

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE REGULAR BOARD MEETING**  
**February 26, 2020**  
**11:30 a.m.**  
TO BE HELD AT:  
**HOUSING AUTHORITY OFFICES**  
2160 41<sup>st</sup> Avenue, Capitola, CA 95010

1. Roll Call
2. Consideration of Late Additions and Changes to the Agenda
3. Consent Agenda
  - A. Minutes of the Regular Meeting held January 22, 2020

Motion to Approve as Submitted
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. 5 Year and Annual PHA Plan

Review Draft Agency Plan
  - B. Zoning and Pre-Development of 415 Natural Bridges Drive

Direct Housing Authority Staff to Work with City Staff and Architects on Preparation and Submittal of Zoning and Pre-Development Work to Develop 415 Natural Bridges Site to Achieve Pre-Development Plan that is 1) 100% Affordable to Low-Income Families, 2) Maximizes the Number of Units, and 3) Utilizes as many Energy Efficient and Environmentally Friendly (Green) Designs and Conservation Measures as Feasible, Including but not limited to Solar Panels, Energy Star Appliances, Low Flow Plumbing Fixtures, and other Green Building Materials
7. Written Correspondence
8. Report of Executive Director
9. Reports from Board Members  
(Board members may report on meetings attended, if any, or other items of interest.)
10. Closed Session

(The Board will recess to discuss those items listed, if any.)

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 Brunner called the meeting to order at 11:30 a.m. Members present Commissioners Berg, Brunner, Eligio, Garcia, Melendrez, Schiffrin and Schmale

**Members Absent**

None.

**Staff Present**

Jennifer Panetta and Courtney Byrd of the Housing Authority

**AGENDA ITEM NO. 2**

Consideration of Late Additions or Changes to the Agenda

None.

**AGENDA ITEM NO. 3**

Consent Agenda

Chairperson Brunner asked for a motion to approve the Consent Agenda.

Commissioner Schiffrin requested an addition to the goals listed in Agenda Item 3B related to the successful completion of a streamlined voluntary conversion of public housing. The new goal would be for the Housing Authority to conduct a survey of residents and program participants to determine which programs and services are most needed.

Commissioner Garcia moved for the approval of the Consent Agenda with the addition to Agenda Item 3B; Commissioner Berg seconded the motion and it was passed by the following vote:

- AYES: Commissioners Berg, Brunner, Eligio, Garcia, Melendrez, Schiffrin and Schmale
- NOES: None
- ABSENT: None
- ABSTAIN: None

- Agenda Item 3A. Approved the Minutes of the Regular Meeting held December 18, 2019
- Agenda Item 3B. Received Report on the 5 Year Agency Plan: PHA Goals and Objectives
- Agenda Item 3C. Received Report on Relocation Assistance Program for Low Income Families Experiencing No-Fault Evictions

**AGENDA ITEM NO. 4**

Oral Communications

Commissioner Schiffrin stated that a landlord he met at a Santa Cruz City Council Meeting said they may come to the meeting but there was no one in attendance for Oral Communications.

**AGENDA ITEM NO. 5**

Unfinished Business

None.

**AGENDA ITEM NO. 6A**

Housing Choice Voucher Program and Funding Utilization

Secretary Panetta informed the Board that the Housing Authority operates the Section 8 Housing Choice Voucher (HCV) Program within many programmatic and budgetary limitations such as voucher utilization and funding utilization. Housing Authority staff are continually working to develop a leasing strategy that makes the best use of the funding we expect to receive, maximizing the number of households assisted, and maximizing the funding utilization, within voucher and funding limitations.

The Housing Authority has not achieved full voucher utilization since May 2013, the time of the federal sequestration. The sequestration triggered a series of events that resulted in significant program attrition. Funding cuts resulted in spending cuts, which reduced the following year's baseline budget. Additionally, multiple years of virtually static or even declining Fair Market Rents (FMRs) resulted in little to no inflation adjustment as well as payment standards that didn't keep up with rising rents. This resulted in reduced success rates which compound reductions in program size and budget, perpetuating a downward spiral in utilization. In recent years, voucher and funding utilization have been increasing. However, program costs continue to climb. Despite beginning 2020 with a large balance in our program reserves, it is possible the program could be in a shortfall status by the end of the calendar year, depending on the rate at which average subsidy climbs in the coming year.

