



## Legislation Details (With Board Report)

**File #:** PAR 22-005      **Name:** Preliminary Analysis Report Response to No. 2021.31

**Type:** Preliminary Analysis Report      **Status:** General Government - Consent

**File created:** 1/4/2022      **In control:** Board of Supervisors

**On agenda:** 1/11/2022      **Final action:**

**Title:** Receive a preliminary analysis report in response to Board Referral No. 2021.31 seeking to reorganize and consolidate the Housing Authority of the County of Monterey and its subsidiary, the Housing Development Corporation, under one Executive Director, and have the Monterey County Board of Supervisors serve at its new governing board to oversee its operations and implement needed reforms.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Board Report, 2. Attachment A – Board Referral 2021.31, 3. Attachment B – December 23, 2021 HDC Staff Report, 4. Completed Board Order Item No. 33

Date	Ver.	Action By	Action	Result
1/11/2022	1	Board of Supervisors	received	Pass

Receive a preliminary analysis report in response to **Board Referral No. 2021.31** seeking to reorganize and consolidate the Housing Authority of the County of Monterey and its subsidiary, the Housing Development Corporation, under one Executive Director, and have the Monterey County Board of Supervisors serve at its new governing board to oversee its operations and implement needed reforms.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a preliminary analysis report in response to **Board Referral No. 2021.31** and:
  - 1) Direct that staff proceed with completion of referral based on description in this report; or,
  - 2) Direct that staff:
    - i. Proceed with completion of referral based on modifications by the Board; or,
    - ii. Return to Board with a more comprehensive analysis of referral and anticipated effort for completion; or,
    - iii. Rescind referral.
- b. Provide further direction, as appropriate.

PRELIMINARY ANALYSIS:

**Referral Summary & Background:** Recent concerns have been heard within the community regarding the Housing Authority of the County of Monterey’s program effectiveness and management efficiency. Additional concerns have been expressed regarding its subsidiary, the Monterey County Housing Authority Development Corporation (HDC). These concerns have resulted in the Board of Supervisors questioning whether the County should take a more active oversight role. On December 14, 2021, the Board of Supervisors assigned **Board Referral No. 2021.31** to the Housing and Community Department to evaluate options to achieve the Referral’s purpose.

**Proposed Project Description:** The Housing Authority of the County of Monterey (HACM) was established by the Board of Supervisors on March 1941, as a separate Community Development Commission. On March

24, 1941, the Board of Supervisors appointed the first five-person Commission to oversee HACM operations. Two additional tenant commissioners were added over time and now serve on the appointed seven-member board of commissioners.

The HACM, through its subsidiary HDC, operates approximately 1,077 units of family housing; 292 units of farmworker family housing; 345 units for seniors and other special needs populations; and 56 units of transitional housing. The HACM created HDC in response to HUD's Rental Assistance Demonstration Program. The policy direction and responsibility for managing the operations of the HACM is the responsibility of a Board of Commissioners. The Board of Commissioners also serve as the HDC Board of Directors.

On December 21, 2021, the Monterey County Board of Supervisors, HACM and HDC held a Joint Special Meeting. During the meeting a report from Housing and Community Development was provided on the history of HACM, and how the interests of the County and HACM intersect. The Board of Supervisors also received a report from the Board of Commissioners of HACM on the status of HACM, current issues and challenges, and options or plans to address those issues and challenges. Following receiving public comments and discussion, the Board of Supervisors provided recommendations to the Board of Commissioners to consolidate the control of HDC under the HACM, with the Executive Director of the HACM serving as the President/CEO of HDC and to conduct an audit of HDC's finances and performance. The Board of Supervisors also appointed Board Members Askew and Alejo to an ad hoc committee to make recommendations on the hiring of the executive director and reform measures. Lastly, the Board directed the Housing and Community Development Department to bring forward other HACM and HDC governance options for the Board to consider. The Board of Commissioners of HACM, and by the Board of Directors of HDC, adopted similar motions evidencing the partnership, collaboration, and shared goals of the three entities.

On December 23, 2021, HDC held a special meeting to consider implementing the restructuring of HDC authorized by the Board of Directors on December 21, 2021 during the Joint Special Meeting by (i) directing the newly created Restructuring Ad Hoc Committee to begin Transitioning All HDC Employees to the Housing Authority of the County of Monterey; (ii) End the Employment Contract of the current HDC President and CEO and transition to regular position under HACM; and (iii) appointing the Executive Director of the Housing Authority of the County of Monterey, or whoever holds that role including on an interim basis, as the new President and CEO of HDC. The HDC staff report of December 23, 2021 is included as Attachment B to this report. The Board of Directors adopted all 11 motions as found on pages 4 and 5 of its December 23, 2021 staff report.

Considering HDC's action on December 23, 2021, staff believes the agencies are making strong moves to address community and Board concerns regarding program efficiencies and effectiveness. As such, staff is not presenting further governance options at this time and suggests that ad hoc committee (Askew and Alejo) meet with the Housing and Community Development Department to discuss the options and other reforms before presenting further options to the Board. The recommendations of the ad hoc committee may be presented to the full Board at a later date for consideration. This also provides additional time for the HACM and HDC to implement its restructuring.

**Estimated Project Cost:** There is no financial obligation resulting from the Board's discussion on the item. However, based upon the Board's direction, funding to support the Board's direction would need to be discussed, which may have budgetary implications. As such, Staff would report back to the Board on its approach to funding, as appropriate.

**Staffing Level Estimate:** The Housing and Community Development Department has the capacity to continue to provide staff support related to providing information related to the Referral. However, future challenges will be based upon the recommendations and suggestions that come out of ongoing Board discussion and direction.

**Departmental Challenges:** The Housing and Community Development Department does not currently have direct oversight of the HACM and HDC. Unless the Board acts to change the organization structure, the Housing and Community Development has no authority to alter the governance, which presents a challenge to implementing change.

**Proposed Response Date:** Housing and Community Development Department proposes to return to Board with a more comprehensive analysis of referral and anticipated effort for completion by July 2022.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Supporting HACM is in align with the Board of Supervisors Strategic Initiatives by enhancing the health and safety of Monterey County residents through the creation of safe and affordable housing opportunities. Also, the County's assistance to support HACM would promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared and Approved by: Erik Lundquist AICP, Housing and Community Development Director, x5154

The following attachments are on file with the Clerk of the Board:

- Attachment A - Board Referral 2021.31
- Attachment B - December 23, 2021 HDC Staff Report