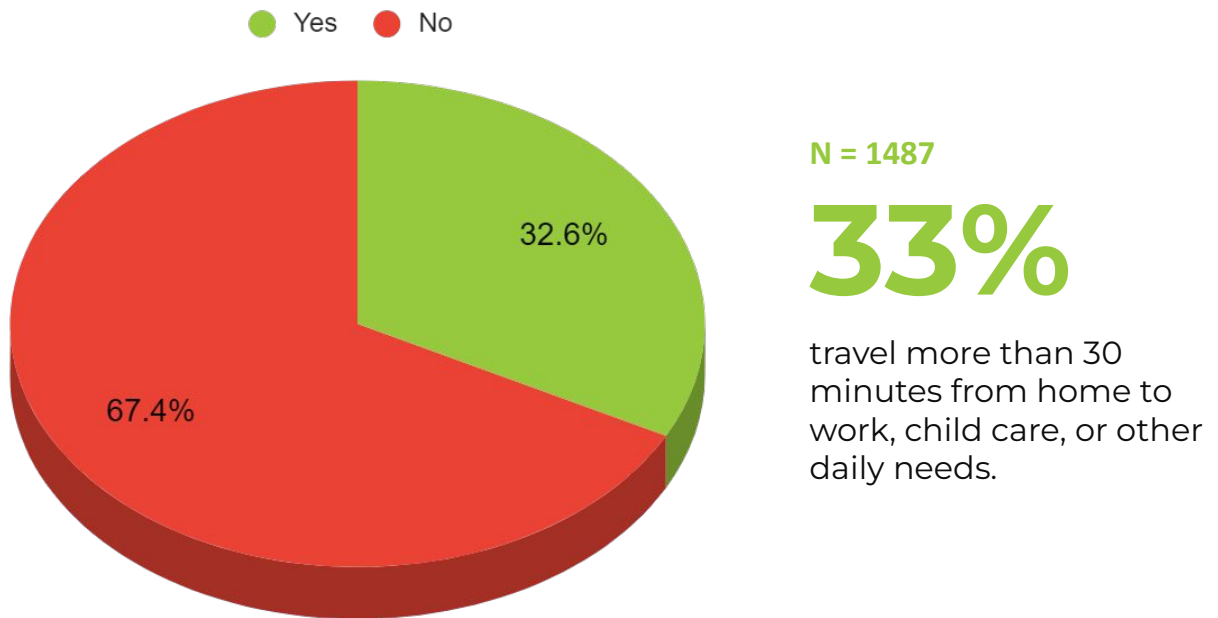
## Which of the following newsletter topics would you be most interested in?



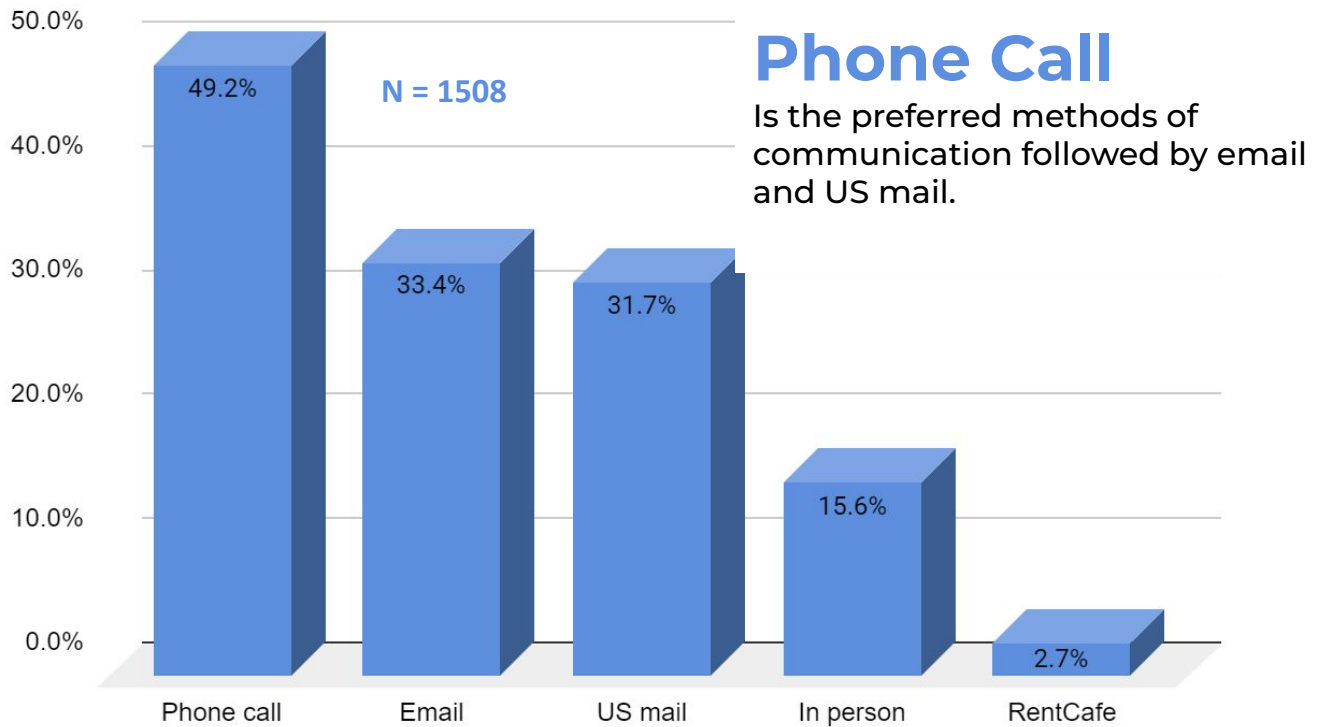
## How often do you use public transportation?



## Do you travel more than 30 minutes from home to work, child care, or other daily needs?



## How do you prefer to communicate with the Housing Authority?



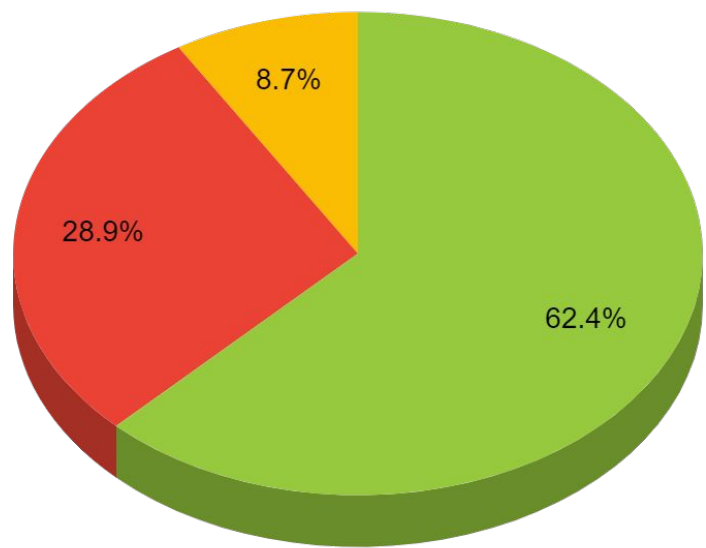
## Have you used any food banks or free food distributions available in the area?

- Yes
- No
- I am not aware of the food banks or free food distributions in my area

**N = 1490**

**62%**

have used food banks or free food distributions available in the area.



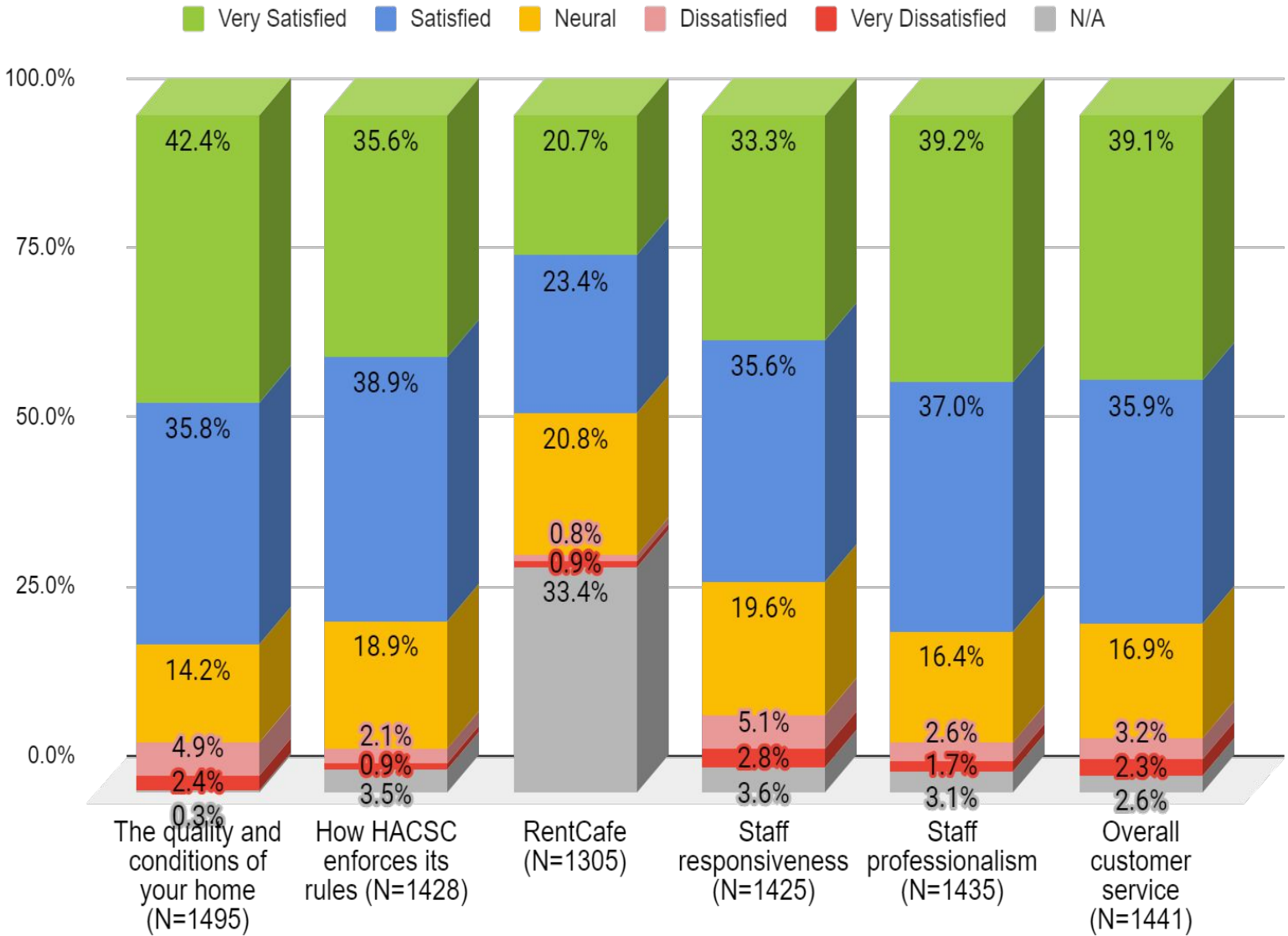
## What other public services are you interested in accessing and learning more about? Select all that apply

Public benefits (cash aid, food stamps, etc.)	30.0%	370
Senior support services	26.9%	331
Meals	26.0%	321
Bus passes / Transportation	23.7%	292
Employment / Job training / Continued education	20.7%	255
Counseling / Behavioral / Mental Health	19.7%	243
Financial planning (saving, budgeting, taxes)	19.2%	237
Disability support and access	17.8%	220
Legal assistance (courts, records, etc.)	12.9%	159
Counseling in attaining self-sufficiency goals	12.1%	149
Healthcare / Health screening	11.6%	143
Other	9.7%	120
Tutoring	9.3%	114
Tenant / Landlord mediation	7.3%	90
Childcare	6.3%	78
After school care	5.5%	68
Veteran benefits	5.1%	63
Immigration services	4.1%	51
Counseling on substance use	2.4%	30

**N = 1233**

**Public benefits (cash aid, food stamps, etc.) (30%) , Senior support Services (27%), and Meals (26%) were the top 3 choices for public services.** Participants that selected other gave several suggestions about assistance finding homes, and getting an automobile, credit repair and tax help. Several participants indicated that they were currently satisfied with their situation or did not require any additional services at the moment.

## How would you rate the following?



**Staff responsiveness, professionalism, and overall customer service receive high satisfaction ratings overall, (69%), (76%), and (76%) respectively.**

**78% of participants expressed satisfaction with the quality and conditions of their homes.**

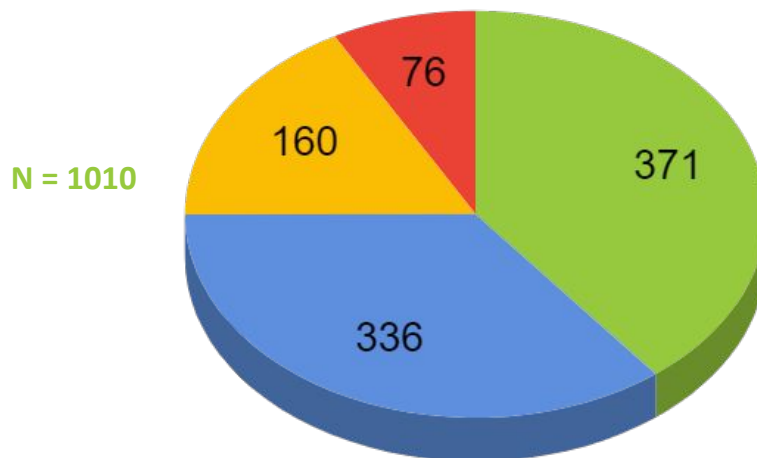
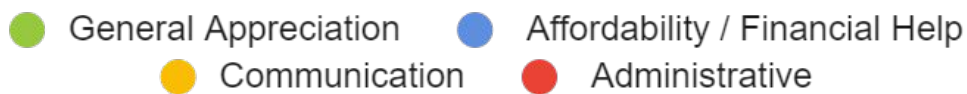
**Areas for improvement include satisfaction with RentCafe (44%)**

# What aspects of the Housing Authority's are working well for you?

The feedback provided emphasizes the crucial role of affordability in housing assistance programs. Many express deep gratitude for the support with rent payments. Affordable housing options are seen as lifelines, preventing homelessness and providing much-needed financial relief in challenging economic circumstances. Timely rent payments and financial assistance contribute significantly to overall financial stability, alleviating the stress of potential homelessness. Many showed appreciation for the staff professionalism and friendliness. They praised efficient and timely communication.

Suggestions for improvement include enhancing communication channels, improving accessibility, developing strategies to engage landlords effectively, ensuring fairness in program practices, strengthening maintenance services, and providing support to address the diverse needs of participants.

**Coded Analysis of Open-Ended Responses:** General Appreciation (371), Affordability / Financial Help (336), Communication (160), Administrative (76)



## Key Themes:

### Gratitude and Appreciation:

Gratitude for the stability provided by the program,empowering individuals and families to live independently and with dignity.

Life-changing impact of the program helping them rebuild their lives, and maintain their well-being.

### Affordable Housing:

Acknowledgment of the program's role in preventing homelessness and providing stable housing.

Many wouldn't be able to afford housing in their area without assistance.

### Program Administration and Property Management:

Concerns about accessibility for people with disabilities.

Fairness in household income calculations, and equitable treatment of tenants by landlords.

Online recertification and the reduction in frequency for annual inspections are positively received by participants.

### Communication:

The importance of timely responses and clear communication from housing authority staff is emphasized.

Being able to submit documents electronically via email is valued by many participants.

The ability to communicate in Spanish.

Positive interactions with staff.



## Continued: What aspects of the Housing Authority's are working well for you?

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*"Helping me and my wife out of homeless, have a nice place to live , close friends and family. Thanks so much for your help."*

*"ALL ASPECTS ARE WORKING WELL FOR ME THANK YOU"*

*"Easy accessible to my questions and concerns"*

*"Giving us exceptions when not turning things in on time. Multiple warnings is nice."*

*"Having a section 8 voucher allows me to have a home and be safe... I've been here for almost 11 years... I'm 66 years old... I don't know where I would be without it... I'm so thankful everyday for it."*

*"Helps me be more independent"*

*"IHousing Voucher is an absolute blessing. I would say that there is really no room for complaint and it's kept my family in a safe place. I do wish that there would be more support."*

*"HUD-VA assistance"*

*"I am grateful for the service and that everything is running smoothly."*

*"I can't think of anything specific... I am just over all happy and thankful"*

*"I have a place to live"*

*"I like that the HA has gone to every other year verification if nothing has changed."*

*"I think over the past two years or so, HA has improved a lot! I have received more informational fliers, and had the opportunity to receive a scholarship for college, which was amazing! This new communication and opportunities make me feel valued and included. Thank you :)"*

*La amabilidad de las personas que trabajan ay (The kindness of the people who work there)*

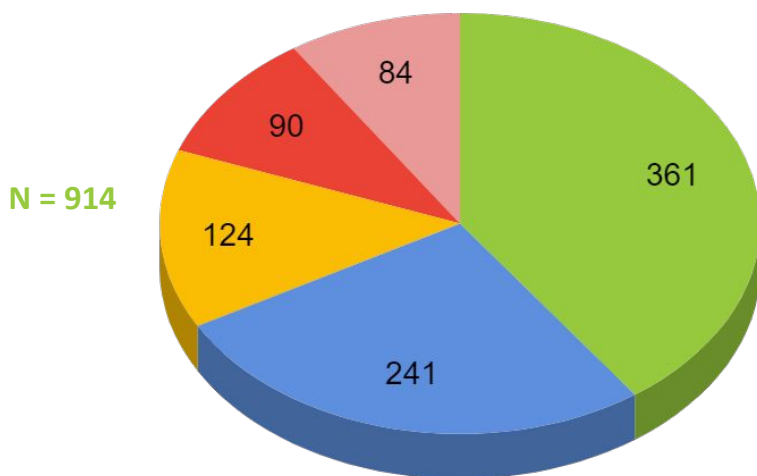
*"You have given a home to me and my children. I am forever grateful."*

# What aspects of the Housing Authority's could be improved?

Participants generally expressed high satisfaction with the services received, with some indicating no specific suggestions for improvement.

Common themes among suggestions for enhancement included the need for assistance in finding housing, calculating rent payments based on income, and addressing landlord-tenant relations. There were calls for streamlining approval processes, incentivizing landlord participation in housing programs, and better tracking of complaints. Better support for veterans, promoting neighborhood diversity, improving housing quality and cleanliness, preventing rent increases in the presence of defects, and enhancing record-keeping and transparency. Additionally, there were requests for more affordable housing options, assistance for first-time homebuyers, better communication and customer service, easier access to assistance, and faster response times from housing authorities.

**Coded Analysis of Open-Ended Responses:** Gratitude and Satisfaction (361), Communication / Customer Services (241), Administrative / Program Improvement (124), Tenant Concerns (90), Financial Support (84)



## Key Themes:

### Satisfaction and Appreciation:

Satisfaction and appreciation with the community aspects and services provided by the Housing Authority. Couldn't think of any improvements or had no suggestions for changes.

### Requests for Assistance and Support:

Requests for more assistance finding housing, assistance with deposits, and support with rent payments. Concerns about rent affordability, rent increases, and the calculation of rent payments relative to income. Requests for more accessible processes, and help understanding of the program's requirements. Better access to resources and support for seniors, veterans, and people with disabilities tailored to their needs.

### Communication:

Better customer service, streamlined processes, and faster response times from housing authorities. Easier access to assistance, faster approval processes, clearer communication about eligibility and program details, and better tracking of landlord complaints. Better representation and inclusivity in neighborhoods, and addressing issues related to language barriers and social isolation.

### Landlord Relations and Housing Quality:

Concerns about landlord-tenant relations, faster resolution to complaints, better housing quality, safety issues, cleanliness and maintenance. Incentivizing landlords to participate in housing programs. Improve the efficiency of processes related to inspections and better oversight to ensure compliance with regulations.