Staff will include updated information about leasing and funding utilization projections in the annual Agency Budget, which goes to the Board in the Spring, and will continue to keep the Board informed on other related factors, including the results of the FMR study. A discussion followed.

**AGENDA ITEM NO. 6B**

Project Based Voucher Program – Criteria, Outreach, and Updates

Secretary Panetta reminded the Board that in recent years, the Housing Authority has sought to increase the Project Based Voucher (PBV) program in order to support the development of affordable housing, to increase the number of units exclusively available to voucher holders, and to increase voucher utilization. The Housing Authority accepts proposals from interested parties, and promotes the PBV program with affordable housing developers, market rate developers, landlords with distressed properties, and with local jurisdictions. Secretary Panetta informed the Board how current potential PBVs are evaluated by the Housing Authority. Staff requests Board direction on use of PBV program expansion criteria (specifically with regards to the use of PBVs in inclusionary or density bonus units). So far, the Housing Authority hasn't committed any PBV to inclusionary units, but nothing prohibits the Housing Authority from doing so in the future. On the surface, committing PBVs to units that are already required to be affordable would not appear to expand the supply of affordable housing. However, there may be circumstances when the commitment of PBVs to a development helps make the development feasible, allows a higher number or percentage of affordable units to be built, or accomplishes other community goals. Therefore, staff suggested any such proposals should be considered based on the degree to which the commitment of those vouchers increases the supply of affordable housing. A discussion followed. Commissioner Brunner had questions about the City of Watsonville ordinance that requires 5% of inclusionary units be set aside for Section 8 tenants for the first month upon marketing. Commissioner Schiffrin reported the City of Santa Cruz is also considering a similar model that may include some units to be designated for Section 8 tenants.

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Secretary Panetta summarized her understanding of the Boards direction to staff. The Board is interested in exploring ways in which the Section 8 Voucher program can support the development of more affordable housing. Project Based Vouchers could potentially be utilized in inclusionary housing if the overlap in subsidy had a significant benefit to the community, which the owner or developer would have to demonstrate. Additionally, the Board is interested in the role Housing Choice Vouchers may have in inclusionary housing. Commissioner Schiffrin agreed with the summary, and suggested that HA staff work with City of Santa Cruz staff to consider changes to inclusionary housing requirements. A discussion followed. Staff will reach out to other jurisdictions as well, including gathering more information from Watsonville to consider how well the existing ordinance is working. A staff report to the Board will follow in a few months.

Commissioner Schiffrin moved that the Board recommend staff continue to work on Project Based Vouchers and Housing Choice Vouchers as the director summarized; Commissioner Melendrez seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Melendrez, Schiffrin and Schmale  
NOES: None  
ABSENT: None  
ABSTAIN: None

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

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

Commissioner Garcia had questions on the Landlord Incentive Program. She was wondering what type of damages that landlords claimed. Executive Director Panetta will follow up directly with Commissioner Garcia with additional information.

Executive Director Panetta informed the Board of the passing of the bill HR 2398 that eliminates some of the requirements for veterans to receive a VASH voucher.

Commissioner Berg recommended that the financial reports come before the Board quarterly rather than every month. The Board agreed. Executive Director stated she will have Finance Director Pomeroy join the meeting during those quarterly reports if the Board of Commissioners have questions.

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

Commissioner Garcia reported to the Board that she is disappointed that the City Council of Watsonville didn't pass an emergency moratorium on drive-thrus which failed five to two.

**AGENDA ITEM NO. 10** Closed Session

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None.

**AGENDA ITEM NO.11**

None.

**AGENDA ITEM NO. 12**                      Adjournment

The Board of Commissioners meeting was adjourned by a motion from Commissioner Schiffrin at 1:35 p.m. The vote was unanimous.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Sixth Day of February, 2020.

