



## **County of Santa Cruz Board of Supervisors**

### **Agenda Item Submittal**

**From:** Human Services Department

**Subject:** Approve First Amendment to Housing Authority of the County of Santa Cruz Property Agent Incentive Program Agreement

**Meeting Date:** March 11, 2025

**Formal Title:** Approve amendment to agreement with Housing Authority of the County of Santa Cruz, increasing the amount by \$200,000, for the use of Measure K funding for security deposit and housing assistance, with a retroactive effective date of September 24, 2024, and take related actions

### **Recommended Actions**

Approve the first amendment to agreement 25W4121 with Housing Authority of the County of Santa Cruz (HACSC), increasing the amount by \$200,000, for a total not-to-exceed of \$480,000, including retroactive application of the amended terms to September 24, 2024, to allow for the use of Measure K funding for security deposit and housing assistance to households participating in HACSC programs within County unincorporated areas and to allow flexibility in the Owner Assurance Fund covered areas, and authorize the Director of Human Services to execute the amendment.

### **Executive Summary**

On September 24, 2024, the Board of Supervisors approved a \$1,000,000 Fiscal Year (FY) 2024-25 appropriation of Measure K revenue for Affordable Housing in unincorporated areas of the county. Of this amount, \$200,000 was allocated for security deposit and housing assistance for participants in Housing Authority of the County of Santa Cruz (HACSC) programs. The proposed contract amendment with the HACSC also expands the Property Agent Incentive Program to areas outside of the County's unincorporated area boundaries.

### **Discussion**

On December 5, 2023, the Board adopted a resolution that established budget priorities for the County's Measure K half-cent sales tax, which voters approved on March 5, 2024. Measure K revenue totaling \$7.5 million (prorated for year 1) was incorporated in the FY 2024-25 Adopted Budget for the County. The Adopted Budget included \$1,000,000 for housing-related uses (General Fund Contingencies GL Key 131375) with \$200,000 for Housing Authority security deposits for units rented in unincorporated areas.

The Housing Authority receives contributions from multiple government jurisdictions to support security deposit assistance for households participating in HACSC housing programs. Existing HACSC security deposit funding contributions from the County were fully utilized prior to the end of calendar year 2024. Many households approved for rental assistance from the HACSC do not have adequate funds to pay required security deposits to move into units. This funding helps more participants secure housing more quickly and improves housing outcomes for the community and the Housing Authority. Higher utilization of federal housing assistance increases the likelihood of the Housing Authority receiving additional funding through federal grant opportunities. Without additional security deposit funding, many households will struggle to utilize federal rental assistance.

In February 2025, the County Administrative Office transferred \$200,000 of Measure K affordable housing funds to the Human Services Department Housing for Health Division to amend an existing contract (25W4121) with the HACSC. Funds will be used to provide security deposits and other housing-related financial assistance for households in unincorporated areas of the County served by HACSC programs. The contract is being amended to reflect the new resources and additional scope of work associated with these dollars. The proposed additional funding for this contract was approved by the Board on September 24, 2024 ([DOC-2024-779](#)). Human Services is requesting an effective date of September 24, 2024, for the amendment to help ensure full utilization of available Measure K and other funding during the current contract year. Future funding for this program will depend on future Measure K budget allocation decisions and the availability of state and federal funding sources to address this need.

Additionally, the existing Property Agent Incentive Program agreement with the HACSC includes an Owner Assurance Fund that reimburses eligible landlords for costs associated with former tenants who leased using a Housing Choice Voucher (Voucher). Landlords and rental units that accept vouchers is challenging in the extremely tight rental market. The proposed contract amendment with the HACSC expands the area covered by the Owner Assurance Fund to the Cities of Hollister and San Juan Bautista for costs associated with Santa Cruz County residents, who were able to utilize their Vouchers outside the County and received written approval from Santa Cruz County before doing so. Funding for this work from Housing and Homelessness Incentive Program funding. Therefore, HSD is seeking retroactive application of the amended terms to September 24, 2024.

### **Financial Impact**

The proposed Board actions do not require any additional General Fund allocations and are funded by Measure K and other affordable housing funds that have previously been appropriated within the FY 2024-25 Housing for Health budget.

Contract No. 25W4121 Housing Authority of County of Santa Cruz, Amendment One

- 391200 – 62381 – WHHHIP-WH019
- 391200 – 62381 – WHHAP3 - WH010
- 391200 – 62381 – WHGFMK – WH018

### **Strategic Initiatives**

Operational Plan - Attainable Housing

### **Submitted By:**

Randy Morris, Director of Human Services

### **Recommended By:**

Carlos J. Palacios, County Administrative Officer

### **Artificial Intelligence Acknowledgment:**

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.