## **Continued: What aspects of the Housing Authority's could be improved?**

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*"I would like to do the yearly recertification in person since I don't have a computer."*

*"I would think more phone calls instead of mailing. Talking to someone directly when having questions"*

*"Assistance helping Housing Authority members in finding new places to live and Landlords that accept Section 8 Housing Vouchers"*

*"In terms of the rentcafe and the annual recertification preparedness ;there should be 3 weeks lead time in order to gather required documents."*

*"Increase the payment standards to meet the cost of living. Recognition & account for families that have additional bills to pay each month. (ie: credit card, student loans, auto maintenance, etc)"*

*"All aspects are fine!"*

*"Communication with people. I usually fight with the automated system and still have not received a call back*

*"It would be nice to have the opportunity to speak to a HA representative when I have a trouble or concern. Instead of just being referred to paper and a box."*

*"Knowledgeable online help for elderly during recertification. Most do not have computer skills"*

*"Length of time and paperwork could be processed - more streamline"*

*"More available houses in the area."*

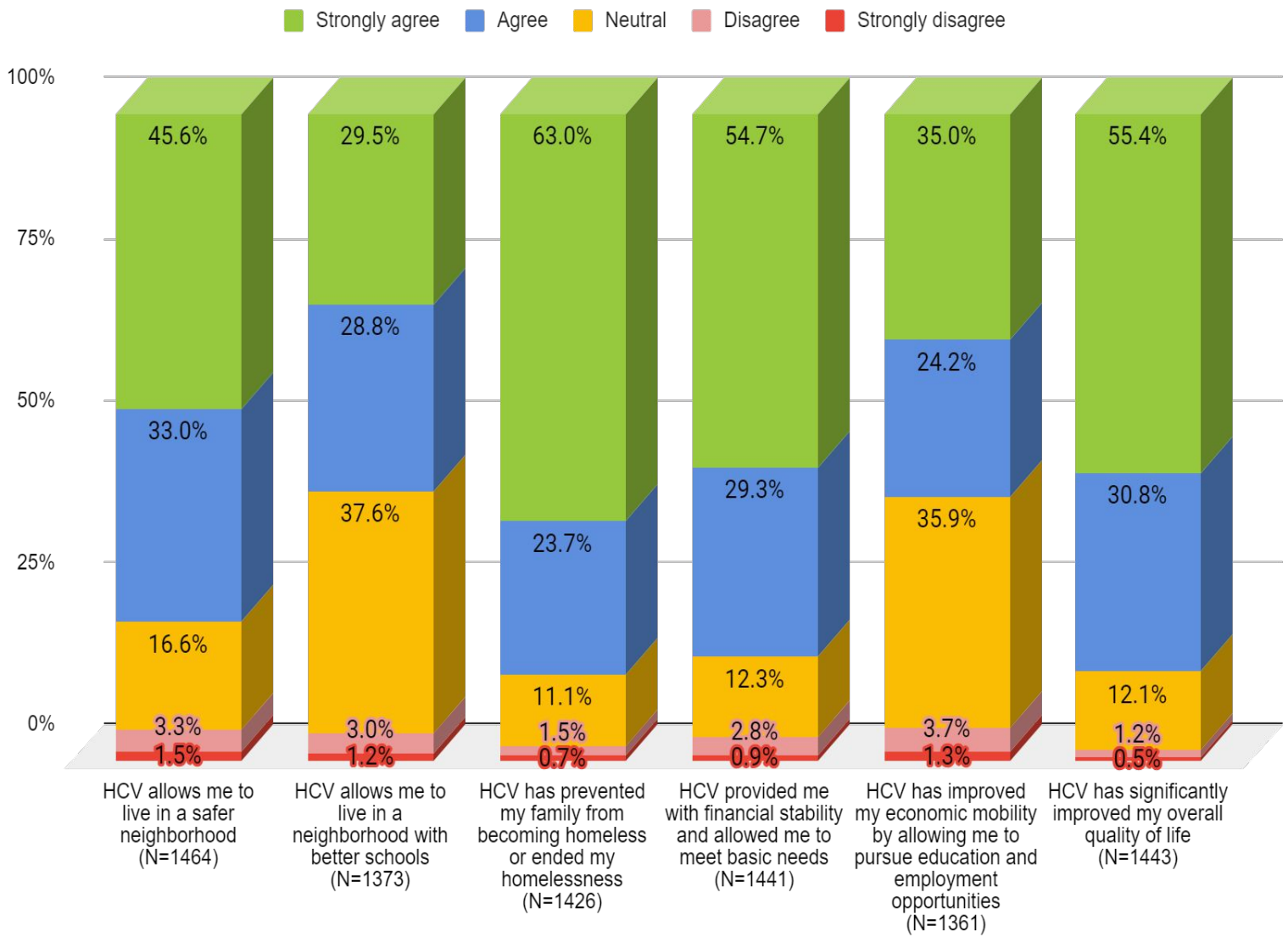
*"More incentives for the landlords to rent to people with little to no rental experience"*

*"Never return calls or emails - slow to communicate"*

*"No improvement needed"*

*"You are such a blessing in my life"*

## How would you rate the following aspects of the HCV program's impact on your life?



A significant majority, **87%** of participants **Agree or Strongly Agree** that the HCV program prevented their family from becoming homeless or ended their homelessness.

**86%** also noted that the HCV program significantly improved their overall quality of life.

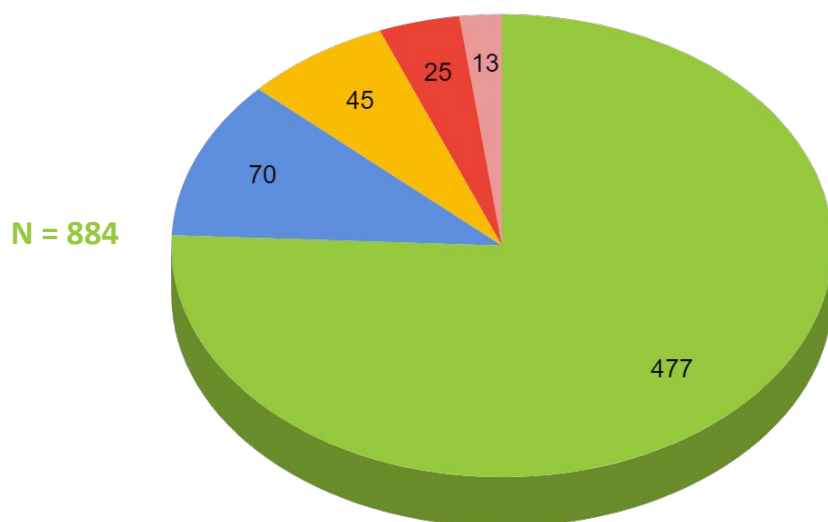
## Do you have any additional feedback or comments regarding your experience with the Housing Authority or the Housing Choice Voucher Program?

Residents expressed profound gratitude for the support provided by the Housing Authority, many shared personal stories of how the program has transformed their lives, preventing homelessness, enabling them to provide for their families, and offering stability and security. Despite challenges posed by high rents and difficulties in finding suitable housing options, recipients highlight the positive impact of the program on their lives, describing it as life-changing. They commend the professionalism, supportiveness, and compassion of the Housing Authority staff. Some recipients also mention a sense of community and safety in their residences, contributing to overall satisfaction with the program.

There are some concerns about housing quality, landlord accountability, and accessibility of affordable housing, though the overwhelming sentiment remains one of appreciation for the program's support and a recognition of its importance in providing a stable home environment and giving them hope for their future.

**Coded Analysis of Open-Ended Responses:** Gratitude and Satisfaction (477), Administrative / Program Improvement (70), Landlord Issues (45), Communication (25), Education (13)

● Gratitude and Satisfaction   
 ● Administrative / Program Improvement   
 ● Landlord Issues  
● Communication   
 ● Education



### Key Themes:

#### Gratitude and Appreciation:

Recipients express profound gratitude for the assistance provided by the Housing Authority. Emphasis on the program's role in preventing homelessness and providing stability for themselves and their families.

Many share personal stories illustrating how the program has positively impacted their lives.

Appreciation for the professionalism, supportive guidance, and compassion by HA staff.

Some express a desire to meet the staff in person to convey their gratitude.

#### Challenges and Needs:

Recipients acknowledge ongoing challenges related to housing affordability and availability within their budgetary constraints highlighting the need for additional support and resources.

Suggestions on improving communication channels and addressing administrative issues related to recertification and paperwork.

#### Housing Quality and Landlord Accountability:

Requests for more thorough inspections and accountability for landlords to make necessary upgrades and repairs.

Requests for improvements in laundry facilities and overall housing conditions.

Suggestions for improvements in the voucher program flexibility and accessibility.

**Continued: Do you have any additional feedback or comments regarding your experience with the Housing Authority or the Housing Choice Voucher Program?**

---

*"Estoy muy contenta con sus servicios (I am very happy with your services)"*

*"Housing Authority has impacted so many families in such a positive way! I would like to meet housing authority staff members one day, if that ever comes up. Thank you!"*

*"Having landlords more accountable for upgrades to not wait til tenants move out before fixing certain things"*

*"I am extremely grateful for HCV!"*

*"I am very grateful for this program it took me almost 10 years to obtain it but it has changed my life drastically ..I am no longer afraid of being homeless ,and I am treated with respect and dignity thank you to all concerned"*

*"Yes I need more help in finding another place to live so list of properties that allow section 8"*

*"I'm interested in other programs available that have to do with either education aspirations or disability services."*

*"Just-- expand, everything you do. Help more people find good housing. Make things easier on your staff by supporting them in every way you can. And, secure the funds needed - to help them with what you're unable to - at this time. THEY are your greatest asset."*

*"Keep caring it counts"*

*"Need more time on vouchers. When I was searching for housing- was running out of time to find permanent housing due to high cost & restrictions. This area is also lacking in available housing"*

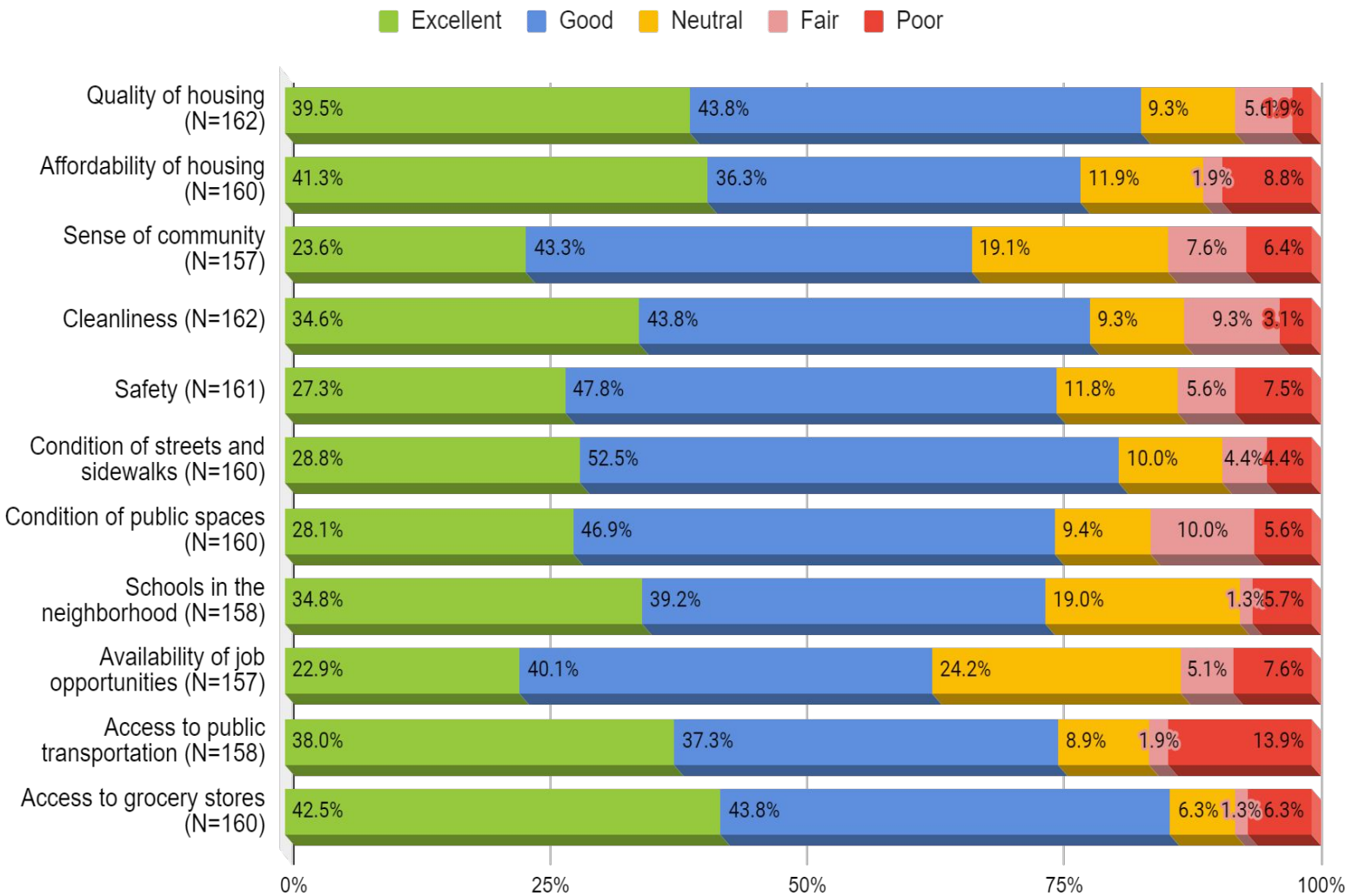
*"THANK YOU SO MUCH, OUR FAMILY APPRECIATES YOU MORE THAN I CAN EVER FULLY EXPRESS"*

*"When I first received my Voucher, I knew my life was going to improve dramatically. I was right. Everyday, even after almost 12 years in my unit, I am so grateful to have a safe place for my son and I. "*

# **RESIDENTS SURVEY RESULTS**

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# How would you rate the following aspects of your neighborhood?

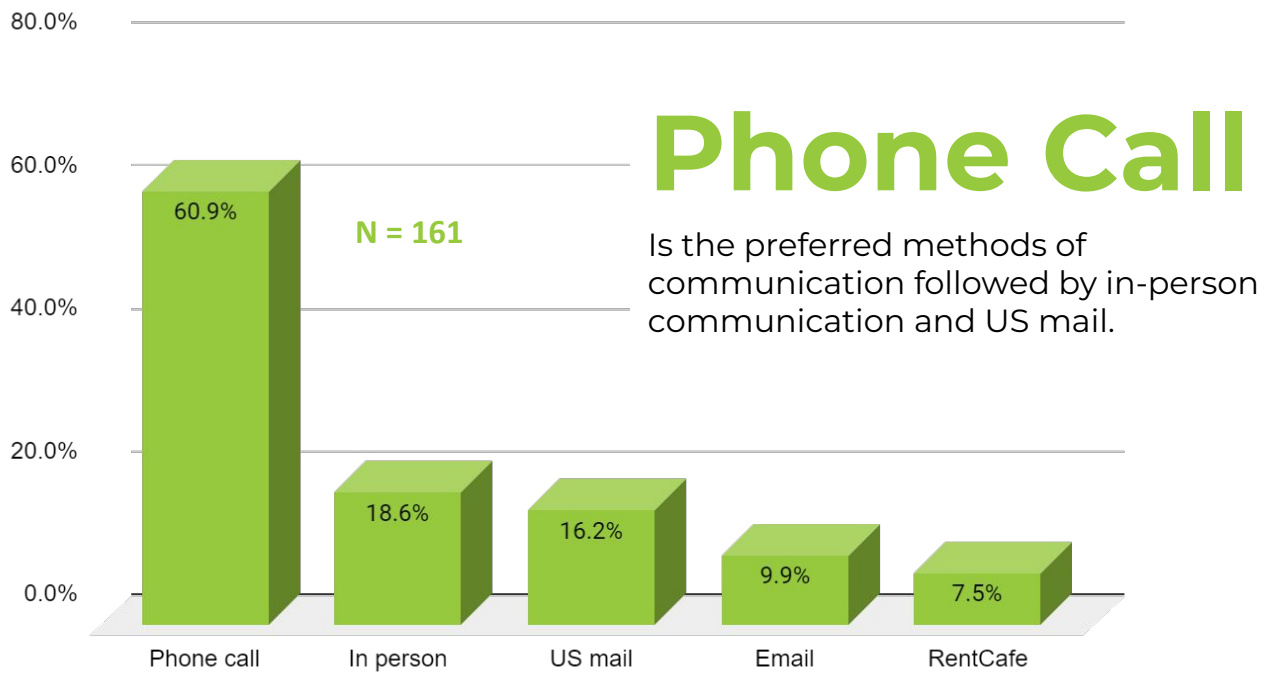


**The survey data illustrates a predominantly positive perception among participants regarding various aspects of their neighborhood.**

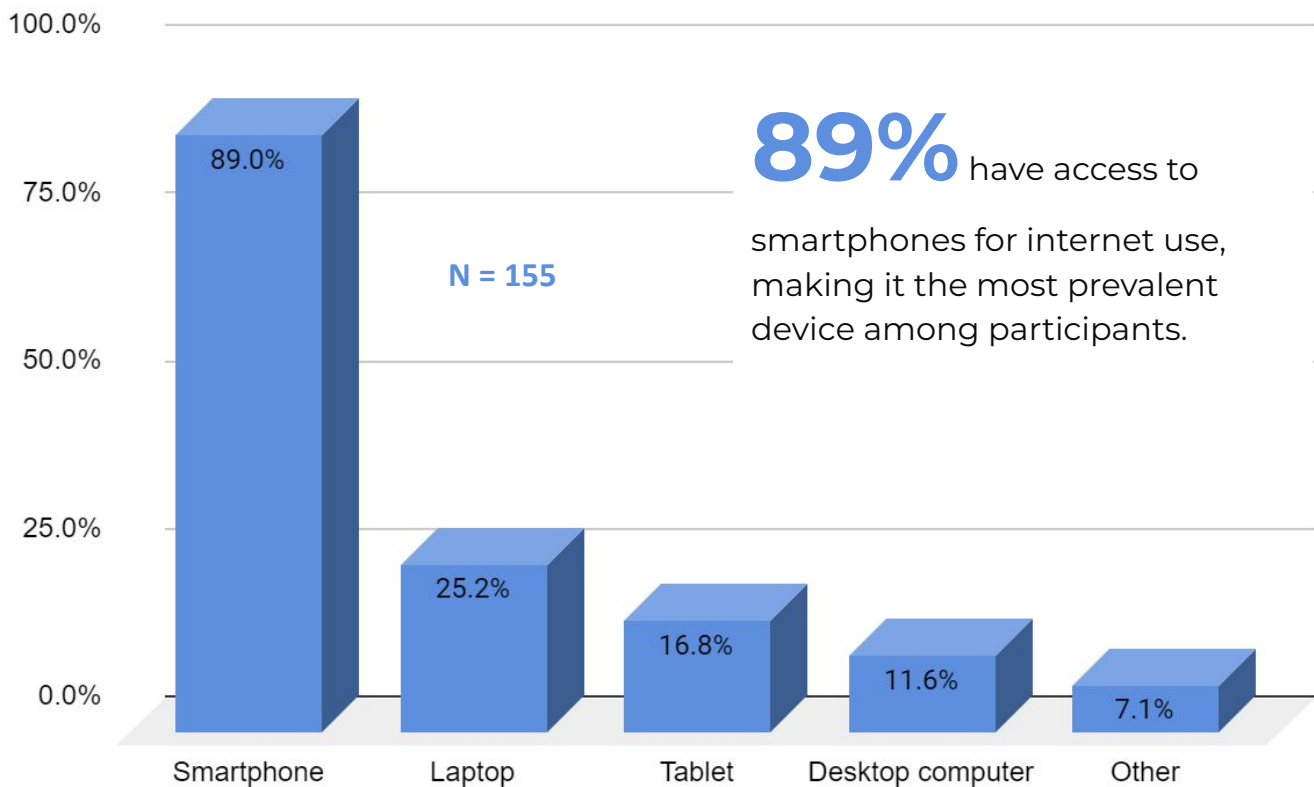
Top-rated factors include the quality and affordability of housing, with residents expressing satisfaction in these areas. Similarly, access to grocery stores is perceived positively, and was highly rated. Additionally, the cleanliness of the environment and the condition of streets and sidewalks are highly regarded, reflecting a well-maintained living space.



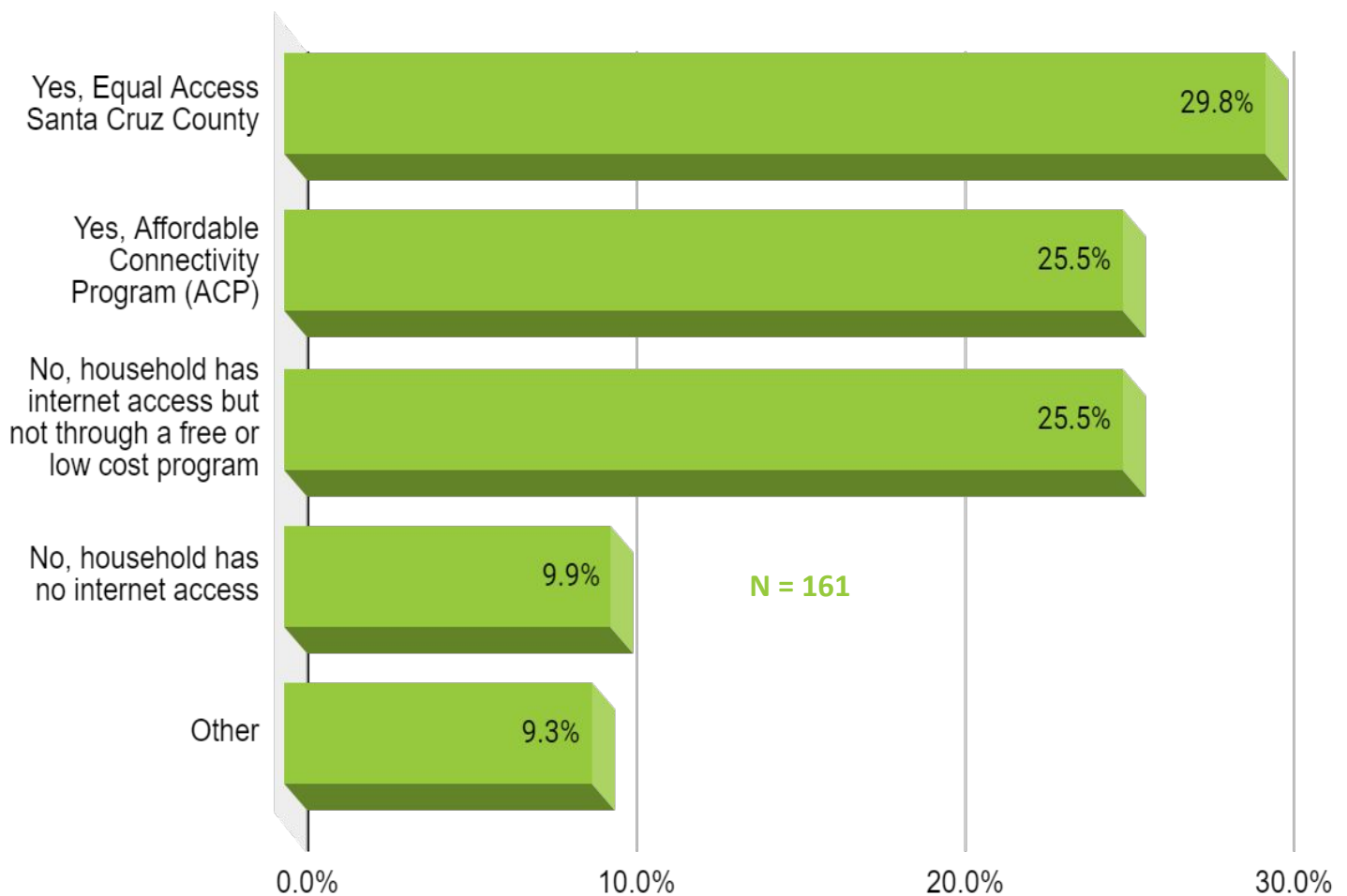
## How do you prefer to communicate with the Housing Authority?