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Chairperson of the Authority

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

Secretary

## AGENDA ITEM SUMMARY

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**MEETING DATE:** January 26, 2020

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** 5 Year and Annual PHA Plan

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**RECOMMENDATION:** Review Draft Agency Plan

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### **BACKGROUND SUMMARY:**

A Five Year and Annual Agency Plan has been prepared for the Housing Authority of the County of Santa Cruz, as required by HUD. The purpose of the Agency Plan is to provide a resource by which HUD, public housing residents (LIPH), participants in the tenant based assistance program (Housing Choice Voucher holders), and other members of the public may locate basic information about the PHA, as well as basic PHA policies, rules and requirements concerning operations, programs and services.

Over the past several months, staff have reviewed and discussed elements of the 5 Year PHA Plan with the Board of Commissioners, including a review of the mission statement, progress made towards the goals established in the previous 5 Year Plan, and establishing goals for the coming five year period. In January 2019, the Resident Advisory Board (RAB) convened to review and discuss the Plan, specifically with regard to proposed revisions. The RAB engaged in a productive discussion of the draft revisions, and expressed support for the goals outlined in the draft Plan. Members of the RAB have been invited to the public hearing which will take place at the March meeting.

A copy of the 5 Year and Annual PHA Plan and associated documents is available to the public in the offices of the Housing Authority of the County of Santa Cruz, and the draft documents are posted on the Housing Authority website. Beginning on February 5, 2020, and running weekly through March 25, 2020, a notice informing the public of the opportunity to review the Agency Plan, soliciting comments, and stating the time, date and place of the public hearing to consider the plan, is being published in English and Spanish in the Santa Cruz Sentinel, the Watsonville Pajaronian, and the Hollister Freelance.

The draft 5 Year and Annual PHA Plan, with the associated Section 8 Housing Choice Voucher Administrative Plan (Admin Plan), and Low-Income Public Housing (LIPH) Admissions and Continued Occupancy Plan (ACOP), is attached hereto. The plans will not be considered complete until after the Board of Commissioners receives any and all public comment on the Plans, the Board makes any modifications they deem appropriate and the Chairperson is authorized to execute resolutions authorizing Execution of PHA Certifications of Compliance with PHA Plan and Related Regulations for Standard and Streamlined PHA Plans. These resolutions and certifications will be recommended at the March meeting.

Also attached for your review is an overview of the draft modifications to the Agency Plan and related documents.

**RECOMMENDATION:** Review Draft Agency Plan

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2020

**ITEM NUMBER:** 6B

**FROM:** Executive Director

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**SUBJECT:** Zoning and Pre-Development of 415 Natural Bridges Drive

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**RECOMMENDATION:** Direct Housing Authority Staff to Work with City Staff and Architects on Preparation and Submittal of Zoning and Pre-Development Work to Develop 415 Natural Bridges Site to Achieve Pre-Development Plan that is 1) 100% Affordable to Low-Income Families, 2) Maximizes the Number of Units, and 3) Utilizes as many Energy Efficient and Environmentally Friendly (Green) Designs and Conservation Measures as Feasible, Including but not limited to Solar Panels, Energy Star Appliances, Low Flow Plumbing Fixtures, and other Green Building Materials

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### **BACKGROUND SUMMARY:**

Housing Authority staff and Board of Commissioners have established a goal of developing affordable housing on the vacant lot owned by the Housing Authority at 415 Natural Bridges Drive. This report provides an update on progress towards this goal and a staff recommendation regarding next steps.

Based on initial discussions with the Housing Authority Board and Santa Cruz City staff, the original plans involved submission of an application for general plan amendment for the purposes of rezoning 415 Natural Bridges Drive from RL Multi Res (RL) to General Industrial (IG) to increase the number of units that could be built at the site. In subsequent conversations with City staff, it was recommended that the most efficient way to proceed would be to submit a pre-development and rezoning application together.

Housing Authority staff is working with Thatcher and Thompson (T&T) and William Kempf, Architect in developing the site. T&T have developed a conceptual plan that includes 20 studio and/or 1 bedroom apartments, in order to maximize the number of affordable units we can add, and to provide more diversity to our housing portfolio, which primarily includes 2, 3, and 4 bedroom units. Additionally, HA staff and Tom Thatcher had a pre-development meeting with City Planning staff to discuss the proposed project, to determine whether such a project may be permissible, and to gauge the City's receptivity to the conceptual plan.

