



ACTION  
 MINUTES OF THE SPECIAL JOINT MEETING OF  
 THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTEREY,  
 THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF  
 MONTEREY, AND THE BOARD OF DIRECTORS OF THE MONTEREY COUNTY HOUSING  
 AUTHORITY DEVELOPMENT CORPORATION  
 HELD DECEMBER 21, 2021

**SUMMARY ACTION MINUTES**

*Based on guidance provided by Centers for Disease Control Prevention, Monterey County Public Health officials and Governor Newsom's Executive Orders, in-person meetings are suspended until further notice. This meeting was conducted via the Zoom video conference platform and by phone.*

**1. CALL TO ORDER AT 1:40 PM**

**2. ROLL CALL**

**PRESENT**

**ABSENT**

**BOARD OF SUPERVISORS**

Chair Supervisor Wendy Root Askew - District 4	_X_	_____
Vice Chair Supervisor Mary L. Adams - District 5	_X_	_____
Supervisor Luis A. Alejo - District 1	_X_	_____
Supervisor John M. Phillips - District 2	_X_	_____
Supervisor Christ Lopez - District 3	_____	_X_

**BOARD OF COMMISSIONERS**

Chair John Wizard	_X_	_____
Vice Chair Hans Buder	_X_	_____
Commissioner Kevin Healy	_____	_X_
Commissioner Kathleen Ballesteros	_X_	_____
Commissioner Viviana Gama	_____	_X_
Commissioner Paul Miller	_X_	_____
Commissioner Francine Goodwin	_X_	_____

**BOARD OF DIRECTORS**

Chair Kathleen Ballesteros	_X_	_____
Vice-Chair Paul Miller	_X_	_____
Director Hans Buder	_X_	_____
Director Viviana Gama	_____	_X_
Director Francine Goodwin	_X_	_____
Director Kevin Healy	_____	_X_
Director Jon Wizard	_X_	_____

*Diego Celis introduced himself as the interpreter.*

### 3. **REPORTS**

- a. i. Report from Housing and Community Development on the history of the Authority, and how the interests of the County and the Authority intersect presented by Mr. Lindquist.

**SUMMARY:** Through the enactment of the Housing Authorities Law in 1938, the California Legislature established a housing authority in each city and county, but these housing authorities were not formed until the city or county adopted a resolution that declared a need for its formation and established the governance structure (California Health and Safety Code 34242.) The Housing Authorities Law was enacted to enable local jurisdictions to receive federal housing assistance funding which became available with the passage of United States Housing Act of 1937. 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. Since HACM is a fully separate legal entity from the County, HACM retains authority to appoint its own Executive Director who is responsible for its staffing. Since HACM is a non-qualified PHA, HACM prepares a five-year plan and an annual plan. There are approximately 4,100 households in Monterey County benefiting from the HACM’s housing voucher program. HACM, through its subsidiary Housing Development Corporation (“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 the Monterey County Housing Authority Development Corporation (“HDC”) in response to Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program. The RAD program was an attempt by HUD to attract private capital to upgrade public housing properties by allowing some market rate units to be included in the development and to all the development to receive housing voucher subsidies with the goal of stabilizing the development finances and improving the quality of housing. Public housing units in the RAD program are technically no longer public housing.

- ii. Report from the Board of Commissioners and Board of Directors on the status of the Authority, current issues and challenges, and any options or plans to address those issues and challenges presented by Jon Wizard.

**SUMMARY:** HACM is an independent governmental organization established by resolution by the Board of Supervisors. In 2005, the organization decided to create a non-profit to access state, federal and private funds. The original intent was to establish HDC as a subordinate entity and typically, such non-profit development arms remain as an internal department division within the Housing Authority. In 2007, there was a change of status in the by-laws for the non-profit which established HDC as a functionally separate entity. HACM Commissioners are also the Directors of HDC, but under separate Executive Directors, legal counsel, and staff. The separation has caused issues with coordination leading to duplication of effort, staffing issues, and inefficiency to make financial, strategic, and long-term decisions. The HACM-HDC structure has resulted in a toxic atmosphere and lack of coordinated operations between the two entities, directly undermining HACM's mission. The professional networks are aware of the friction between HACM and HDC and is causing a negative impact on recruiting efforts for a new Executive. Housing Authorities receive their funding from the Federal Government and there are federal rules related to compensation. A way to augment the high-cost areas, such as the Monterey Peninsula, is to use revenue from the non-profit development arm to in part fund compensation for Executives that work and oversee the activities of the nonprofit. Without the revenue sharing, HACM is having difficulty finding qualified and motivated leaders. These issues are creating problems with the public and disharmony within the agency leading to missed opportunities. Although HACM receives and disburses the vouchers and supports the overall activity of subsidized housing through the Federal Government, HACM does not have sufficient control over HDC. Nevertheless, HDC uses HACM and their federal funding as a baseline to guarantee loans to private equity partners in which HACM ends up