## Which of the following devices do you have access to for internet use? Select all that apply



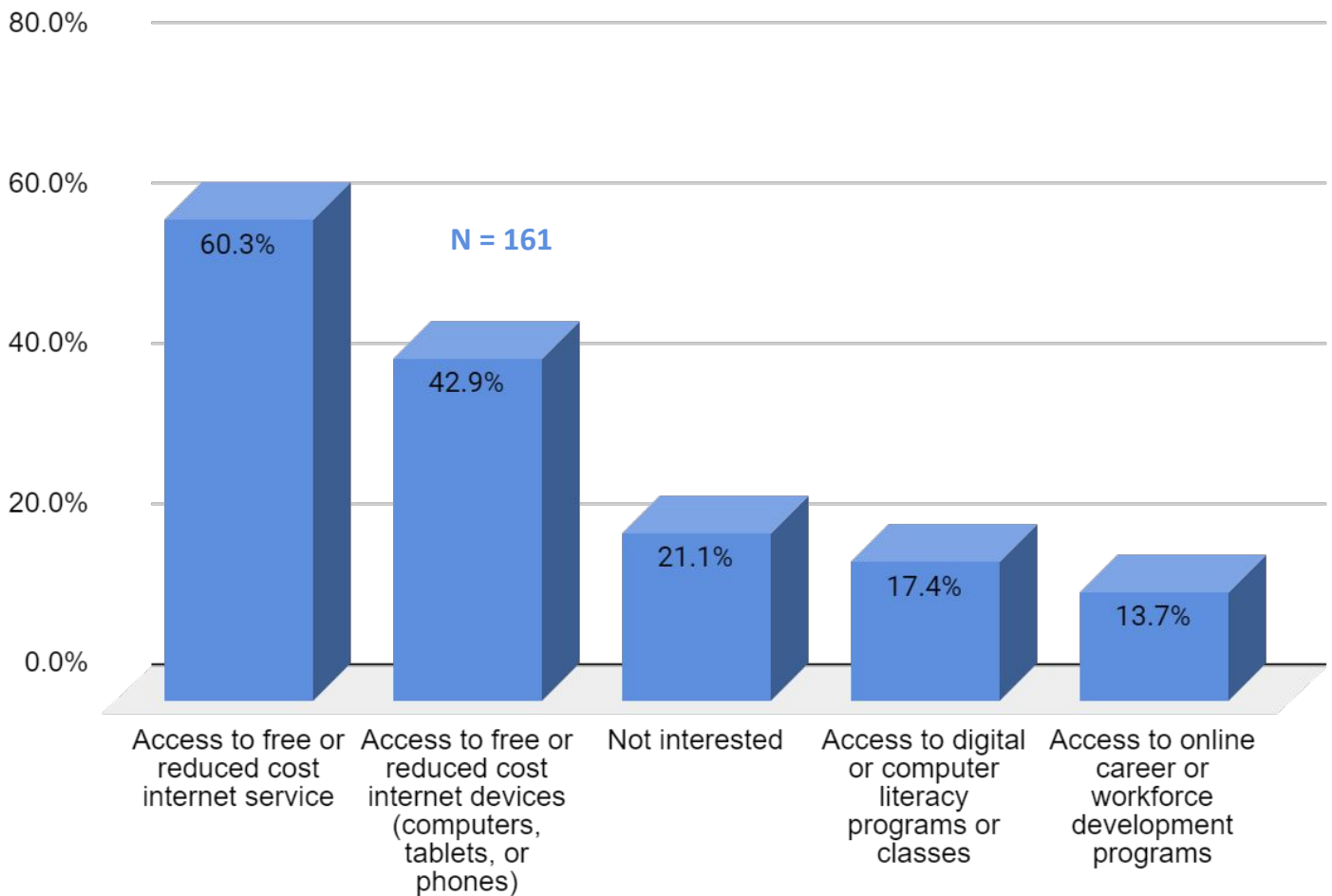
## Does your household participate in any free or low cost internet programs?



56% of participants report having internet access through either the Affordable Connectivity Program (ACP) or Equal Access Santa Cruz County.

**10%** indicated they **have no internet access at all.**

**Which of the following digital or internet related services would you be most interested in? Select all that apply**



**60%** of survey participants expressed a distinct preference for access to free or reduced-cost internet service, while, 43% of participants expressed an interest towards access to free or reduced-cost internet devices (computers, tables, or phones).

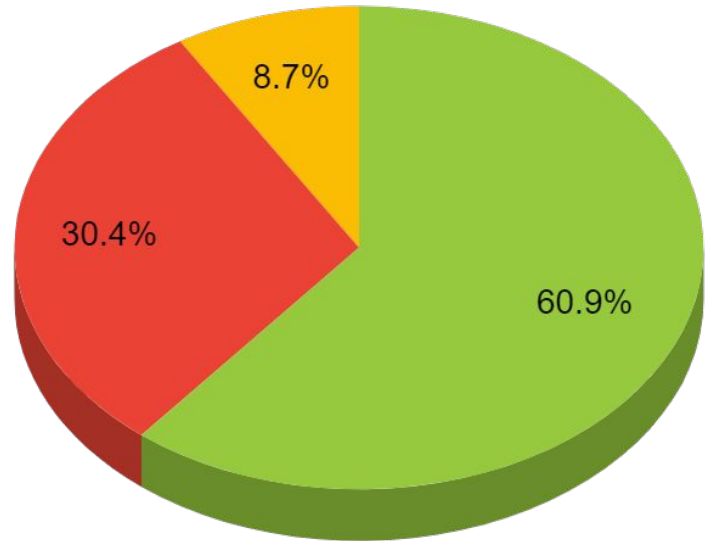
## Have you used any food banks or free food distributions available in the area?

- Yes
- No
- I am not aware of the food banks or free food distributions in my area

N = 161

# 61%

Have used food banks or free food distributions available in the area.



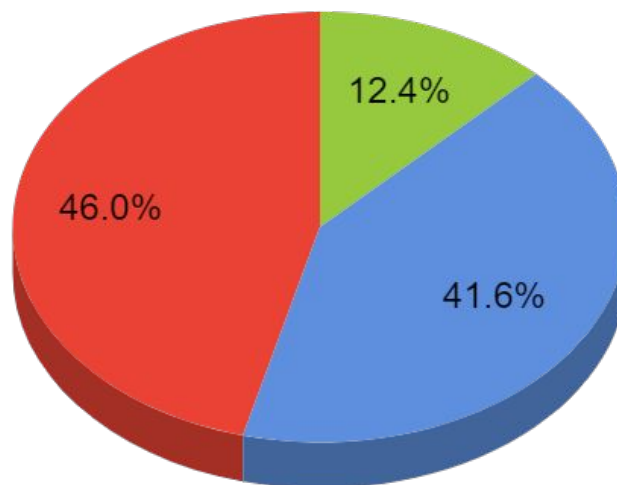
## Are you interested in free Housing Authority METRO Eco Passes?

- Yes, I am already signed up
- Yes, I am interested
- No, I am not interested

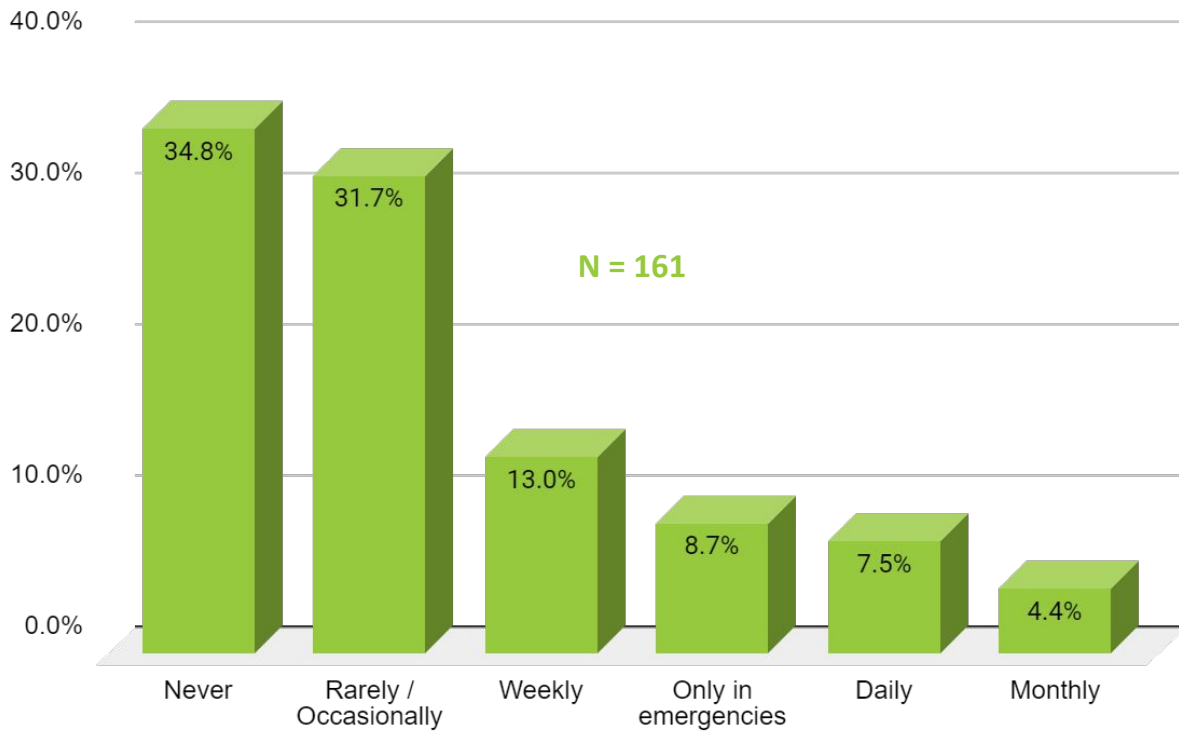
N = 161

# 42%

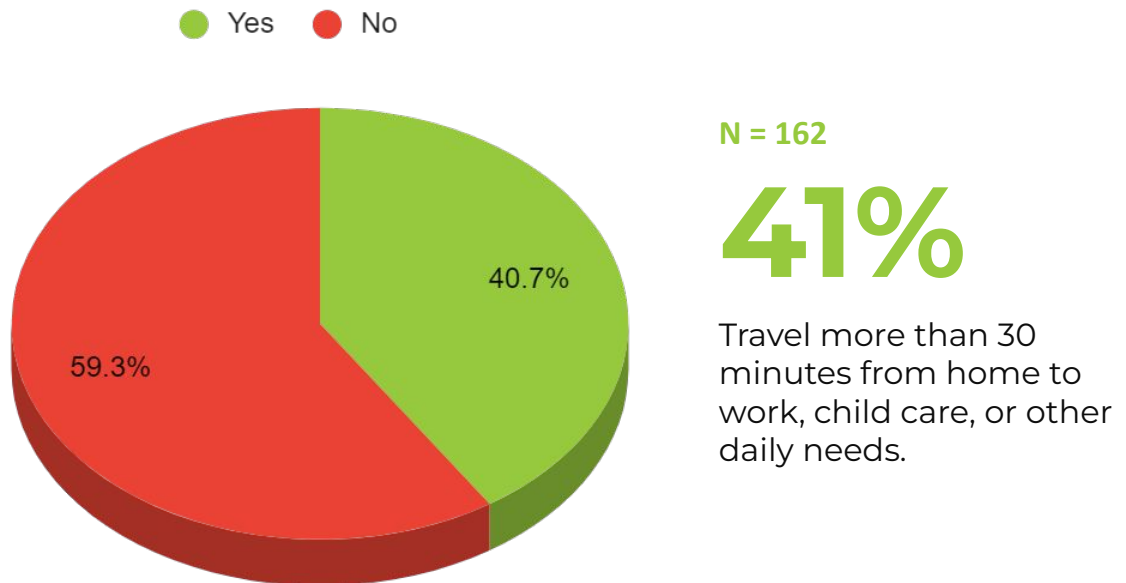
expressed interest in obtaining free Housing Authority METRO Eco Passes.



## How often do you use public transportation?



## Do you travel more than 30 minutes from home to work, child care, or other daily needs?

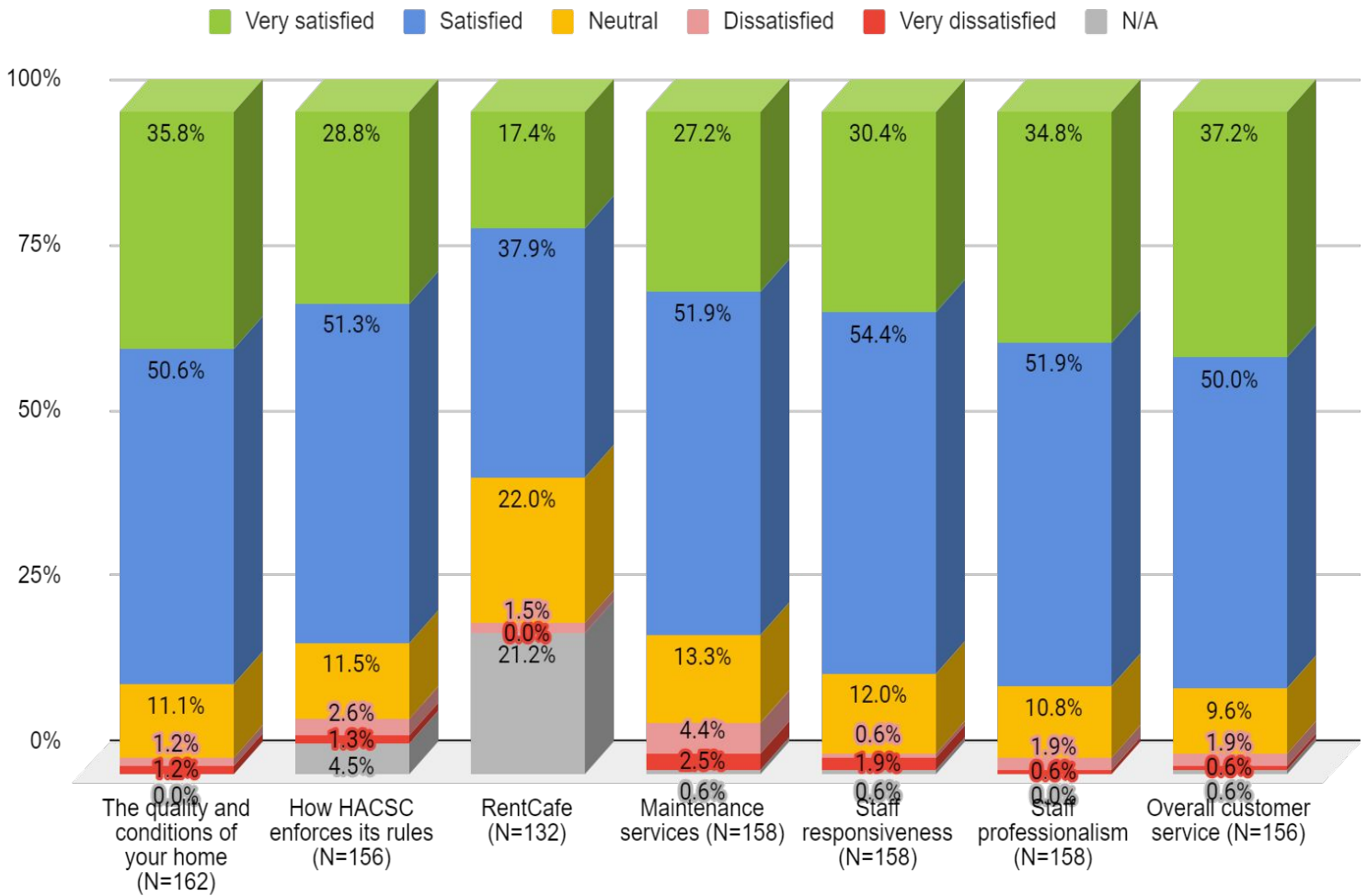


**What other public services are you interested in accessing and learning more about? Select all that apply**

Public benefits (cash aid, food stamps, etc.)	59.0%	79
Meals	51.5%	69
Bus passes / Transportation	38.1%	51
Senior support services	37.3%	50
Healthcare / Health screening	37.3%	50
Counseling / Behavioral / Mental Health	26.1%	35
Employment / Job training / Continued education	23.9%	32
Disability support and access	21.6%	29
Counseling in attaining self-sufficiency goals	17.2%	23
Financial planning (saving, budgeting, taxes)	16.4%	22
Immigration services	11.2%	15
Legal assistance (courts, records, etc.)	10.5%	14
Childcare	9.7%	13
After school care	9.0%	12
Tenant / Landlord mediation	6.7%	9
Veteran benefits	3.7%	5
Other	3.7%	5
Counseling on substance use	2.2%	3
Tutoring	2.2%	3

**N = 134**

## How would you rate the following?



**The majority of participants express satisfaction with The quality and conditions of their homes (86% satisfied or very satisfied), as well as HACSC enforcement of rules (79% satisfied or very satisfied).**

**Staff responsiveness, professionalism, and overall customer service received high satisfaction ratings overall.**

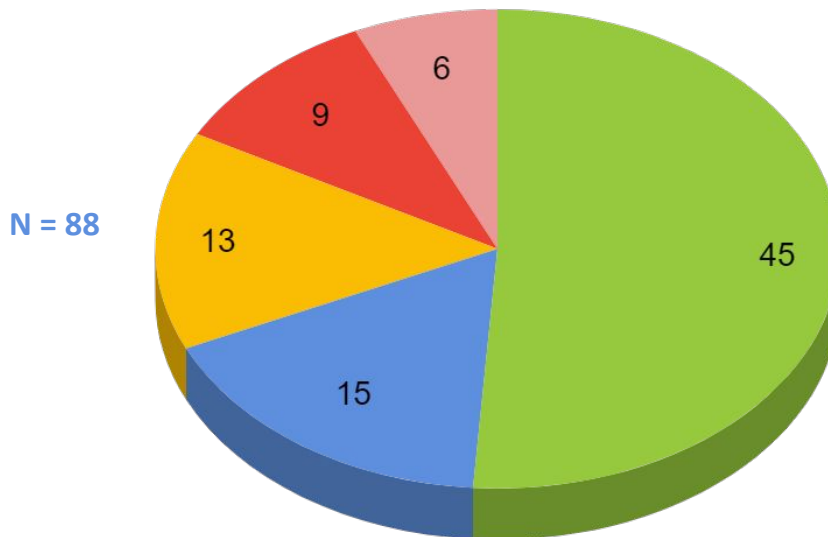
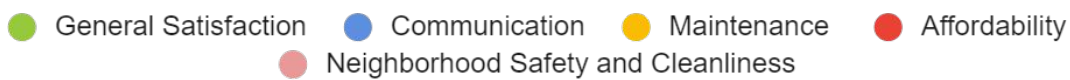
There are areas identified for potential improvement, such as Maintenance services and RentCafe satisfaction.

# What aspects of the Housing Authority's property management are working well for you?

The feedback provided includes appreciation for the assistance received, particularly in terms of affordable housing options, good customer service, and communication.

Residents expressed gratitude for the program's support in providing housing and improving their quality of life. They value safety, cleanliness, and sense of community. Maintenance services are generally praised, although some mention delays in repairs. The program's affordability and structure are highlighted, along with positive interactions with staff and overall satisfaction with the living arrangements. Some suggestions for improvement include faster response times for repairs and the installation of security cameras.