The site is approximately 11,363 SF and is currently zoned RL. Because the site is an island of RL zoning in an otherwise IG (industrial) zoned area, the City expressed interest in eventually rezoning the property to IG. At the meeting with City Planning staff it became evident that the project with the density described above would not be approvable using the RL District zoning requirements. Planning staff suggested that the project could be processed as a Planned Development (PD) project, which gives broad discretion to variations from the Zoning Ordinance assuming there is a benefit to the City. The Zoning Ordinance does not allow projects under 20,000 SF to be reviewed under the PD ordinance except when the project is to be 100% affordable. In this case the obvious benefit is gaining 20 much needed affordable housing units. Based on preliminary feedback from City staff and from T&T, we believe there is a reasonable likelihood that a 20 unit development could be approved, (perhaps with some design revisions) due to the enormous demand for this type of housing.

Next steps:

- The HA and T&T submit a pre-development pre-application to the City. No additional design is needed at this point. This review will result in comments from the various City departments such as Planning, Public Works, Fire, Sanitation, Water, Etc.
- T&T prepares exterior elevations and finalizes the preliminary/schematic design.
- Project consultants are brought on board including civil engineering, landscape, ADA review, preliminary mechanical and electrical review.
- Preliminary cost of construction estimates are prepared by a licensed general contractor selected by the HA.
- The HA and T&T prepare and submit the Design Permit application to the City.
- City approves the project and Bill Kempf's office begins the Construction Documents.

Project Data:

Site:	11,363 SF
First Floor:	3,826 SF
Second Floor:	3,573 SF
Third Floor:	3,438 SF
Total Building:	10,837 SF
Useable Open Space:	1,435 SF (70 SF/du)
Each SRO unit:	350 SF
Parking:	15 spaces (.75/du)

**RECOMMENDATION:** Direct Housing Authority Staff to Work with City Staff and Architects on Preparation and Submittal of Zoning and Pre-Development Work to Develop 415 Natural Bridges Site to Achieve Pre-Development Plan that is 1) 100% Affordable to Low-Income Families, 2) Maximizes the Number of Units, and 3) Utilizes as many Energy Efficient and Environmentally Friendly (Green) Designs and Conservation Measures as Feasible, Including but not limited to Solar Panels, Energy Star Appliances, Low Flow Plumbing Fixtures, and other Green Building Materials

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2020

**ITEM NUMBER:** 8

**FROM:** Executive Director

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**SUBJECT:** Executive Director's Report – February 26, 2020

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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 February 26, 2020 meeting. I would be happy to give you additional background or answer any of your questions in advance of the meeting. My direct phone number is (831) 454-5931 and my email address is [jennyp@hacosantacruz.org](mailto:jennyp@hacosantacruz.org).

**Section 22 Streamlined Voluntary Conversion (SVC):** At the December meeting, the Board approved the submittal of an application for Section 22 SVC. The San Francisco Field completed a courtesy review of our draft application, with no significant questions, concerns or suggestions. The application has been submitted to HUDs Special Application Center at HQ. The application has been accepted, assigned an application tracking number, and is currently under review. SAC review is expected to be completed within 90 days. However, it is typical for SAC reviewers to return the application with questions and comments and require re-submittal and re-evaluation. Meanwhile, we have continued to make progress with special counsel working with HUDs Office of General Counsel towards solutions regarding utilization of program reserves, including the possibility of transferring those funds to another agency with a public housing program, and entering into an agreement with that agency to receive something of value in exchange. We are also working through the steps of New Horizon's entity formation, including income and property tax exemption requirements. Staff will continue to keep the Board informed on the status of the application and related activities.

**FMR Study:** We have selected Applied Survey Research (ASR) to conduct a new FMR study. The study is due to HUD by July 1, 2020 in order to be incorporated into the FMRs to be effective on October 1, 2020. HA and ASR staff recently met with staff at HUDs Policy Development and Research Department to learn about improvements they are making to the national FMR methodology based on feedback and advocacy from the California Association of Housing Authorities (CAHA) and many individual PHAs, as well as to propose improvements in the methodology of our own FMR study. HUD staff were receptive to additional supplemental survey methods proposed by the HA and ASR and will allow a mixed methods

approach including additional forms of survey administration such as online surveys and in-person surveys. We are optimistic that these changes will be helpful in ensuring that we obtain the minimum required number of valid recent mover surveys. Surveying is expected to begin soon.