**Coded Analysis of Open-Ended Responses:** General Satisfaction (45), Communication (15), Maintenance (13), Affordability (9), Neighborhood Safety and Cleanliness (6),



## Key Themes:

### Gratitude and Satisfaction:

Recipients express gratitude for the assistance provided by the program, emphasizing its positive impact. Many recipients highlight how the program has helped them afford housing and live comfortably. There is praise for staff members being respectful, friendly, and accommodating when communicating in Spanish.

### Program Structure and Functionality:

Access to program information and resources, and office accessibility. Challenges with communication and receiving timely responses or follow-ups, Suggestions include organizing community meetings to address concerns and improve communication between tenants and property management.

### Housing Quality and Safety:

Satisfaction with the cleanliness and safety of their neighborhoods and housing complexes. Regular maintenance checks and repairs provided by the program, ensuring that everything remains in good condition. Suggestions for improvement include installing cameras for added security and addressing concerns related to maintenance delays.



## Continued: What aspects of the Housing Authority's property management are working well for you?

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*"Every time I call they answer in Spanish. Very friendly staff."*

*"El idioma, horario, pero sobre todo la caja segura que tienen para dejar documentos a cualquier hora (The language, schedule, but above all the safe box they have to leave documents at any time)."*

*"Muy satisfecha (Very satisfied)."*

*"Overall I like everything about it. Everything is fine. Every time you call they are responsive. They do a good job with maintenance."*

*"The program gave me and my family the ability to live comfortable, safe and beautiful area. Without the assistance of the program I wouldn't be able to afford housing."*

*"That I have a place to live."*

*"If I have emergencies and questions they are very responsive and helpful."*

*"La limpieza en mi vecindario y sobre todo es un lugar tranquilo (The cleanliness in my neighborhood, and above all, it is a quiet place)"*

*"Nos tratan con respeto y amabilidad , hay buen mantenimiento en mi vivienda (They treat us with respect and kindness, there is good maintenance in my home)"*

*"The property management' team is great. Always responsive, helpful and easy to work with."*

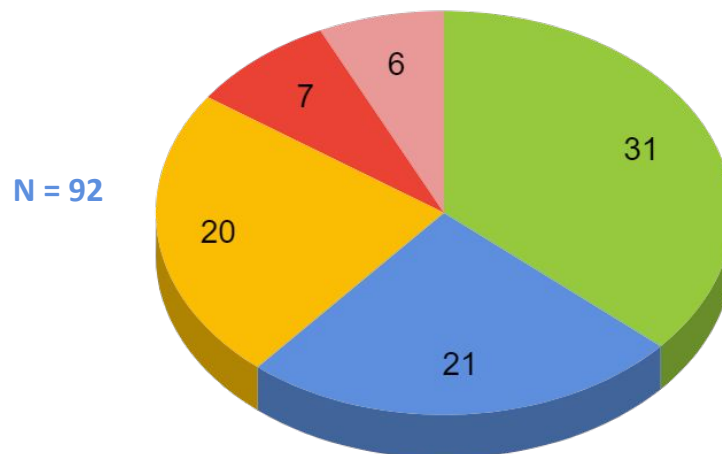
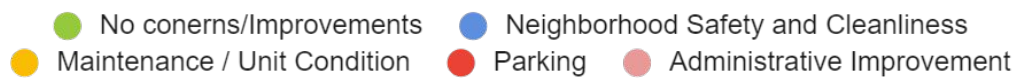
*"Todos los aspectos funcionan bien para mi (All aspects work well for me)"*

## What aspects of the Housing Authority's property management could be improved?

There were similar themes with the aspects that the Housing Authority property management does well, as well as areas for improvement. The feedback provided by residents highlights both positive experiences and areas for improvement. One significant concern expressed by a resident is the prolonged delay in maintenance issues, cleaning services, trash removal, concerns with pets and animals and increased vigilance through security cameras. Additionally, communication issues from some representatives, are also mentioned, and the implementation of an online rental payment options.

Amidst concerns, residents expressed satisfaction with certain aspects of the property management. For instance, bilingual staff are appreciated. Some residents also expressed contentment with the overall condition of the property and the smooth functioning of day-to-day operations.

**Coded Analysis of Open-Ended Responses:** No concerns / Improvements (31), Neighborhood Safety and Cleanliness (21), Maintenance/ Unit Condition (20), Parking (7), Administrative Improvements (6)



### Key themes:

#### **Maintenance and Repair Concerns:**

Frustration over delays in maintenance tasks, such as the replacement of floors, and lack of follow-up from property management.

Lack of maintenance in common areas, such as parking lots and green spaces.

Concerns about the need for better management of maintenance services and ensuring timely repairs.

#### **Rule Enforcement and Community Management:**

Better enforcement of community rules, including parking regulations and maintenance standards.

Cleanliness standards, particularly regarding the care of outdoor spaces and pet waste management.

Overcrowding of visitor parking spaces by residents.

Concerns about the safety and security of the neighborhood, including the need for surveillance cameras.

#### **Communication and Customer Service:**

Rude communication from some representatives

Residents emphasized the importance of improving after-hours emergency services

Improvements in communication methods, including bilingual staff and written correspondence.

#### **Rent Rates Management:**

Desire for better management of rent rates

Concerns about rental costs, particularly during periods of low employment.

Implementing online rental payment options

## Continued: What aspects of the Housing Authority's property management could be improved?

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*"Que las reparaciones sean más rápidas. Mejor atención al cliente. (That repairs be faster. Better customer service)."*

*" Rule enforcement for animals seems to be lacking. As well as other rule enforcement of common living areas."*

*"A los parqueaderos les falta demarcación ya que estan borradas (The parking lots lack markings as they are faded)."*

*"Communication and tone of some representatives can be rude at times."*

*"En mi opinion esta bien porque tienen personal bilingüe que atienden nuestras preguntas/preocupaciones en mi idioma. (In my opinion, it's good because they have bilingual staff who address our questions/concerns in my language)"*

*"Hasta ahorita siento que estamos bien (So far, I feel that we are doing well)."*

*"It is 2023/2024 you need to implement an online rental payment option. We should not have to mail or bring in a check every month."*

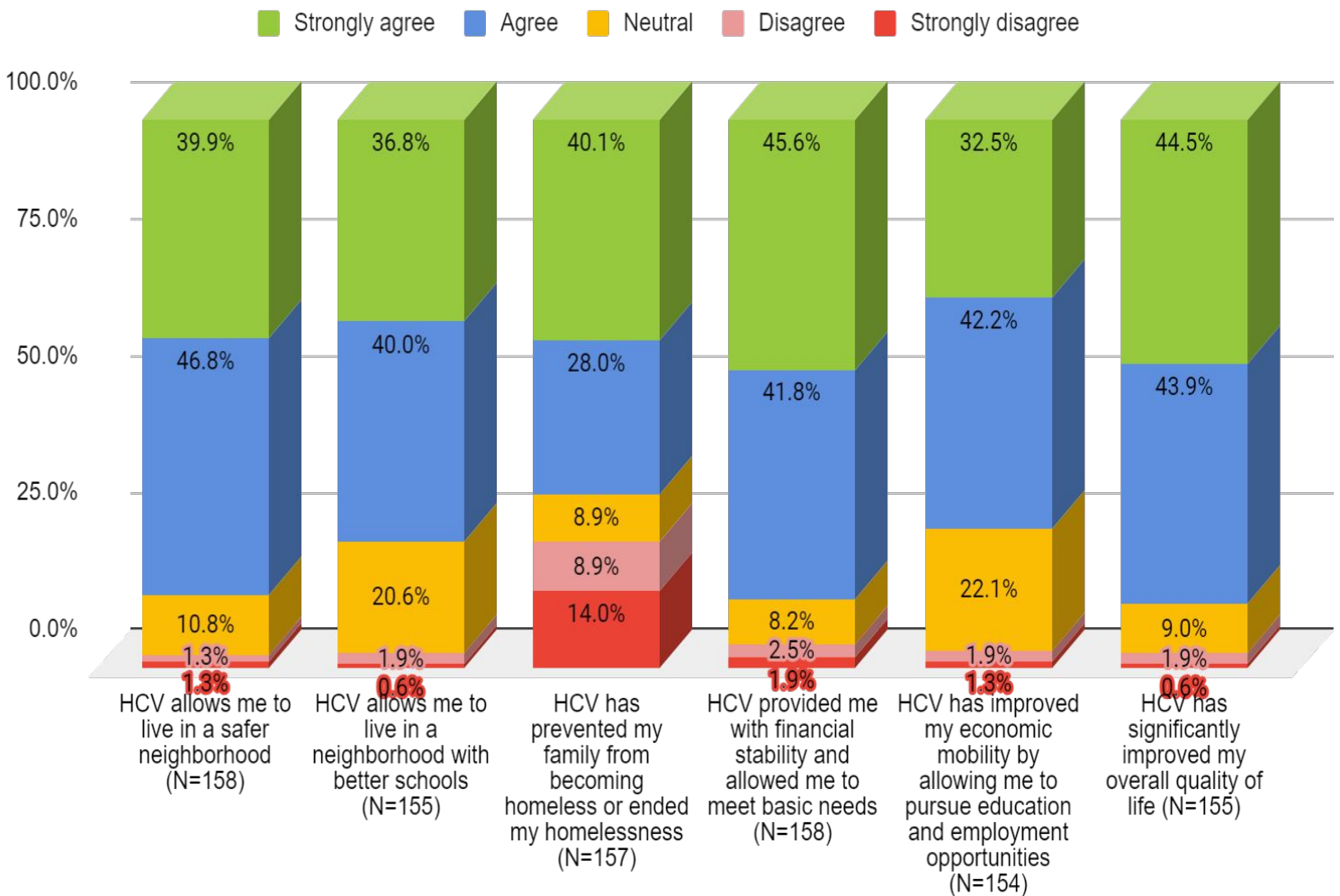
*"Sometimes papers get lost or used to get lost. RentCafe has improved this."*

*"The lack of term of communication my door is still not working properly."*

*"Inspections should be every 2 to 3 yrs and the tenants responsibility to call in between to have anything fixed. Also we should be allowed to do landscaping improvements to our yard"*

*"More washers and dryers"*

## How would you rate the following aspects of the HCV program's impact on your life?

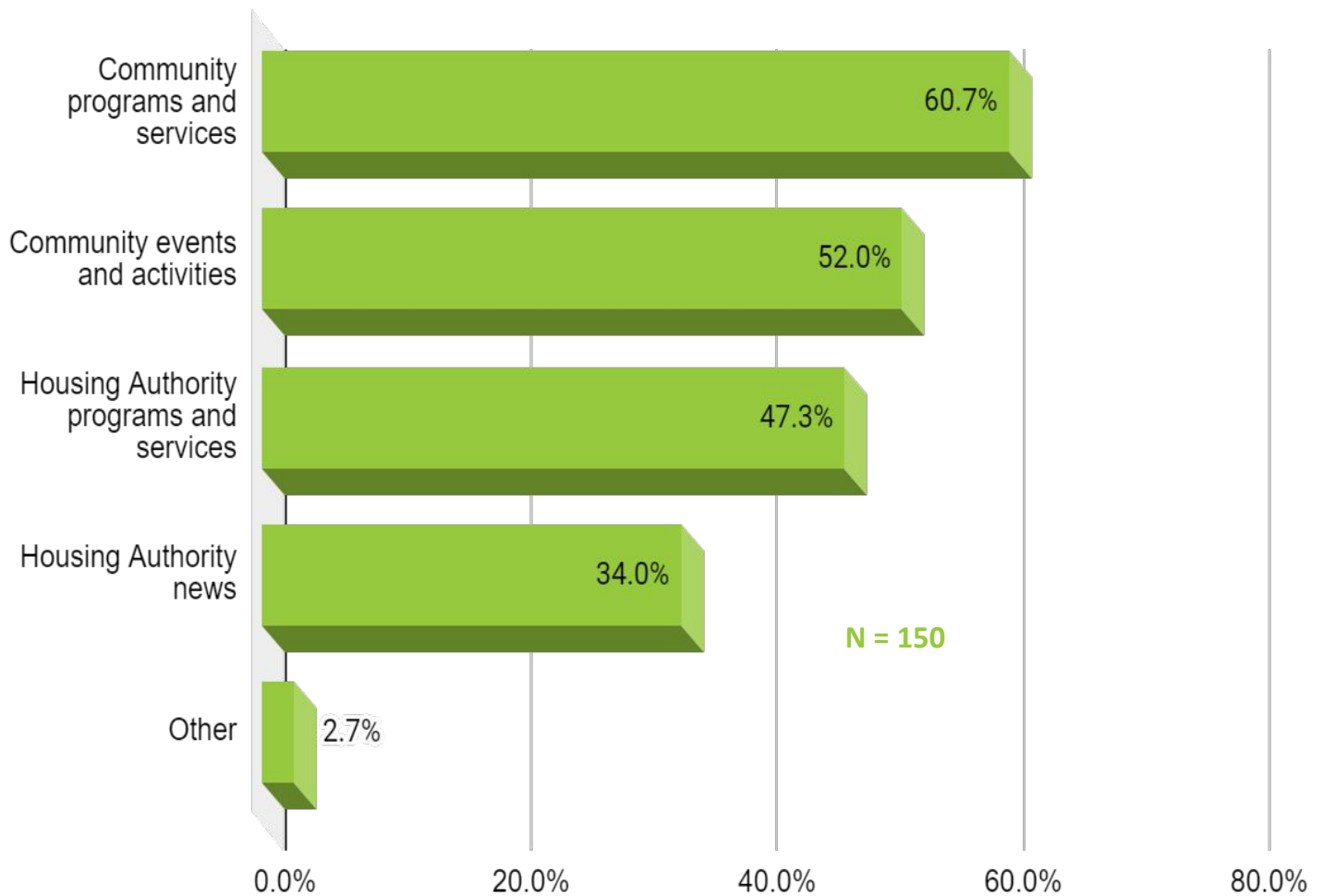


**88% of participants feel that the program has significantly enhanced their overall quality of life.**

**86% agree with the statement that HCV allows them to live in a safer neighbourhood and 68% stated that HCV has prevented their family from becoming homeless or ended homelessness.**

Over 87% express that the program provides financial stability and meets basic needs effectively. Additionally, approximately 75% agree that the HCV program has improved their economic mobility by facilitating education and employment opportunities.

**Which of the following newsletter topics would you be most interested in? Check all that apply**



**61% express interest in community programs and services, followed by 52% interested in community events and activities.**

Those that selected other expressed interest in free programs for children and teens, transitional job opportunities for adult dependents, assistance with paperwork, and information about the Housing Choice Voucher (HCV) program.

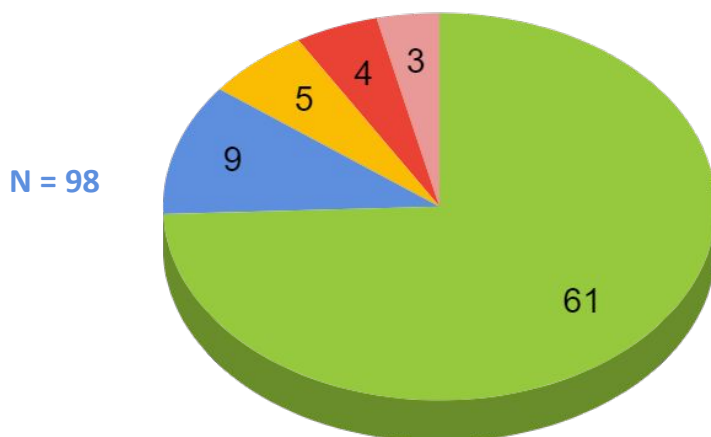
## Do you have any additional feedback or comments regarding your experience with the Housing Authority or the Housing Choice Voucher Program?

Many expressed sincere gratitude for the program, highlighting its indispensable role in providing stable housing for themselves and their families. Some participants mention feeling safe and comfortable in their homes, and the impact on their overall well-being and sense of security Housing Authority has provided.

Some participants express a desire in enhancing the program’s effectiveness and efficiency by proving available housing, assistance with rent payments, better communication and responsiveness from program staff. Maintenance issues also emerge as a concern, with participants noting instances where repairs or improvements were delayed or overlooked. There are requests for better education and support regarding program processes, such as rent payment portals. Participants express a desire for clearer guidance on how to navigate these systems effectively.

**Coded Analysis of Open-Ended Responses:** Gratitude and Satisfaction (61), Administrative/ Program Improvements (9), Maintenance (5), Communication (4), Neighborhood Improvements (3)

- Gratitude and Satisfaction
- Administrative/ Program Improvements
- Maintenance
- Communication
- Neighborhood Improvements



### Key Themes:

**Gratitude and Satisfaction:**

Expressions of gratitude towards the housing program for providing stability and support. Satisfaction with the service and program offered, particularly in terms of financial assistance and housing stability. Feeling safe and comfortable in their current living situation.

**Administrative/ Program Improvements:**

Suggestions for community improvement: organizing meetings for better coordination and addressing common issues together. Improvement in the voucher application process to expedite assistance and prevent prolonged homelessness. Requests for better online portals and tools for rent payment and document management to streamline processes for tenants. Requests for more assistance for specific demographics, such as the elderly, and for clearer information on programs like the voucher system.

**Maintenance:**

Issues with maintenance and repairs in the housing units, such as delays in addressing reported problems. Concerns about the condition of communal facilities like laundry rooms and the need for better maintenance and management.

## Continued: What aspects of the Housing Authority's property management could be improved?

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*"Dar las gracias por que gracias a la autoridad de la vivienda tengo mi hogar un gran program (Give thanks because, thanks to the housing authority, I have my home, a great program)"*

*" Everyone is so caring thank Housing Authority for giving us a place to live. Thank you to all the employees that always help us and are so patient."*

*"Gracias por el programa que me ayuda pude seguir estudiando y obtener mi AS Degree en cuidado infantil temprano sin estresarme con los altos precios de la renta. Gracias muy buen programa. (Thank you for the program that helped me continue studying, allowing me to earn my AS Degree in Early Childhood Care without stressing over high rent prices. Thanks, it's a great program.)"*

*"Here at the Merrill apartment complex kids need a playground"*

*"Took 15 years to get the voucher. Expedite the process somehow, for people to not experience homelessness for that long."*

*"We would like to have better understanding on how to use the portal for payment of rent and document reviews/uploads."*

*"The HACSC literally saved my son and I from being homeless and provided us with housing stability that I never would have found otherwise in Santa Cruz."*

*"I'm very grateful for this program which has allowed my family to remain in the area. Without it we would no longer be in this high cost area. My kids grew up here, good schools were nearby. It's nice to have good memories."*

*"No, todo bien, que bueno que hacen estas preguntas (No, everything's fine. It's good that you ask these questions)"*

*"Santa Cruz needs more public housing and moving to different units when composition changes."*

*"Thank you all for all your hard work."*

# LANDLORD SURVEY RESULTS

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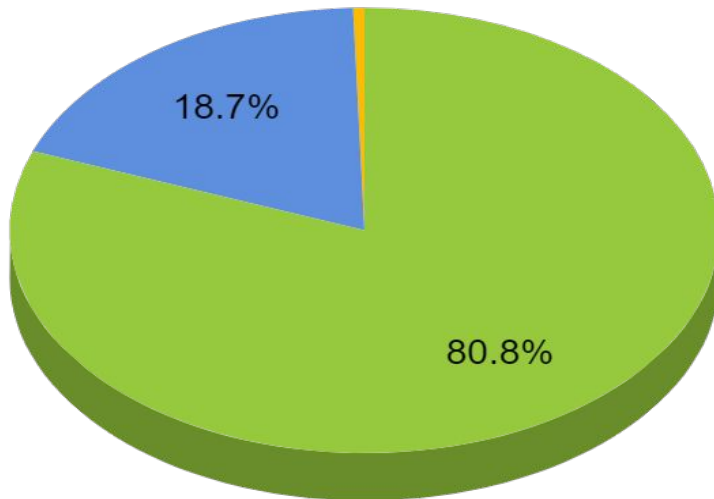
## Which of the following best describes you?

- Property landlord
- Property manager
- Other (please specify)

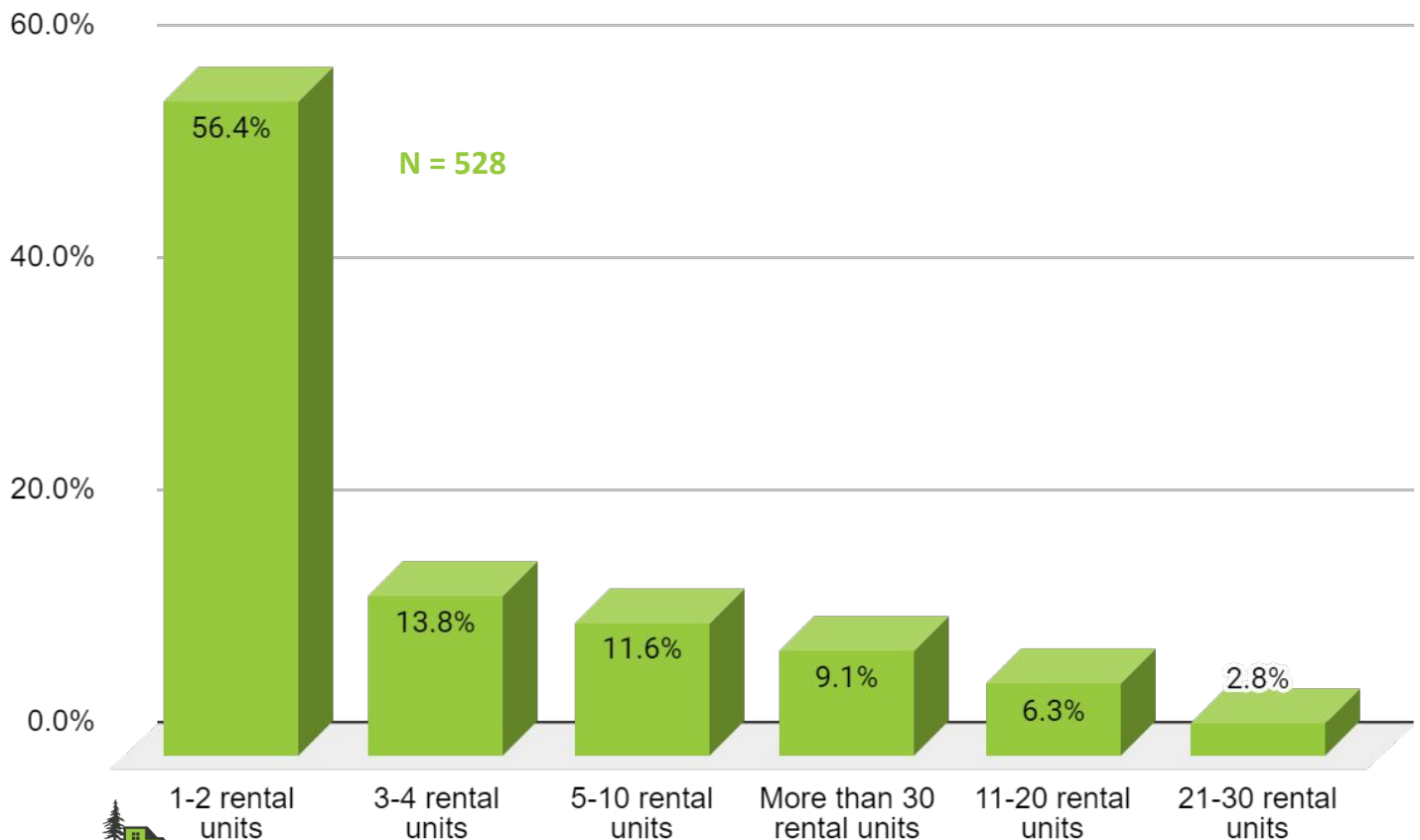
N = 583

# 81%

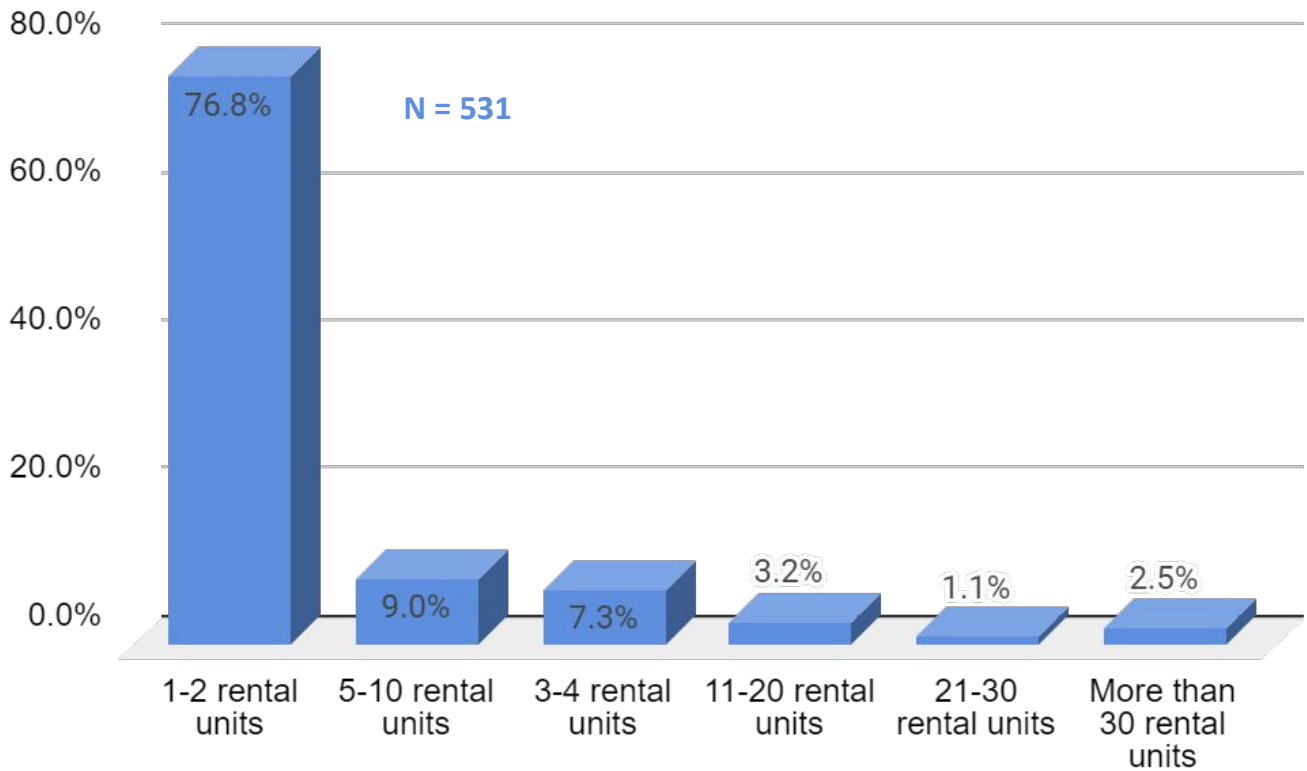
of the survey participants are property landlords, while over 18% identify as property managers. Other roles mentioned include Trustee, Owner and Trustee, as well as Sales and Acquisitions in the commercial sector.



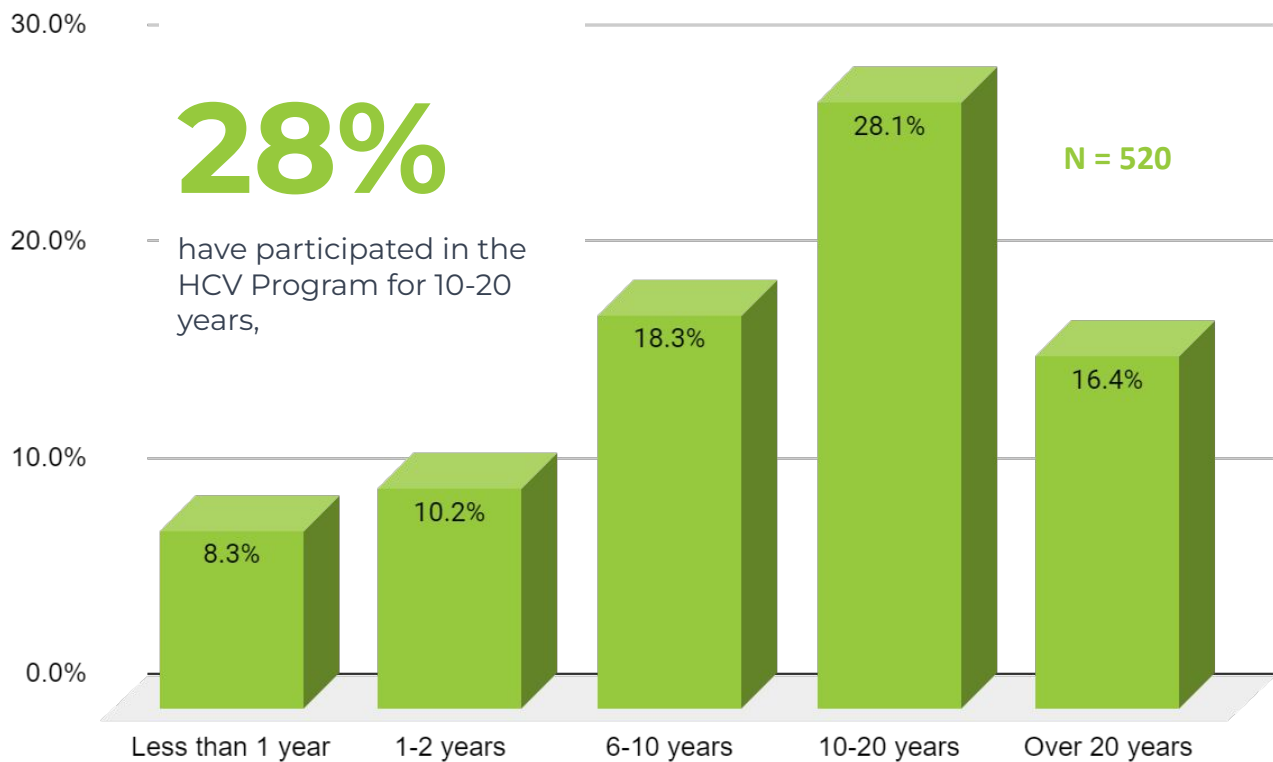
## How many total units do you own or manage within the County of Santa Cruz, and/or the Cities of Hollister / San Juan Bautista?



## How many of the units you own do you rent to Voucher Participants ?



## How long have you participated in the Housing Choice Voucher (HCV) Program?



## What are the reasons that you participate in the HCV programs? Check all that apply

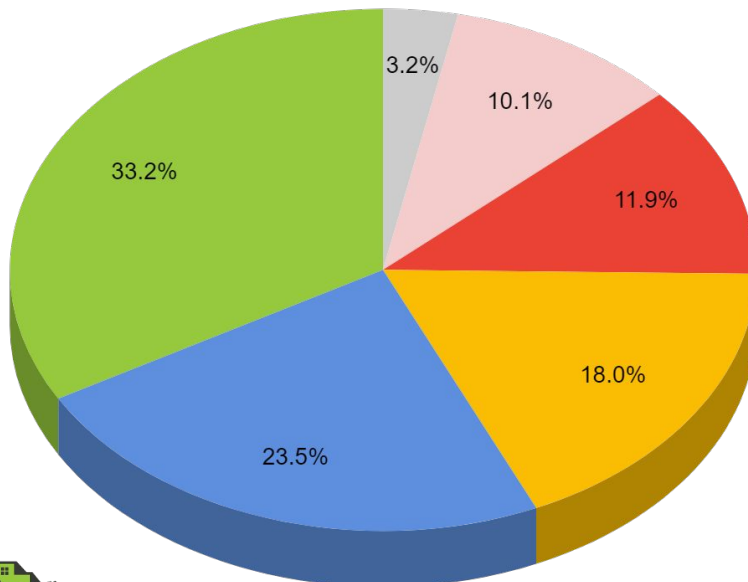
Steady rental income	70.5%	371
Helping others / Community benefit	61.6%	324
Tenant stability	45.1%	237
Reduced vacancy rates	25.5%	134
Tenant screening assistance	18.6%	98
Other	9.7%	51
Streamlined processes	4.9%	26
Tax incentives	4.4%	23

N = 526

The top reasons for participation in the HCV program are Steady rental income (71%), Helping others/Community benefit at 62% and Tenant stability (45%). Landlords that selected other, expressed a familial bond with tenants, recommendations from others, and making a positive contribution to the community. They often cited benefits to individuals with disability and their caregivers, single mothers and requests from those needing voucher assistance.

## How often do you inspect your HCV rented properties?

- Weekly
- Monthly
- Quarterly
- Semi-annually
- Annually
- As needed or requested



N = 527

# 33%

reported conducting inspections as needed or requested, highlighting a flexible approach to meeting tenant needs and property maintenance requirements.

## Do you encounter any challenges that hinder your participation in HCV Programs? Check all that apply

No	66.9%	347
Yes, administrative burdens	12.1%	63
Yes, communication challenges with the Housing Authority	11.6%	60
Yes, other	11.4%	59
Yes, reluctance due to past negative experiences	10.0%	52
Yes, concerns about loss of assistance	6.6%	34
Yes, unfamiliarity with available programs	5.2%	27
Yes, concerns about housing quality standards inspections	3.7%	19
Yes, difficulties with program requirements	3.3%	17

**N = 519**

**67% of landlords do not encounter any challenges that hinder their participation in the HCV programs.** Landlords highlighted other challenges faced in managing properties under the housing authority:

Issues such as landlord loss assistance, tenant eviction for lease breaches, and damages exceeding security deposits compound the difficulties. Keeping up with market price increases, delays in processing applications, and poor follow-through from HUD were major areas of concerns.

Despite encountering some good tenants, others prove problematic, necessitating support for evictions and landlord assistance. Lengthy approval processes result in financial losses, while difficulties in raising rents to market value persist. Tenant behaviors, including criminal activity and property damage, exacerbate challenges, alongside slow turnaround times for contracts and inspections. Maintaining property cleanliness and addressing damages upon tenant departure pose additional burdens. Communication hurdles with the housing authority team, concerns about the misuse of county funding for extended family members, and navigating clients with mental health present obstacles as well.

“Damage to units in excess of security deposits”

“Difficult to keep pace with market price increases. All are 30-40% below market and in danger of converting to open market rentals”

“I lost two months rent for a room while waiting for all the inspections and paperwork. I could have easily rented that room to a non-section 8 tenant and not lost any money.”

## What are your primary concerns as a landlord? Select three options

Wear and tear on property	59.5%	301
Unpaid rent	45.7%	231
Rent below market rates	33.2%	168
Vacancy loss	26.1%	132
Property taxes	25.7%	130
Utility expenses	21.0%	106
Finding reliable trades, other services	14.0%	71
Legal fees associated with lease termination	13.0%	66
Other	12.3%	62
Crime in the neighborhood	9.3%	47
Rental property value decline	8.5%	43
Foreclosure concerns	1.0%	5

N = 506

### **The top three concerns for landlords are in the areas of property maintenance, financial stability, and market competitiveness.**

The primary concerns for landlords with 59% of participants, is wear and tear on the property. Following closely is unpaid rent, a concern for 46% of landlords. Rent below market rates is also noteworthy, with 33% expressing concern. Those that selected other identified unreliable and deceptive tenants as their primary concerns, followed by bureaucratic hurdles of the program and administrative challenges. They also noted that because they rent below market value, the selling the property will not be as profitable.

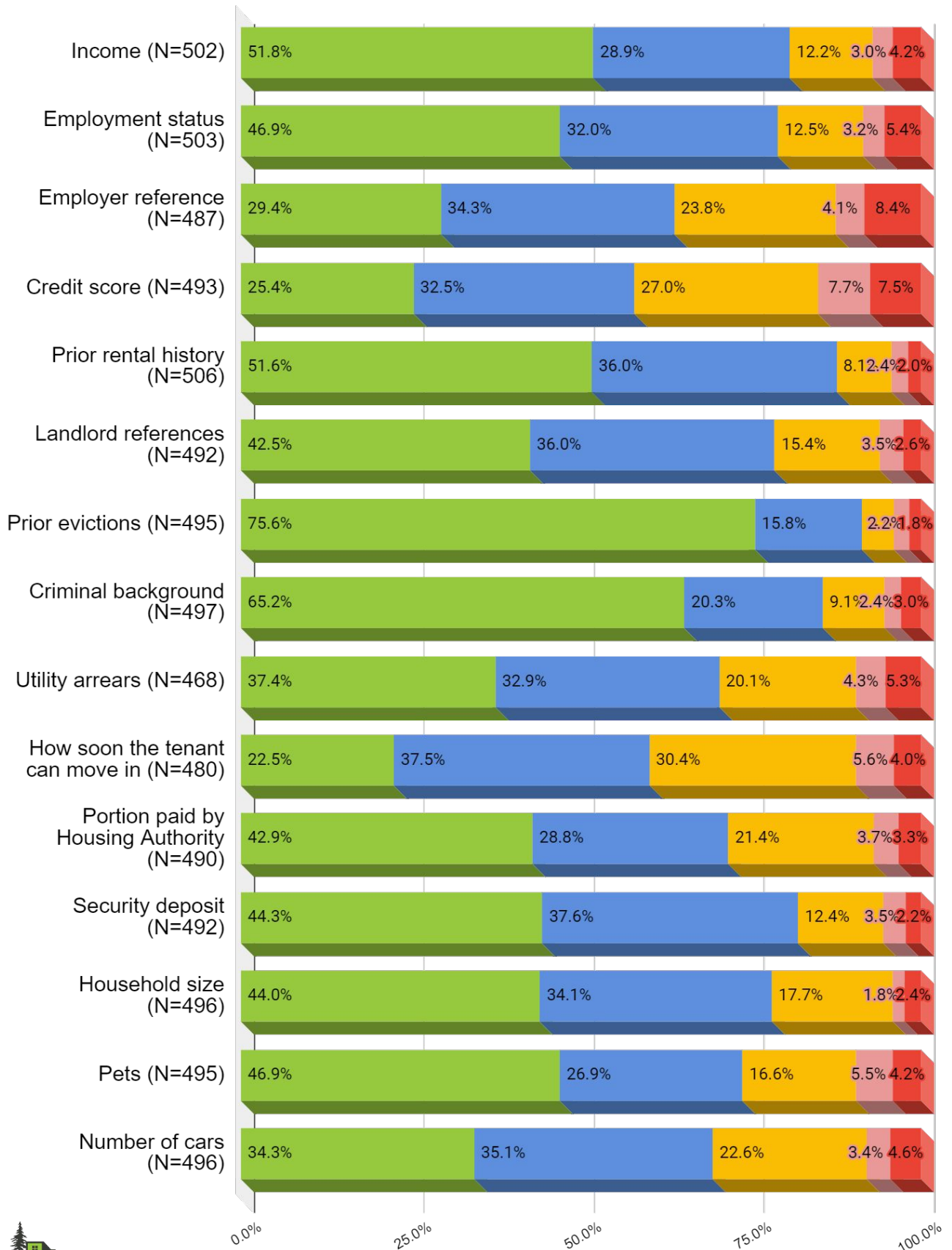
*“Fire insurance costs”*

*“HOA fee rising double digits per year due to higher insurance costs.”*

*“Landlord rights are slim when faced with a bad tenant and the process is lengthy”*

# How important are the following to you when reviewing rental applications?

Very important    Important    Neutral    Somewhat important    Not important



## Continued: How important are the following to you when reviewing rental applications?

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**Income and prior rental history emerged as the top considerations, with 52% rating them as "very important."** Employment status closely followed, with 47% regarding it as highly significant. Factors related to financial stability, such as credit score, landlord references, and the portion paid by the Housing Authority, were also prioritized, indicating a strong emphasis on financial reliability in tenant assessments.

**Prior evictions and criminal backgrounds garnered high importance ratings, with 76% and 65% respectively rating them as "very important," underlining the significance of past behavior in tenant evaluations.**

Beyond financial considerations, lifestyle factors also played a significant role in applicant assessments. Preferences regarding move-in timelines, household size, pets, and the number of cars varied, yet substantial percentages of participants regarded them as important.

For those participants that chose to provide more information regarding important factors when reviewing rental application listed good mental health, a quiet lifestyle, and respect for shared spaces. Personal referrals, in-person meetings, and tenant dependability were also important to many landlords. Some prefer renting to acquaintances or family, while others are cautious about parties, unregistered guests, and drug use. Presentation, personality, and politeness as neighbors matter, and community harmony were common themes.