**Process Evaluation:** The Housing Authority has retained the services of a consultant (LeanFirm) to conduct a process evaluation of the major processes that consist of the majority of the agency's workload, including the initial eligibility process, contract execution, interim and annual re-examinations. The consultant has worked with many PHAs, including several California PHAs such as Santa Barbara, San Diego and Santa Clara. These agencies have experienced significant improvements in efficiency, resulting in faster processing times, better customer service, and improvements in employee morale.

**Waiting List Preference for Homeless Families:** The Housing Authority has met with Human Services Department (HSD) to begin to work through the process of implementing the new waiting list preference for homeless families, in the hopes that an MOU can be executed prior to the effective date of the upcoming Administrative Plan on April 1, 2020. An MOU has been drafted and is under review. HSD has committed to providing supportive services to the preference recipients. The Housing Authority is preparing a mailing to top applicants to ensure current data that will allow us to identify eligible families.

**Tenant Protection Act (AB1482) and Section 8 Vouchers:** A few other jurisdictions have requested information about the applicability of AB1482 to Section 8 voucher families. I have provided copies of the letter we wrote outlining our recommendation to the City of Santa Cruz. Based on feedback from our November 2019 meeting, I will continue to provide information confirming that Section 8 families appear to be exempt from AB1482 and supporting the approach taken by the City of Santa Cruz to extend the eviction protections of 1482 to Section 8 voucher families to any interested parties.

**Proposed Rule Regarding Public Charge:** On January 27, the United States Supreme Court permitted the Department of Homeland Security (DHS) to make effective the administration's public charge rule. The rule had been blocked from taking effect by a federal judge in New York. The rule states that any individual seeking a green card to become a lawful permanent resident (and individuals within the United States who hold non-immigrant visas and wish to extend their stay in the same non-immigrant classification or change their status to a different non-immigrant classification) is inadmissible if they are likely to become a public charge. The rule defines a "public charge" based on the receipt of financial support from the general public through government funding, including federal rental assistance. The individual would need to receive one or more designated public benefits, including but not limited to federal rental assistance, for more than 12 months in the aggregate within any 36-month period to meet the threshold. The Department of Homeland Security is not imposing any requirements on benefit-granting agencies through this rule. This rule does not change any of the Public Housing, HCV, or PBRA program requirements.

**Legislative Update:** Now that an appropriations bill has been approved for the 2020 FFY, Housing Authority staff await our final notification of funding. HUD has indicated we should expect our funding letter by March 1<sup>st</sup>. Based on the wording the approved bill, we anticipate a HAP proration of 99%, with

a modest inflation factor of 3.2%. The Trump administration released the President's budget request for FY 2021. The proposal once again included devastating funding cuts to most HUD programs, reducing HUD funding by \$8.6 billion, a cut of 15.2 percent from enacted fiscal year 2020 levels. It is important to note that the President's budget proposal carries no force of law and is seen primarily as a political document. In recent years, both houses of Congress have rejected the steep cuts in the President's budget request, resulting in steady (and even some increases) for most HUD programs.

At this point, the 2021 appropriations process is on schedule. Secretary Carson is slated to testify in the House Appropriations Transportation-HUD Subcommittee the first week of March. After the hearing, subcommittee staff will get to work drafting a bill and THUD will probably be voted on in the subcommittee and full committee in May. The House Majority Leader indicated he's reserving the bulk of available floor time in June for appropriations bills, so there is a good chance the THUD bill will be done in the House before the 4th of July recess. The Senate has not yet announced its timeline. At this time, NAHRO, CAHA, and other industry advocates begin to develop an advocacy platform for the coming budget. In addition to increasing funding for the voucher program, including increases to administrative fees, initial conversations about advocacy have included funding for landlord incentives and further expansion of the MTW program.