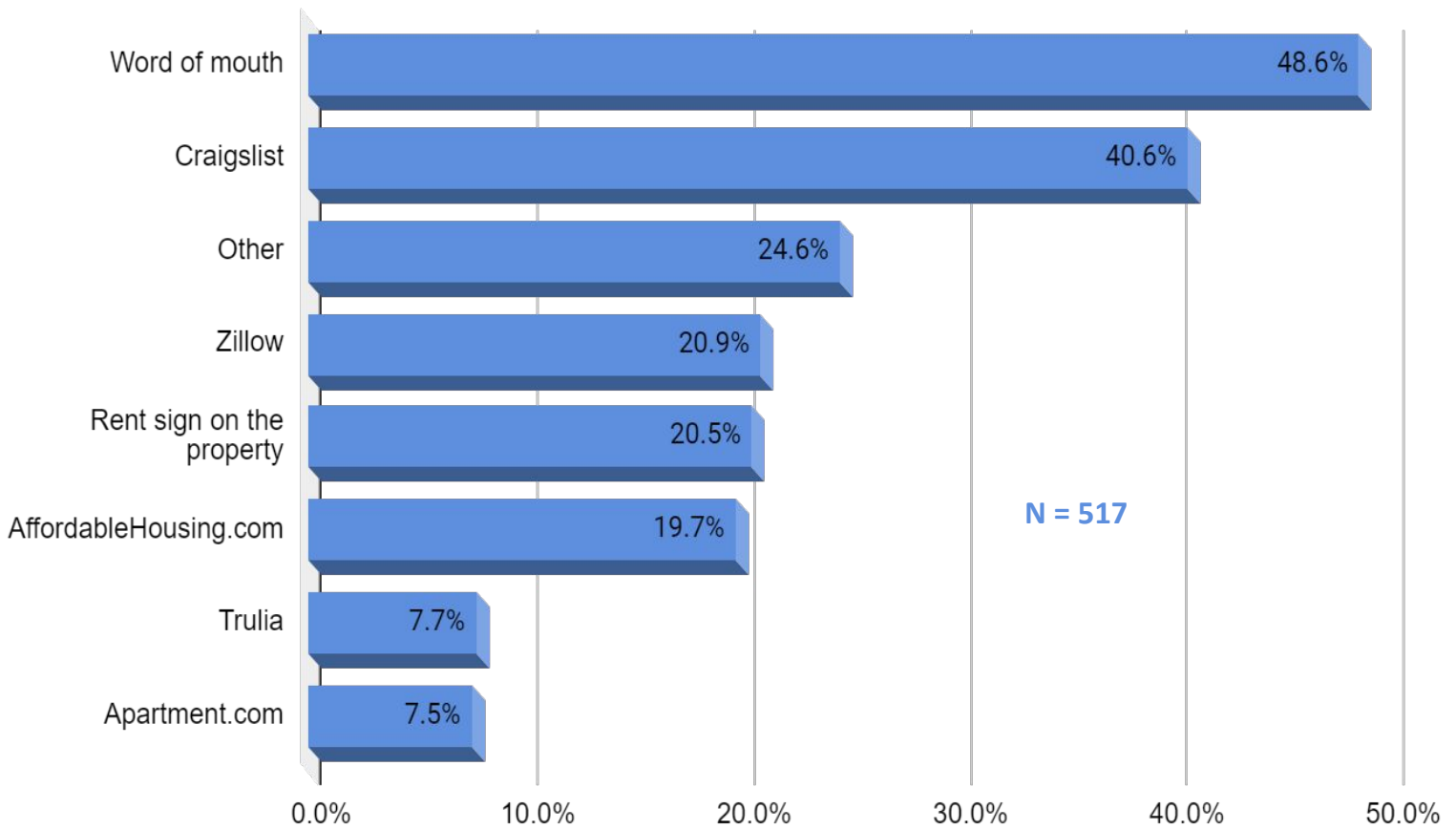
*"Tenant dependability and payment history"*

*"Why they're moving or looking to move. In regard to pets, what kind of pet? (The number of pets. Also, pit bulls, wolf breeds, snakes can be dangerous) Also, no smoking is important."*

*"Ability to get along with neighbors in the same building"*

*"Landlord references and the prior rental history is the most important"*

## How do you advertise vacant units to find prospective tenants? Check all that apply

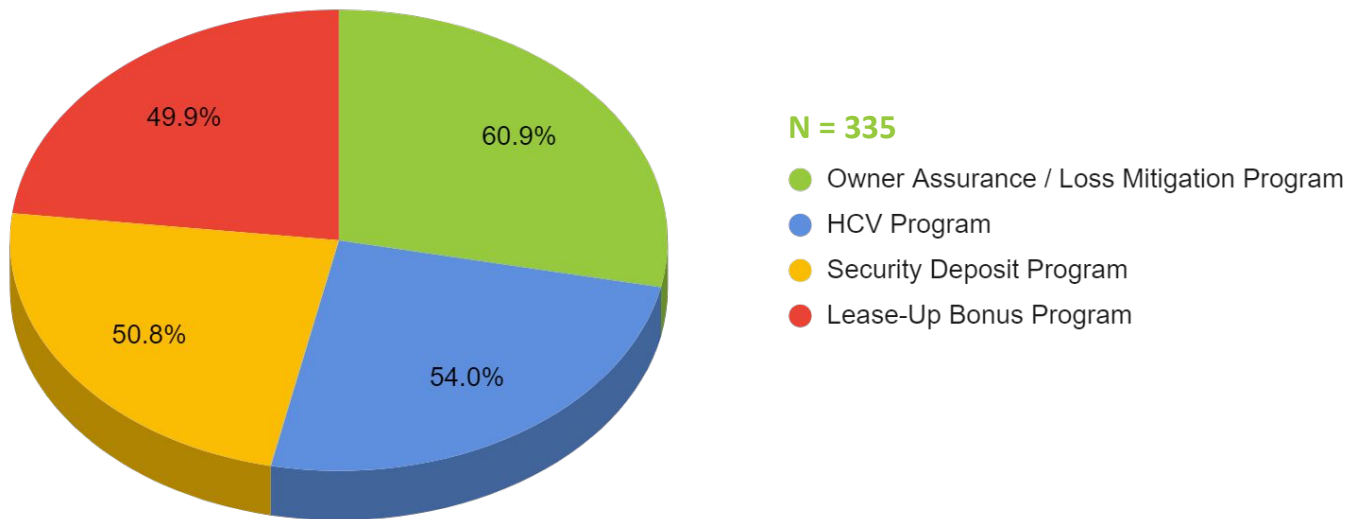


Landlords employ various methods to advertise rental properties. In addition to the choices selected many of them use traditional avenues like newspapers and bulletin boards, as well as modern platforms such as Facebook, Craigslist, and rental websites. Government and non-profit agencies also play a role, with properties listed on Housing Authority websites, HUD lists, and voucher programs.

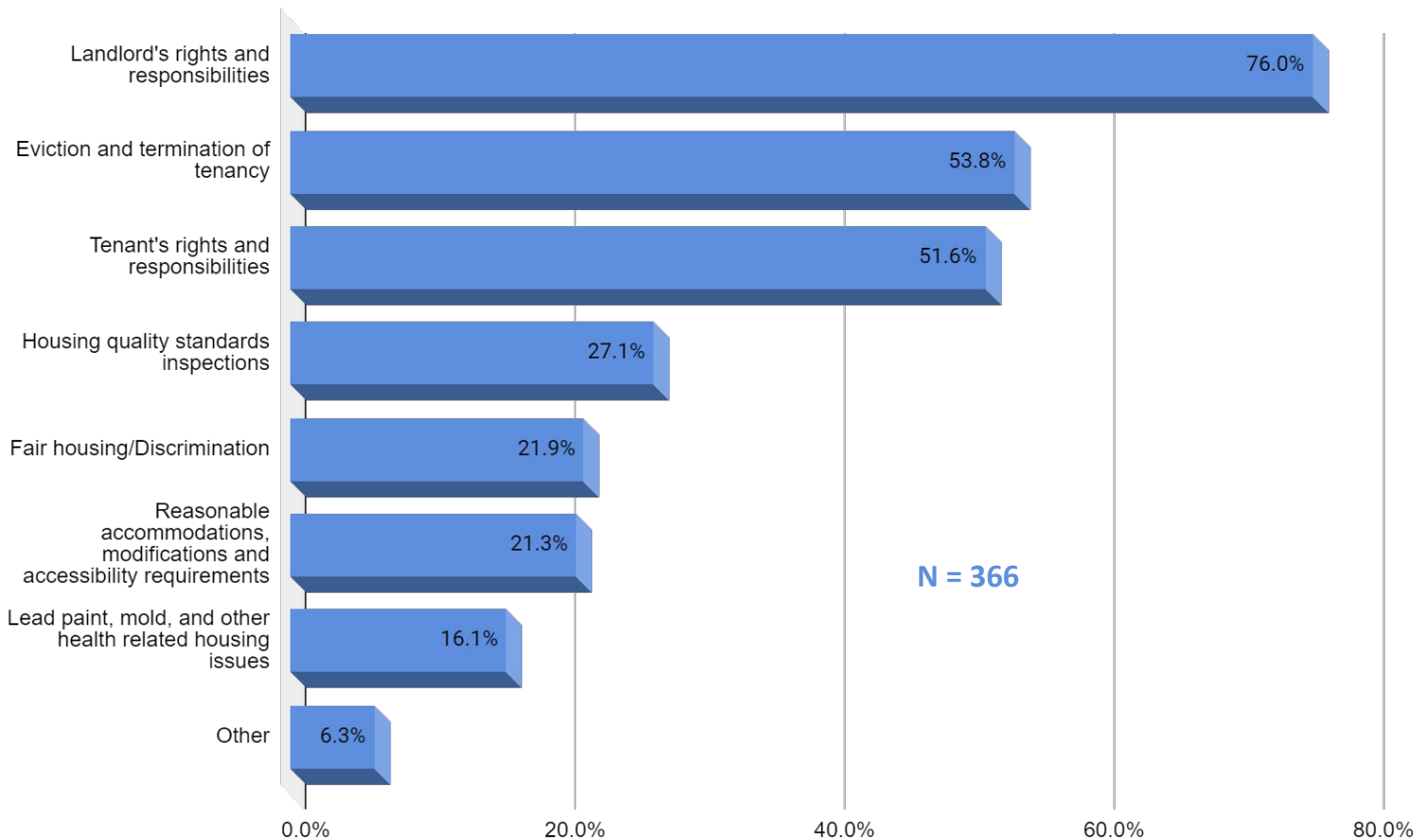
Personal networks, referrals, and assistance from property managers or real estate agents are common strategies, along with unique approaches like reaching out to specific organizations or leveraging stable tenant relationships.



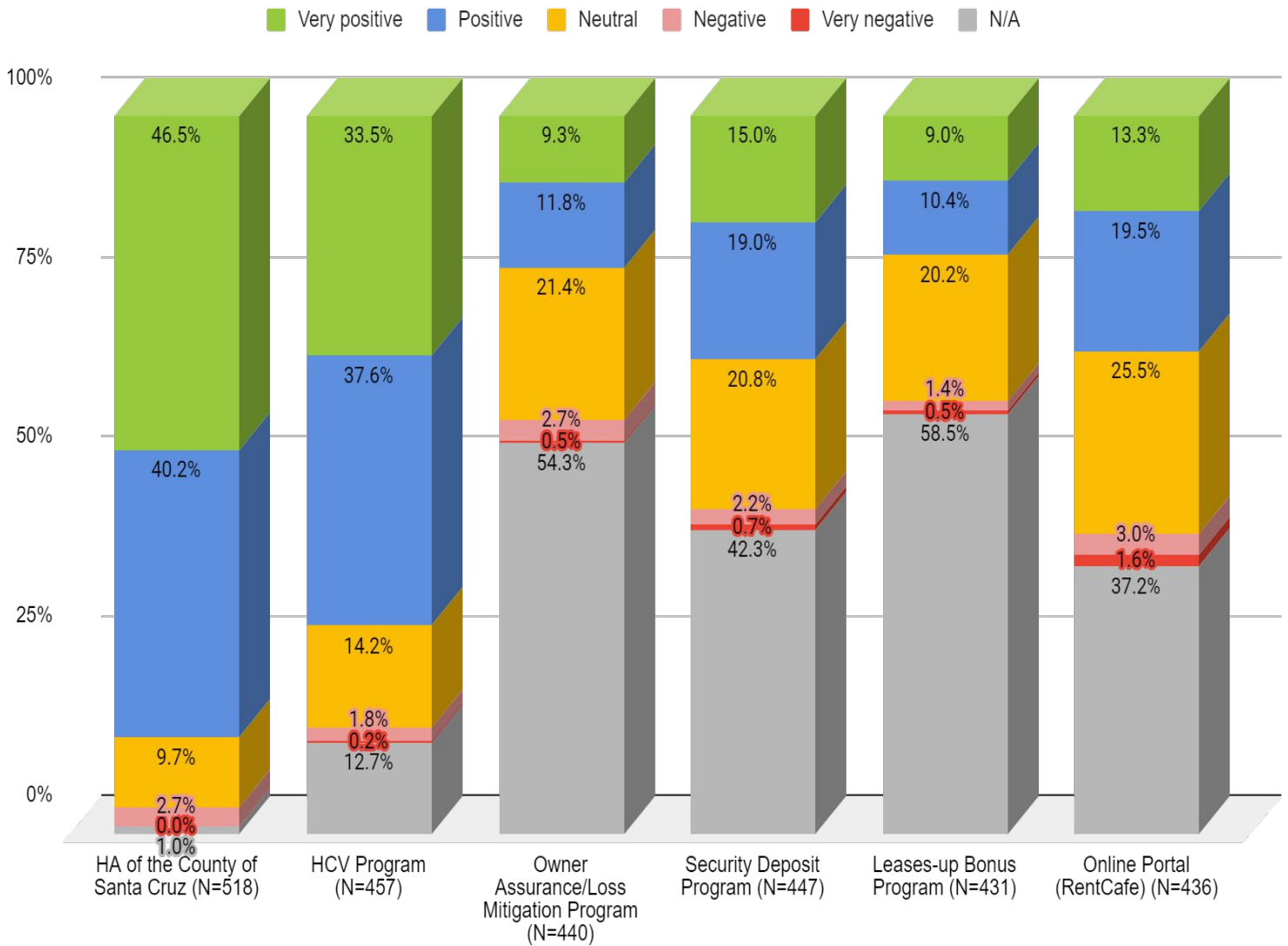
**Which of the following HACSC landlord programs would you be interested in learning more about? Select all that apply**



**Which of the following topics would you be interested in learning more about/taking classes on? Select all that apply**



## Overall how would you rate your experiences with the following?



**Overall, participants reported predominantly positive experiences with various housing assistance programs.**

**The HA of the County of Santa Cruz received high praise, with a combined 87% rating their experiences as positive (47% very positive and 40% positive). Similarly, the HCV Program was well-received, with a combined 71% expressing positivity (33% very positive and 38% positive).**

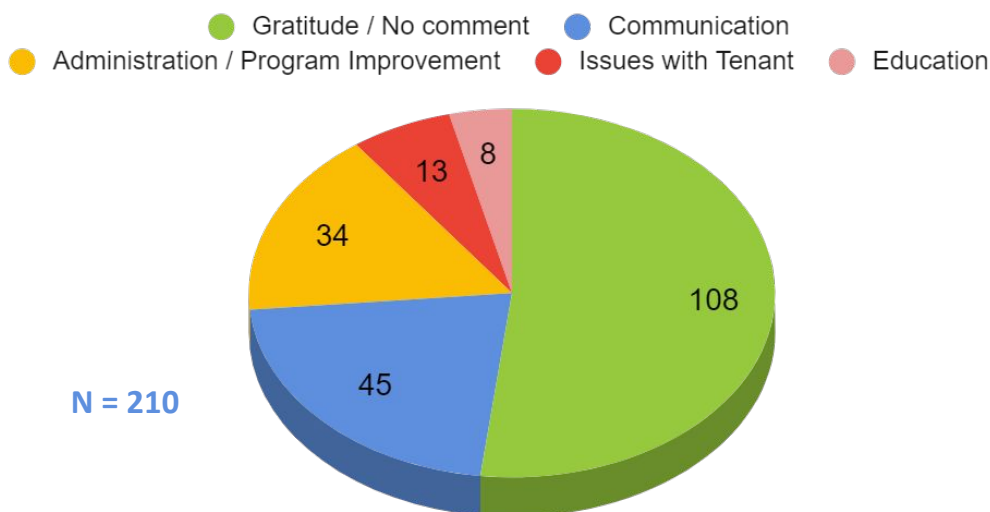
While programs, such as the Online Portal (RentCafe), also garnered positive feedback, with a combined 33% expressing satisfaction, there is potential for improvement.

## Do you have any additional feedback or comments regarding your experience with the Housing Authority or the Housing Choice Voucher Program?

Landlords acknowledge the positive impact of the program for them and their tenants, expressing gratitude and appreciation for the stability and support provided by the HCV program, and the assistance received by Housing Authority staff members.

Some landlords expressed difficulties in navigating the application process, understanding program details, notifications about rent increases and inspections, and more streamlined administrative processes. Tenant behavior and management pose ongoing challenges for landlords, with recurring issues related to cleanliness, property maintenance, lease breaches, and evictions. Landlords seek assistance in dealing with problematic tenants and enforcing lease terms effectively. Challenges such as delays in rent adjustments, inadequate reimbursements for tenant-caused damages, and the pressure to offer affordable housing, alongside escalating expenses such as taxes and utilities, add to their financial strain.

**Coded Analysis of Open-Ended Responses:** Gratitude/ No comment (108), Communication / Customer Service (45), Administrative / Program Improvement (33), Issues with Tenants (13), Education (8)



### Key Themes:

**Satisfaction and Appreciation:**

Overall positive experiences with the Housing Choice Voucher (HCV) program.  
Gratitude for the stability and support provided by the program.

**Program Efficiency and Communication:**

Difficulty in communication and getting responses from the Housing Authority.  
Requests for clearer guidelines, notifications, and updates regarding rent increases, inspections, and program changes.  
Suggestions for streamlining administrative processes and providing more information to landlords.

**Tenant Management:**

Concerns about tenant cleanliness and property maintenance.  
Problems with tenants breaching lease contracts, not paying rent, or causing damage.  
Requests for assistance with evictions and enforcing lease terms.  
Pressure to maintain income levels while providing affordable housing.  
Issues with rent adjustments not keeping up with increased expenses like taxes and utilities.  
Difficulty in receiving reimbursements for damages caused by tenants.

## Do you have additional feedback or comments regarding your experience as a landlord in the HCV Program?

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*"All tenants are like family to me. Thank you!!"*

*"As time went by it is been improving in a positive way!!"*

*"Assistance with the eviction of a tenant when they don't pay the rent, or are very dirty and breach the lease contract. Have assistance form HA to facilitate the process."*

*"Classes for tenants to increase their functional behavior and money management habits"*

*"Communication with the landlords could be better. We need to know rent increases in advance, not just 60 days. It is crazy that the idea of when the rent will increase is kept secret for so long. The customer service is extremely upsetting and disappointing."*

*"Concerns on how pricing gets adjusted. Taxes and utilities go up but rent has been the same."*

*"Glad we are housing people!"*

*"Grateful my rental unit was in the rental assistance program during the pandemic. It gave me the assurance of a steady income. "*

*"Hats off to inspectors - good folks"*

*"I believe that the housing assistance program is good for the community, but I do feel the tenants (some) abuse the goodness of the government funding. I would like to see more inspections and more available communication between the landlord and housing authority"*

*"Our family is grateful to you for the many years you have supported us and in our tenants in long partnerships for affordable housing. The experience has been wonderful for us. Thank you so much."*

*"Please conduct frequent landlord workshops or once or twice a year at least so many things to know and understand. Also tenant workshops"*

*"Thank you for all that you do!"*



# Thank You!

Zilo International Group, LLC is honored to have partnered with the Housing Authority of the County of Santa Cruz on this important project. It is our hope to build a long-term relationship and assist you in other areas as well.

**ZILO**  
INTERNATIONAL GROUP

Zilo International Group, LLC  
3939 East Arapahoe Road, Suite 210  
Centennial, CO 80122  
[www.zilointernational.com](http://www.zilointernational.com)

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 27, 2024

**ITEM NUMBER:** 6C

**FROM:** Executive Director

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

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**RECOMMENDATION:** Authorize staff to temporarily close the PBV RFP effective 8/1/2024

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### **BACKGROUND SUMMARY:**

In the past three years, in alignment with the Annual PHA Plan goals, the Housing Authority has substantially expanded the Project Based Voucher (PBV) Program to support the development of affordable housing, to increase the number of units available to voucher holders, and to provide additional housing opportunities for applicants on the Housing Choice Voucher (HCV) waitlist. The Housing Authority currently maintains an open Request for Proposals (RFP) to provide interested parties with the opportunity to request PBVs to stimulate new affordable housing construction and/or support preservation of existing affordable housing units. The Board of Commissioners establishes the evaluation criteria consistent with agency goals and priorities, and PHA staff score the applications received based on those criteria. The PBV evaluation criteria and RFP currently in effect were approved by the Board in April 2023, and the RFP was issued in September 2023 following HUD's approval of MTW related waivers.

Since the release of the September 2023 RFP, the Housing Authority has received an exceptionally high volume of PBV requests, including new applications for both new construction and existing affordable projects, along with applications from projects that already have an award of PBVs that have requested additional vouchers. In response to this strong demand for PBVs combined with voucher and funding limitations, staff recommend temporary closure of the PBV RFP effective August 1, 2024. Staff further propose to develop an updated framework and scoring criteria for PBVs that would be released to interested parties after approval of the Board of Commissioners. Staff are proposing this future temporary suspension of applications now, in order to give plenty of notice to any developers that may be in the process of preparing an application for PBVs based on the current criteria.

### Project Based Voucher Program Demand and Total Portfolio

The Housing Authority is experiencing unprecedented demand for PBVs since the release of the current RFP and Scoring Criteria. The Housing Authority has received eleven (11) applications totaling two hundred fifty-three (253) PBVs during this time, of which four (4) projects have passed threshold for a new or increased award of PBVs, totaling eighty-four (84) new PBVs conditionally awarded since September, with three applications pending review as of the date of

this report.

The PBV Program currently includes one thousand three hundred thirteen (1,313) total project-based units, of which three hundred seventy-nine (379) are currently under a Housing Assistance Payments (HAP) contract. An additional three hundred sixty-six (366) are committed under an Agreement to Enter into a Housing Assistance Payments Contract (AHAP), and two hundred ninety (290) are conditionally awarded and pending an AHAP. Further, two hundred thirty-four (234) former Low Income Public Housing (LIPH) and thirty-six (36) former U.S. Department of Agriculture (USDA) Section 514/516 farmworker housing units are in the process of converting to the PBV Program.

While most housing authorities have a PBV Program Cap of up to 30% of their total voucher portfolio (*20% baseline plus 10% for excepted units*), our agency has obtained an MTW waiver authorizing us to Project Base up to 50% of our total voucher portfolio. In July 2023, HUD-approved our Program Cap, based on an Annual Contributions Contract of 5,533 units, authorizing us to Project Base a maximum of 2,883 vouchers. Therefore, our current program size of 1,313 PBVs represents approximately 24% of our total voucher portfolio, bringing us up to almost half of our expanded PBV cap, with an additional 1,570 PBVs that may be committed before we reach our program cap.

In calendar year 2024, four hundred seventy-six (476) PBV units are expected to become available for occupancy, which includes two hundred forty-two (242) PBV units at newly constructed projects and the two hundred thirty-four (234) former LIPH units that are in the conversion process. One-hundred nine (109) units are expected to be available in calendar year 2025, and one-hundred seventy-one (171) are expected to be available in calendar year 2026. This represents all PBVs currently under AHAP and the USDA units that are in the conversion process.

#### Voucher and Funding Constraints

HACSC has made significant progress towards our goal of reaching full voucher utilization, with a goal of reaching 97% utilization in CY 2024, and potentially reaching at or near 100% utilization in 2025 / 2026 through a combination of regular HCV voucher issuance and the PBV units that will be ready for occupancy in the coming two years. As we get closer to full voucher utilization, both HCV and PBV use will be limited to replacing vouchers lost through attrition. In other words, the rate at which households leave the program will determine the extent to which we can add additional households to the program.

Historically, HACSC has experienced attrition rates of roughly 25 – 30 households per month, or 300 – 360 households per year. Therefore, once full voucher utilization is reached (which could happen as early as next year), we will be limited to adding roughly 300 – 360 families to our HCV/PBV program per year. If the current rate of PBV applications continue, the Housing Authority could soon be in a position where all of the vouchers we add to our program are PBVs, with no room left in the program for regular, portable, tenant based vouchers. Therefore, staff plan to provide additional information to the Board in the coming months with regards to anticipated

voucher and funding capacity, so that the Board may provide guidance on how many or what percentage of vouchers anticipated to be available may be designated to PBV projects, and how many we want to preserve for regular tenant based voucher issuance.

Beyond the voucher utilization limitations, there may also be funding limitations in the coming years. On August 31, 2023, HUD released the 2024 Fair Market Rents (FMRs). The FMRs for the Santa Cruz-Watsonville, CA MSA increased by 23.1%, the largest increase out of any FMR area in California. FMRs serve as the basis for the payment standards in the HCV and PBV Programs, and the Housing Authority adjusted its payment standards to be within the range required by HUD. Increases in Payment Standards lead to increases in Housing Assistance Payment (HAP) costs. To offset the increased expenditures, the Housing Authority relies on proportionate renewal funding from HUD. However, HUD has proposed to update the Renewal Funding Inflation Factor (RFIF) methodology this year in a way that materially alters the relationship between FMR increases and funding increases, resulting in an RFIF of 14%, roughly 9% less than the increase in FMRs. HACSC is currently engaged in advocacy to oppose the change in methodology. However, if HUD proceeds with the updated methodology, the resulting funding is expected to be sufficient in 2024, but may be insufficient to sustain the Housing Authority's current rate of voucher issuance for 2025 or 2026.

#### Summary

Given the number of PBVs being requested in response to the most recent RFP, combined with limitations related to the growth of our PBV program and voucher / funding utilization, the Housing Authority seeks to begin to provide advance notice to development partners and other interested parties that we will temporarily close our RFP on August 1, 2024. This will give developers time to complete and submit any applications that may already be in process. Additionally, staff propose to work with the Board of Commissioners to develop an updated RFP framework and scoring criteria that will allow the Housing Authority to continue to expand on the success of the PBV program within programmatic and funding constraints.

**RECOMMENDATION:** Authorize staff to temporarily close the PBV RFP effective 8/1/2024

#### **ATTACHMENTS:**

1. Summary of PBV Applications received since 7/1/23, PBVs Conditionally Awarded, and Projects Pending Conditional Award

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ



**PBV Applications Received 07/01/2023 – 03/14/2023**

<b>Project Name &amp; Address</b>	<b>Developer / Owner</b>	<b>Jurisdiction</b>	<b>Type of PBV Proposal</b>	<b>Total PBVs Requested</b>	<b>Total Units &amp; Affordable Units</b>	<b>% of PBV Units for Top HCV WL Applicants</b>	<b>Status of Application / Notes</b>	<b>Date PBV Application Received</b>
Pacific Station North – 902 Pacific Ave, Santa Cruz	Eden Housing	City of Santa Cruz	New Construction	20 <b>additional</b> 62 <b>total</b>	128 total  126 affordable	78%	Conditionally awarded 9 <b>more</b> PBVs for 51 total PBVs	10/04/2023
Baler Place – 340 Bridgevale Rd, Hollister	CRP Affordable	County of San Benito	New Construction	25	54 total  53 affordable	100%	Conditionally awarded 25 PBVs.	10/12/2023
Downtown Villa – 612 Washington Street, Santa Cruz	Central Coast Housing (Mercy Housing)	City of Santa Cruz	Existing Housing	3	5 total  5 affordable	0% until property's waiting list is exhausted (21 names)  Upon exhaustion, 100%	Denied – proposal did not meet minimum threshold score	12/06/2023
Westside Village – 850 Almar Ave, Santa Cruz	CRP Affordable	City of Santa Cruz	New Construction	25	42 total  41 affordable	100%	Conditionally awarded 25 PBVs.	12/06/2023
Lagoon Beach – 540 13 <sup>th</sup> Ave, Santa Cruz	Lagoon Beach Residents Association (Mercy Housing)	County of Santa Cruz	Existing Housing	17	31 total  31 affordable	0% until property's waiting list is exhausted (633 names).  Upon exhaustion, 100%	Denied – proposal did not meet minimum threshold score	12/21/2023
Nueva Vista – 136 Leibrandt Ave, Santa Cruz	Mercy Housing	City of Santa Cruz	Existing Housing	17	48 total  48 affordable	0% until property's waiting list is exhausted (104 names).  Upon exhaustion, 100%	Denied – proposal did not meet minimum threshold score	12/22/2023

Capitola Manor – 1098 38th Ave, Capitola	MidPen Housing	City of Capitola	New Construction	25	52 total 51 affordable	100%	Conditionally awarded 25 PBVs	01/12/2024
Washington Street – 335 Washington Street, Santa Cruz	Washington Street Residents Association (Mercy Housing)	City of Santa Cruz	Existing Housing	7	8 total 8 affordable	0% until property's waiting list is exhausted (155 names). Upon exhaustion, 100%.	Denied – proposal did not meet minimum threshold score	01/19/2024
Harvey West Studios – 119 Coral Street, Santa Cruz	Housing Matters / MidPen Housing	City of Santa Cruz	New Construction	40 <b>additional</b> 120 <b>total</b>	121 total 120 affordable	0%	Denied for additional 40, but retained conditional award of 60 PBVs + 20 S+C – proposal did not meet secondary threshold score to be eligible for a conditional award greater than the Standard Cap	01/31/2024
136 River Street – 136 River Street, Santa Cruz	For the Future Housing, Inc.	City of Santa Cruz	New Construction	25	51 total 50 affordable	100%	Application pending revisions before HA review	02/28/2024
Beverly Gardens – 4444 Scotts Valley Drive, Scotts Valley	CRP Affordable	City of Scotts Valley	New Construction	24	25 total 24 affordable	100%	Pending HA review	03/12/2024

Pinnacle Pass – 75 Mount Hermon Rd, Scotts Valley	CRP Affordable	City of Scots Valley	New Construction	25	40 total  39 affordable	100%	Pending HA review	03/14/2024
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**PBVs Conditionally Awarded**

<b>Project Name &amp; Address</b>	<b>Developer / Owner</b>	<b>Jurisdiction</b>	<b>Total PBVs</b>	<b>Total Units &amp; Affordable Units</b>	<b>% of PBV Units for Top HCV WL Applicants</b>	<b>Date of Original Conditional Award</b>	<b>Executed AHAP</b>	<b>Anticipated Occupancy Date</b>
Cedar Street Family Apartments – 538 Cedar Street, Santa Cruz	Pacific Union Parters	City of Santa Cruz	8	65 total  64 affordable	0%	06/28/2021	X	3/1/2024
Tabasa Gardens – 1482 Freedom Blvd, Watsonville	Eden Housing	City of Watsonville	37	53 total  52 affordable	57%	07/14/20	X	3/31/2024
Pacific Station South – 818 Pacific Ave, Santa Cruz	For the Future Housing, Inc.	City of Santa Cruz	47	85 total  84 affordable	100%	09/01/2020	X	04/1/2024
Former LIPH Units – Various, Santa Cruz County	New Horizons	Various	234	234 total  234 affordable	0% - top LIPH WL applicants	01/03/2024	N/A – Existing Housing	5/1/2024
Park Haven Plaza – 2840 Park Ave, Soquel	Novin Development	County of Santa Cruz	35	36 total  35 affordable	0%	01/24/2022	X	6/1/2024

Cienega Heights – 78 Atkinson Ln, Watsonville	MidPen Housing	City of Watsonville	37	80 total 79 affordable	86%	02/11/2020	X	6/7/2024
Sparrow Terrace - 139 – 141 Miles Lane, Watsonville	MidPen Housing	City of Watsonville	43	72 total 71 affordable	58%	04/28/2020	X	8/19/2024
Natural Bridges - 415 Natural Bridges Dr, Santa Cruz	New Horizons Affordable Housing and Development	City of Santa Cruz	20	20 total 20 affordable	100%	10/04/2022	X	8/22/2024
Veterans Village – 8705 Hwy 9, Ben Lomond	Veterans Board of Trustees	County of Santa Cruz	15	20 total 20 affordable	0%	01/24/2022	X	12/1/2024
Jessie Street – 316 Jessie Street, Santa Cruz	MidPen Housing	City of Santa Cruz	48	50 total 48 affordable	0%	10/22/2020	X	5/1/2025
The Bluffs at 44 <sup>th</sup> – 4401 Capitola Rd, Capitola	CRP Affordable	City of Capitola	25	36 total 36 affordable	100%	02/15/2022	X	7/16/2025
West of Fairview – Mimosa Street & Union Road, Hollister	Eden Housing	City of Hollister	40	100 total 99 affordable	100%	03/03/2023		6/1/2026
Harvey West Studios – 119 Coral Street, Santa Cruz	Housing Matters / MidPen Housing	City of Santa Cruz	60 & 20 project-based Shelter + Care units	121 total 120 affordable	0%	01/19/2021		6/1/2026

Pacific Station North – 902 Pacific Ave, Santa Cruz	Eden Housing	City of Santa Cruz	51	128 total 126 affordable	79%	06/04/2021	X	12/1/2026
831 Water Street – 831 Water Street, Santa Cruz	Novin Development	City of Santa Cruz	64	140 total 71 affordable	45%	06/29/2021		10/17/2027
Downtown Library – 600 – 698 Cedar Steet, Santa Cruz	Eden Housing	City of Santa Cruz	31	124 total 123 affordable	100%	03/03/2023		3/1/2028
Westside Village – 850 Almar Ave, Santa Cruz	CRP Affordable	City of Santa Cruz	25	42 total 41 affordable	100%	01/29/2024		TBD
Baler Place – 340 Bridgevale Dr, Hollister	CRP Affordable	County of San Benito	25	54 total 53 affordable	100%	2/7/2024		TBD
Capitola Manor – 1098 38th Ave, Capitola	MidPen Housing	City of Capitola	25	52 total 51 affordable	100%	2/9/2024		TBD

**Projects Pending PBV Conditional Awards**

<b>Project Name &amp; Address</b>	<b>Developer / Owner</b>	<b>Jurisdiction</b>	<b>Total PBVs</b>	<b>Total Units &amp; Affordable Units</b>	<b>% of PBV Units for Top HCV WL Applicants</b>	<b>Reason Pending Conditional Award</b>	<b>Anticipated Occupancy Date</b>
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Tierra Alta – 100 – 114 Tierra Alta Dr, Watsonville	Housing Authority of the County of Santa Cruz	County of Santa Cruz	36	36 total 36 affordable	100%	Need to complete HUD- required pre-inspection to qualify project as existing housing	02/01/2025
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## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 27, 2024

**ITEM NUMBER:** 8

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

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**SUBJECT:** Director's Report – March 27, 2024

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

Please call or e-mail me with questions you might have on any of the Agenda Items for the March 27, 2024 meeting. My phone number is (831) 454-5931 and my email address is [jennyp@hacosantacruz.org](mailto:jennyp@hacosantacruz.org).

**Natural Bridges Apartments** – Mild weather has allowed both exterior and interior work to continue at the site. Exterior work includes trim, siding, balcony work, and the application of finish coat and exterior paint expected to continue through the month of March and into early April. Interior work includes drywall soffits, windowsills, closets, and door framing. Interior paint work is scheduled to begin soon and continue into early April. Electric meters and panels were installed. We continue to work with architects, engineers, and PG&E on coordinating the trench work to bring permanent electricity to the site. Tenant occupancy is scheduled for Fall 2024.

**Roofing Project** – New Horizons released a Request for Qualification (RFQ) on March 25, 2024, for roofing contractors to bid on replacing the existing roofs at 15 properties. New Horizons has developed the RFQ materials and Scope of Services based on consulting services provided by Western Roof Consulting, Inc. The RFQ process will consist of two phases. Phase I responses are due April 8, and will be scored based on contractor experience. A short-list of contractors will be selected through this process for invitation to continue to the next phase of the RFQ process. Phase II is scheduled to conclude on April 26, and contractors will be scored on factors that include but are not limited to price, availability to perform roof replacement work, and references. New Horizons reserves the right to award more than one contract among two separate contractors in order to meet the timelines associated with this project. Roof replacement work is scheduled to be performed from June through October of this year.

**Solar on Multifamily Affordable Housing Program** – The Housing Authority is engaged with the Association of Energy Affordability (AEA), a technical assistance agency that specializes in energy efficiency and solar for multifamily housing. The AEA is the administrator of SOMAH program funds which is a financial resource to support the installation of solar panels at affordable housing sites. The AEA has conducted a preliminary assessment of our 19 housing properties to rank the solar feasibility of each property of which 7 were ranked Best, 6 Better, 4 Good and 2 Limited. Properties that were ranked as Best have significant sun exposure with no shading, and most properties have south facing roof planes. Properties ranked as Limited have significant shading with obstructed sun exposure. The AEA

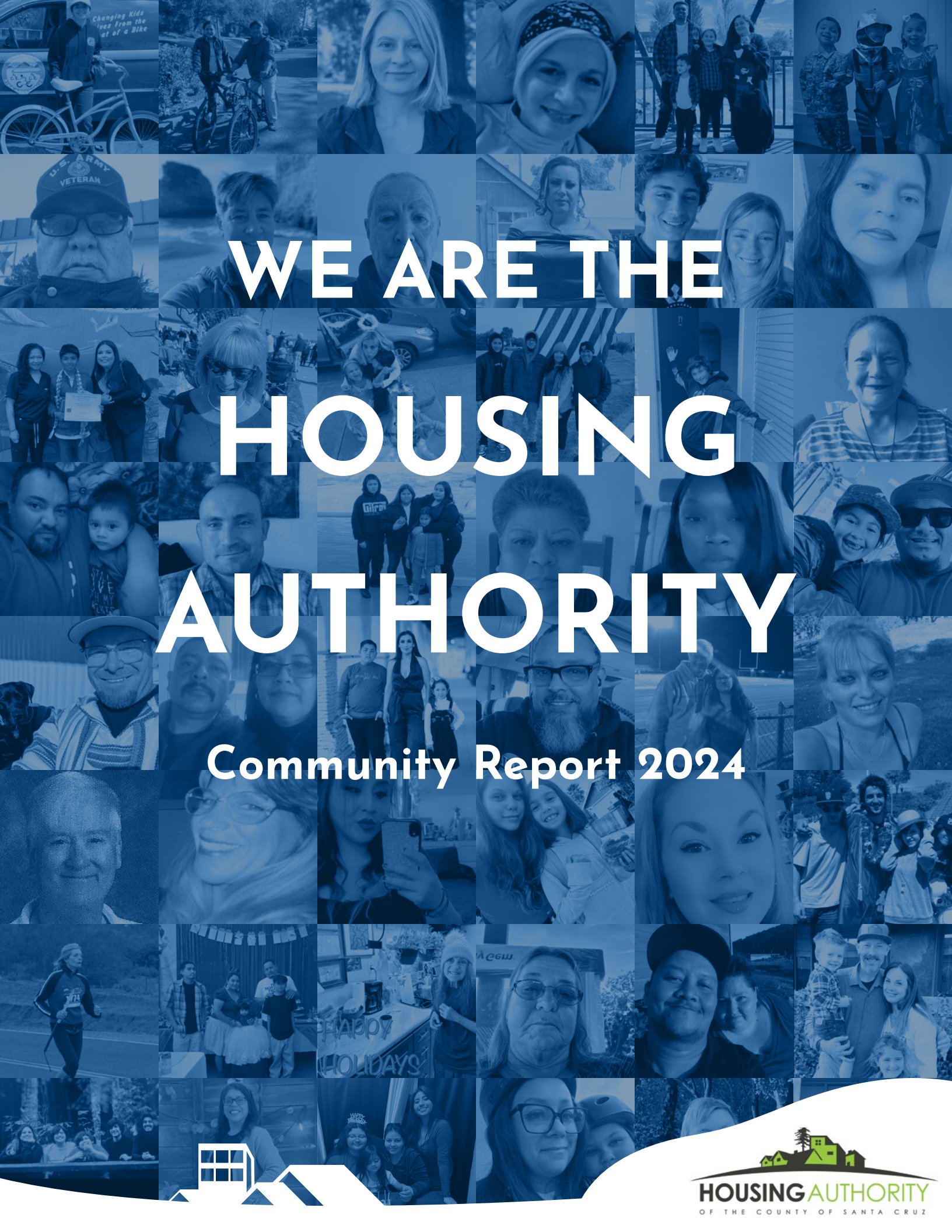
recommended our initial SOMAH application include the 7 properties ranked at Best since this is a significant project size. The Housing Authority is currently preparing a SOMAH application through the AEA for the 7 properties ranked Best. Based on the outcome of our initial application the Housing Authority plans to submit subsequent applications for sites ranked as Better or Good. The solar project will be incorporated into the roofing project and solar readiness is a component of the Scope of Services under the roofing RFQ project.

**2024 Community Report** – The Housing Authority has completed our 2024 Community Report, which is attached for your review. While the Housing Authority had previously published bi-annual Community Reports, to provide program updates and highlight our work in the community, this is our first Community Report since the COVID pandemic. The report, which was designed in partnership with Miller Maxfield, provides information about the ways in which our Agency has changed and grown in recent years, including our Moving To Work (MTW) designation, our nonprofit New Horizons, our development of Natural Bridges, expansion of our Project Based Voucher Program, and our resident services. The report also includes a profile of one program participant and one landlord. The Community Report is available on our website in both English and Spanish, and will be promoted via social media, through meetings with elected officials and community stakeholders, and at public events including Affordable Housing Month events in May.

**National Association of Housing and Redevelopment Officials (NAHRO) Pacific Southwest Regional Conference (PSWRC) *Save the Date*** – Our local regional chapter of NAHRO will be hosting our annual conference in San Jose this year, May 28 – 30<sup>th</sup>. Conference registration will open soon. We expect that this conference will include a Commissioners Fundamentals course that may be of interest to any Commissioners that have not yet taken this. Additionally, Brown Act training and Ethics training may be available as well. Housing Authority staff will inform the Board when registration opens, and provide any information that is available about the agenda.

**Appropriations and HUD Budget Update** – On March 8<sup>th</sup>, Congress avoided a government shutdown and passed the FFY 2024 Transportation and HUD appropriations bill with moderate funding increases. The House and Senate appropriations committees have stated that the bill would fund HUD at about \$70 billion for 2024. HUD has 60 days after appropriations to inform individual PHAs of our specific level of funding. Additionally, staff have heard reports that HUD is still evaluating their inflation factor methodology, largely in response to advocacy in opposition to HUD’s proposed changes which materially weaken the relationship between inflation factors and funding. Staff are continuing advocacy on this issue in collaboration with the California Association of Housing Authorities (CAHA), the National Association of Housing and Redevelopment Officials (NAHRO) and Representative Panetta’s office who are currently in the process of sending a letter to Secretary Fudge on our behalf. Staff expect to receive final 2024 funding information in the first week of May. With 2024 HUD appropriations finally adopted, the Biden Administration has released their Proposed 2025 Budget. Although 2025 budget discussions are in very early days, there are already some concerning proposals within the President’s budget related including less than full funding for all voucher renewals.





# WE ARE THE HOUSING AUTHORITY

Community Report 2024



# Letter from Executive Director & Board Chair

This is an exciting moment for the Housing Authority of the County of Santa Cruz as we embark on a transformational journey that is reshaping our future and re-imagining our role in the community. It is a painful reality that our county suffers from an extreme affordable housing crisis. High demand for housing has sent rental rates soaring, leaving too many of our neighbors homeless, or struggling to make ends meet in the face of crippling rent burdens.

In response to this affordability crisis, the Housing Authority is committed to widening our reach and deepening our impact. In September 2022, the U.S. Department of Housing and Urban Development selected the Housing Authority to join 17 other housing authorities nationwide to participate in a new cohort of the Moving to Work (MTW) Program. Through this program, we will develop and implement programs to encourage the creation and growth of savings accounts, aimed at helping to bridge the wealth gap and to promote economic mobility.

Our MTW status also provides new administrative and funding flexibility that positions us to embark on significant new activities and allows us to pioneer fresh, innovative solutions through our recently launched nonprofit affiliate, New Horizons Affordable

Housing and Development. These new activities include the construction of our first affordable housing development in over thirty years and the establishment of a new client services program. Our MTW status makes it possible for us to use housing as a platform to improve the quality of life for the families we serve through a new scholarship program, free high-speed internet, free bus passes, and more.

As we reflect on these transformative initiatives, we acknowledge there is much more work to be done. As always, we face these challenges with an irrepressible optimism and a willingness to embrace new strategies in the tenacious pursuit of our vision of affordable housing and thriving communities for all.



**Jenny Panetta,**  
Executive Director



**Andy Schiffrin,**  
Board Chair

## Board Members



**Providence Martinez-Alaniz**  
Vice-Chairperson



**Carol Berg**



**Silvia Morales**



**Richard Schmale**



**Ligaya Eligio**



**Annette Melendrez**

# Moving to Work: Dynamics in Motion

The Housing Authority was awarded Moving to Work (MTW) designation in September 2022 by the U.S. Department of Housing and Urban Development (HUD).

Our vision is to utilize MTW as a platform to increase economic mobility among Housing Authority program participants through asset building, financial literacy, education, and professional development.

As part of our MTW initiatives we are participating in a HUD-designed opt-out savings program, that we call **Savings for YOU**. 75 households, randomly selected by HUD, have been offered participation in an asset-building savings program to receive a modest monthly contribution towards personal savings over the course of two years. Additionally, families in the asset building program will be offered financial literacy workshops and coaching through our partnership with Ventures. HUD will evaluate the program to assess the impact on household financial well-being, which includes the amount of savings, the use of accumulated savings, changes in credit scores, and understanding of banking and credit concepts. The 75 households selected by HUD include 50 selected from all households, and 25 “deeply targeted” with extremely low-income and less than \$500 in assets. We will study the differences in impact on the two cohorts.

MTW is not just an asset-building program. MTW provides regulatory relief from many HUD rules, together with significant funding flexibilities, enabling us to design and test a wide range of new strategies to increase housing choice, economic mobility, and achieve administrative cost savings through new efficiencies. It represents a paradigm shift, changing the dynamics in how the Housing Authority operates its programs to greater benefit the households and community we serve.

The Housing Authority is off to a running start to implement MTW initiatives. We have already moved to an alternative reexamination schedule, saving valuable time for staff and participants, and increasing



economic mobility. We increased the Project-Based Voucher Program Cap from 20% to 50% to stimulate the development of new affordable housing and to expand housing choice. And we are poised to allocate MTW funds to directly support the acquisition and development of new affordable housing.

We are enthusiastic about the opportunity to implement new and innovative local initiatives that will improve administrative processes and client experience. MTW will also elevate the quality of services we offer, fostering personal growth and empowerment. As our MTW work evolves, we will continue to build on existing relationships and develop new partnerships with community-based organizations, financial institutions, educational organizations, and employment services that will benefit our community and clients.



# Project-Based Voucher Program

At the Housing Authority, we see the Project-Based Voucher (PBV) program as one of our most effective tools for stimulating the development of critically needed affordable housing.

The ability of the Housing Authority to award PBVs to developers has become increasingly important in a highly competitive rental market, in which many program participants struggle to locate a rental property with their vouchers. Due to limited availability of rental housing, many families face the dire choice of either losing their rental assistance or relocating to a new community. The PBV program allows us to allocate a portion of our Housing Choice Vouchers to specific affordable housing developments, which can also help a developer secure other financing such as federal low-income housing tax credits and state grants.

Additionally, we are committed to maximizing the number of the resulting units that are made available to applicants on the Housing Authority's waiting list. In this way, the PBV program results in more affordable housing, while also providing additional units that are exclusively available to families that either already have a voucher or are on our waitlist.

We are helping to create community with our development partners through an array of programs and services. PBV-funded projects such as the Sunrise Senior Apartments, a senior housing development, include supportive services and resident enrichment in two full-time staff members who are devoted to organizing classes and recreational activities. At La Playa Apartments and Sycamore Commons, family-focused properties, PBV-projects help fund an on-site Head Start Day Care center and an afterschool homework club for school-age youth, supported by UC Santa Cruz students. At the Bienestar Plaza, which shares a campus with the Santa Cruz Community Health Clinic and Dientes Community Dental Care Clinic in Live Oak, PBV households have easy access to medical care, oral health, behavioral health, and specialty care with a focus on pediatrics, all for low-income families.

We are proud to report that our PBV program is working! In fact, thanks to this strategy, 379 existing units are actively transforming lives across 17 affordable housing projects within the Housing Authority's jurisdiction, with an additional 572 project-based units in the pipeline that have been conditionally awarded for new properties under development. In total, we are on target to have over 500 new PBV units in service by June 2026, which are supporting the development of a total of 873 new affordable units in Santa Cruz County and San Benito County.



## Natural Bridges: Building a Foundation

Through our nonprofit affiliate New Horizons Affordable Housing and Development (New Horizons), the Housing Authority is building our first new affordable housing development in over 30 years!

**Natural Bridges Apartments** will be a three-story, modern, all-electric building that harmonizes with the surrounding landscape. Located in the coastal zone on Natural Bridges Drive, the complex will consist of 20 studio units. This new community boasts proximity to open space, trails, beach access, and popular neighborhood amenities on Mission Street. This new development is designed to be sustainable, featuring rooftop solar panels and energy-efficient appliances. These technologies will help to minimize the environmental impact and reduce utility costs for residents. Funding for the green features of the project was provided by Central Coast Community Energy.

The project is supported by the Project-Based Voucher (PBV) Program, a federal rental assistance program administered by the Housing Authority, which ensures residents pay a truly affordable rent, limited to 30% of their monthly income. PBVs are an important tool that stimulates affordable housing development by ensuring affordable housing is more financially viable while making it possible for units to be truly affordable, even for extremely low-income families.

We are especially thankful to have the support of U.S. Representative Jimmy Panetta, who recently said, "Affordable housing is a pressing and prevalent issue for the people of the 19th Congressional District. The construction of the Natural Bridges Apartments demonstrates that the federal government can play its part by providing Project-Based Vouchers and collaborating with local partners for practical solutions for affordable places to live."

Prospective residents will be chosen from the Housing Authority's waiting list for individuals earning up to 50% of the area's median income. Residents will receive rental assistance through the PBV program.

Construction commenced with the groundbreaking ceremony on May 30, 2023, with the anticipated project completion set for fall 2024.

### Project Team:

Architects: William C. Kempf Architects and Thacher & Thompson Architects  
General Contractor: Bogard Construction  
Legal: Goldfarb & Lipman, LLP  
Funding: Central Coast Community Energy and the Housing Authority of the County of Santa Cruz

Approximately **205** project-based units are anticipated to be ready for occupancy in 2024, **73** in 2025, and an additional **235** in 2026. In total, we are on target to have over **500 new PBV-based units in service by June 2026. 71%** of all new affordable housing developments in Santa Cruz County are supported by Project-Based Vouchers.

# New Horizons: Transforming Lives Through Partnerships and Engagement

New Horizons, the Housing Authority's nonprofit affiliate, was established with the purpose of increasing the supply of affordable housing and providing client service programs to participants and residents.

The progress of our Natural Bridges Apartments project provides New Horizons with the proven experience needed to seek out larger and more complex development projects. Building affordable housing requires support in a variety of forms, including advocacy, technical assistance, and financial resources. Collaboration is critical to meeting the challenges associated with building affordable housing in our community.

In an increasingly digital world, the need for reliable internet access is paramount. To address this need, we teamed up with Cruzio Internet to help bridge the digital divide by providing free high-speed internet to seven Housing Authority-owned properties. The result is internet access for a multitude of households, which also includes support through the Equal Access Santa Cruz program.



Because transportation barriers can hinder education and employment, we have also partnered with Santa Cruz METRO to offer free bus passes for residents who live in Housing Authority properties. And, to make transportation and physical fitness more accessible, we partnered with the Community Bike Collective for bike giveaway events, which have supplied 30 residents with bicycles, helmets, and other safety equipment.

The New Horizons Scholarship Program empowers participants to pursue education opportunities. In its inaugural year, an impressive 97 people applied, with 58 receiving scholarships totaling \$60,000. The program recipients, who are pursuing diverse careers, serve as inspiring role models for others.

These initiatives not only meet immediate needs but also create a ripple effect of positive change. Scholarships inspire education pursuits, internet access sparks innovation, bikes provide transportation and fitness, and free transportation reduces disparities.

New Horizons is a catalyst for a more equitable, sustainable, and vibrant community. In 2024, we plan to offer programs that include workshops on tenant and landlord rights and responsibilities, as well as a new conflict mediation program aimed at providing a neutral third party to assist in the resolution of tenant and landlord disputes and prevent evictions.

## Bike Giveaway

**We are thrilled to announce an incredible partnership between the Housing Authority and the Community Bike Collective! Newly refurbished bicycles, helmets, and top-notch gear are being handed out free of charge! It is not just a gift; it is a catalyst for change and personal growth. More bicycle giveaways are coming in 2024!**



# Mastering Resilience: From Adversity to Achievement

In a remarkable tale of resilience and transformation, Antonio has overcome the hardships of homelessness and the challenges of deployment to emerge as a master's degree candidate at California State University, Monterey Bay.

Antonio's journey began with his enlistment in the Army National Guard, leading him to a deployment during the Iraq War, where he rose through the ranks to become a Sergeant. However, upon returning to the United States, he found himself without a home, joining countless veterans facing the harsh reality of homelessness.

Witnessing the struggles of daily life firsthand while searching for stability, employment, and purpose, Antonio's fortunes changed when a fellow veteran recommended the Veterans Transition Center. This pivotal moment marked the start of a transformative path for Antonio, leading him to Monterey Peninsula College and a home in Santa Cruz with a housing voucher designed for veterans.

Antonio has utilized his voucher to propel himself through an educational journey that saw him earn both associate and bachelor's degrees. Despite missing crucial family milestones and events, he remained unwavering in his commitment to education, emphasizing gratitude to the Housing Authority and

the Department of Veterans Affairs for the support that fueled his pursuit of academic excellence.

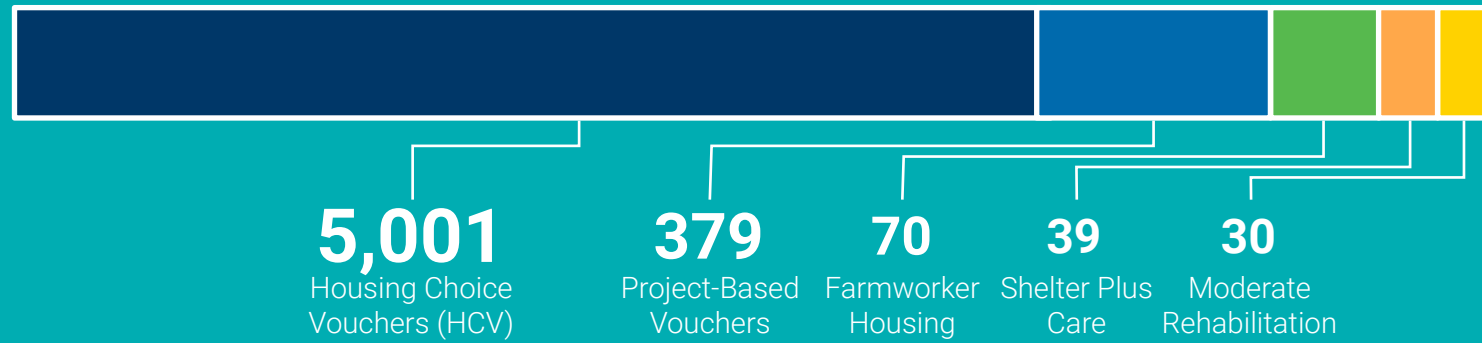
Currently on the brink of graduating with a Master of Social Work from CSUMB and a testament to his dedication, Antonio's capstone project focuses on prioritizing housing interventions for individuals battling substance use disorders. He continues to volunteer and work while attending school, showcasing an unparalleled work ethic.

In recognition of his extraordinary achievements, Antonio has been named in the inaugural class of New Horizons Scholarship recipients in 2023. Post-graduation, he envisions a future in social work, humorously noting, "because I can't do math." Yet, his passion for the field stems from the assistance he received in obtaining a housing voucher and from a college professor who recognized his innate empathy and desire to help people in and out of the classroom.

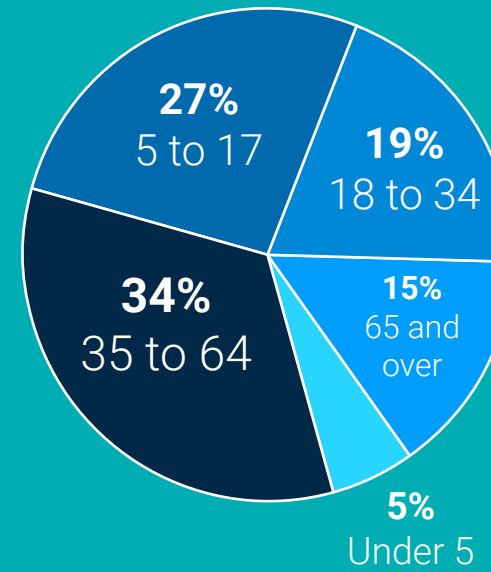
Ready to pay it forward, Antonio plans to hand over his voucher to another veteran in need, solidifying his belief that empathy is a truly selfless force for positive change. Antonio's inspiring transformation serves as a beacon of hope and a testament to the resilience that can be found even in the face of adversity.

# By the Numbers

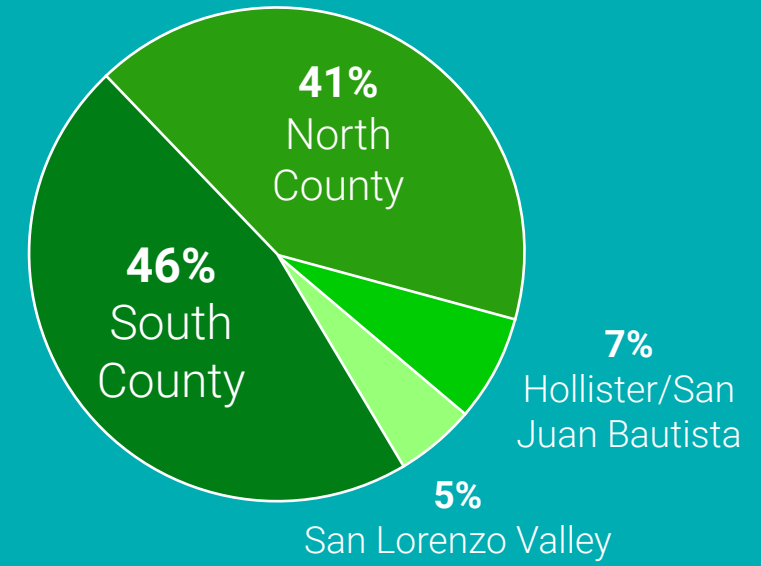
### Households Assisted by Program



### Individuals Assisted by Age



### Households Assisted by Location



**5,519**

Total Households Assisted



**3.2**

Avg. Household Size



**\$27,008**

Avg. Household Income



**\$1,919**

Avg. Monthly Rental Subsidy

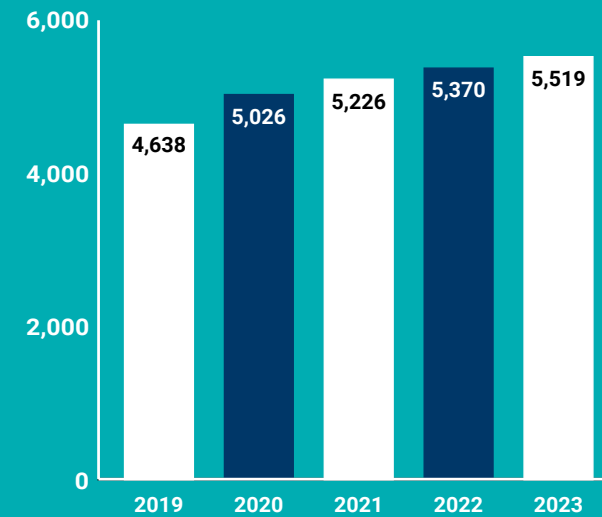
**\$24,860**

Federal Poverty Level (family of 3)

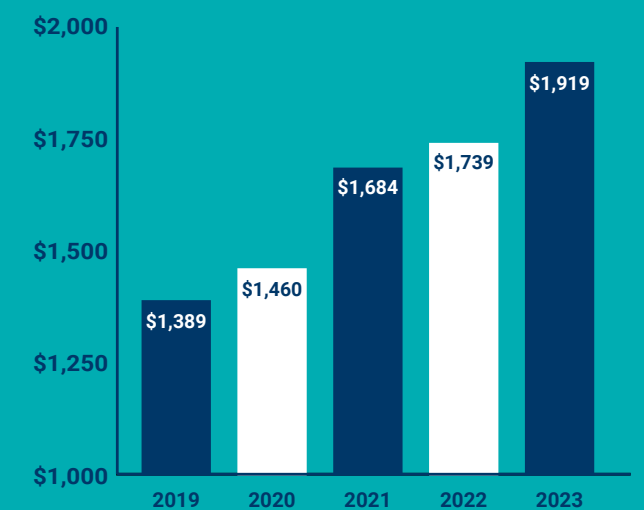
**25,510 (26%)**

Estimated households eligible for federal rental assistance

### Households Assisted by Year



### Average Monthly Subsidy by Year



**45%**  
**(2,561)**

Single Person Households

**39%**  
**(2,210)**

Households with Disabled Head or Spouse

**36%**  
**(2,063)**

Households with Minor Children

**20%**  
**(1,135)**

Homeless at Admission

**6%**  
**(325)**

Veteran Households

**36%**  
**(2,071)**

Households with Seniors



**1,938**

Participating Landlords

▲ **4.5%** in 2023

**\$109,746,000**

Paid to Landlords on Behalf of Tenants

**\$1,580,000**

Spent on Rehab/Construction

**\$4,840,000**

Paid to Vendors



# Landlord Partnerships

Partnering with the Housing Authority can be extremely beneficial to landlords. Just ask Ken, a retired principal and schoolteacher. Seeking to supplement his retirement, he ventured into the world of rental properties by purchasing a house in Watsonville.

During their search for tenants, Ken and his wife received many inquiries about accepting Housing Choice Vouchers. Eager to learn more, he contacted the Housing Authority and was met with outstanding customer service that exceeded his expectations. Inspired by the support he received, Ken and his wife decided to accept vouchers, leading them to find a dependable tenant – a mother of three working in the agriculture industry.

Ken highlights the three key reasons why being a landlord with the Housing Authority is a smart business decision.



- 1 The unwavering support and assistance provided by the Housing Authority staff, particularly the Leasing Specialist.
- 2 The stability offered by the program proved crucial during the challenges of COVID-19, ensuring a consistent income source when many private landlords were unable to collect rent from tenants who lost wages due to the pandemic.
- 3 The enticing incentives offered by the Housing Authority, including the Owner Assurance Program, which reimburses owners up to \$5,000 for costs exceeding the security deposit. Other incentives include bonus programs that provide a \$2,000 bonus for renting to specific program participants.

Ken passionately advocates for property owners to explore the advantages offered by the Housing Authority, emphasizing that it simply makes good sense.

## Working with the Housing Authority

**"...is a smart business decision and a great use of taxpayer dollars."**



## Attention Landlords

Do you want to help provide affordable housing to a low-income individual or family and receive market rate rents? Please contact our offices at **831-454-9455** or visit us online to find out how to get involved. We look forward to working with you!

## Thank You, Landlords!

We extend heartfelt thank you to all landlords actively involved in our rental assistance programs. Your participation enables us to extend rental aid to working families, seniors, veterans, and individuals with disabilities, empowering them to stay within the community we call home.

## Landlord Testimonials

*"I appreciate the effort, systems, and training that goes into a service that is so easy to navigate, efficient, and effective. I thank you for your service to the community and for making it possible for us as landlords to participate. We feel very good that we not only have a safe and secure rental unit but we are part of a service that helps those most in need."*

*"HACSC is the best housing authority I have dealt with in my 35 years as a landlord – and I have dealt with four!"*

*"Grateful my rental unit was in the rental assistance program during the pandemic. It gave me the assurance of a steady income."*

## Contact Us

<b>By Phone</b> Santa Cruz County: (831) 454-9455 Hollister: (831) 637-0487 TDD: (831) 469-0122	<b>By Fax</b> (831) 469-3712	<b>Physical &amp; Mailing Address</b> 2160 41st Avenue Capitola, CA 95010
<b>Drop Off Location</b> Capitola Office: 2160 41st Avenue	<b>Email</b> info@hacosantacruz.org	<b>Online</b> HACOSantaCruz.org

## Mission Statement

**"The Housing Authority of the County of Santa Cruz is committed to advancing access to affordable housing and a thriving community, free from discrimination by providing affordable housing and delivering inclusive services to our diverse community with compassion and kindness. Our mission extends beyond shelter, utilizing housing as a catalyst to promote equity, economic mobility, dignity, stability, improved quality of life, and a place to call home."**



[hacosantacruz.org](http://hacosantacruz.org)