being the minority partner in the LLC's and other corporate bodies exposing HACM to financial and legal risk. In its independent authority, HDC has begun to experience a mission drift by pursuing potential business opportunities outside of Monterey County, including outside of California. HDC is attempting to break away from HACM by attempting to alter the composition of its board to effectuate a complete decoupling from HACM. We have heard the complaints from the public regarding the availability of project-based vouchers and the accessibility of HUD, HACM and its HDC partnership. There is an imperfect plan that has not been fully developed being considered to separate the 2 agencies formally and officially. This legal split will further complicate the relationship between HUD and HACM along with HACM and their partners and its affiliated agencies. HACM's counsel, Jhaila Brown, recommends that HDC be reconstructed and brought back under the direct control of HACM, in line with standard industry practice. Recommendations include restructuring HDC to operate as an affiliate directly controlled by HACM under the direction of the HACM Executive Director and the governance of the HACM Board of Commissioners. Specifically, bring the structure of the HACM-HDC relationship back in line with industry norms; appoint the Executive Director of HACM as the Executive Director of HDC; transition HDC employees to direct employees of HACM; no independent HDC employees; execute an employee sharing agreement in which HDC would contract with HACM for the use of the development staff's services; restructure shall have no impact on any of the legal structures or ownership of the existing RAD portfolio and other HDC properties. Supervisor Adams inquired about any challenges or resistance from existing HDC staff. Counsel stated it was a very straight forward process, the same people would be doing the same scope of work under HACM as their employer instead of HDC. The goal is to move forward and make positive change for the community. Supervisor Alejo inquired clarification regarding the different responsibilities between HACM and HDC. Mr. Lindquist explained that in the past, the county was much more involved with the Housing Authority than it is today. Counsel clarified that HUD issues a finite number of vouchers to HACM, once they are incumbered they are attached to certain projects and until that status changes, the vouchers are off the table. Interim Executive Director and CFO, Darlene Sturgeon, added that Housing Choice Voucher program is managed by HACM and under the direction of the Director of Housing Programs, Maria Madera. They receive the funding and vouchers from HUD. Supervisor Alejo further inquired about comments from former Executive Director, Manny Gonzales, regarding the organizational structure and if it was best serving the community. Mr. Gonzales stated he felt limited in his role as Executive Director due to not having control over the housing units. Supervisor Alejo recognized there are other issues that need to be addressed and referred to a letter he sent to the Civil Grand Jury ("CGJ") in hopes the commissions of HDC and HACM can restructure under one leader while they embark on hiring a new Executive Director. As the agency moves forward, the hope is to improve office culture after listening to former employee comments. The goal is to collaborate and make the needed changes in 2022. Regarding the referral that was sent to the CGJ there is usually an investigation followed by recommendations in the form of a report on how to improve the organization. If no investigation has been completed this coming year, Supervisor Alejo recommends both agencies conduct their own internal performance and financial audit. Commissioner Wizard acknowledged Supervisor Alejo's concerns and agreed that the CGJ is an excellent resource to help better understand the root cause of the identified problems but ultimately, they are recommendations and non-binding. Regardless of what the CGJ finds, which can still take an undisclosed amount of time, the agencies can start solving problems that have already been identified. The commissioners have started an ad hoc committee consisting of commissioners Buder, Ballesteros and Wizard. They have met multiple times for recruitment purposes and interviewed candidates from across the country for the Interim, 1-year-role position. The agencies continue to look forward to working with Mrs. Sturgeon to facilitate the execution of those contracts and provide a bridge for the new Director. The Board previously addressed some financial issues and provided direction to both HACM and HDC to work together for an internal audit since they could not find an auditor willing to complete the work. The agencies have not made significant progress after multiple attempts to complete the audits due to a dispute between the two executives as to what type of accounting was going to be recorded and who owes what. If there was one Executive Director overseeing both agencies, this wouldn't be an issue. Commissioner Wizard asked for final direction

from the Board of Supervisors to remedy the problems. Supervisor Alejo closed his comments by adding that the late Executive Director, Jose Gomez, had contacted HUD regarding the dysfunction between the two agencies. Additionally, Mr. Gomez secured 85 vouchers for Project Homekey at the Goodnight Inn to house more residents. There are 5 other hotel voucher projects in the works within the next year which shows how important it is to have key leadership at the Housing Authority that can work with our county and its partners. Madam Chair Askew recognized the Brown Act challenges and emphasized that the residents are counting on the commissioners to have a successful outcome of the governing agencies. Supervisor Phillips agreed with the comments from Madam Chair Askew, Supervisor Alejo, and Commissioner Wizard. The issues have been a known problem that have existed prior to the current commission board appointment. After analyzing the situation, HDC should join HACM and conduct business as one entity. An outside financial and performance audit should be instituted as soon as possible. It is critical to bring in an experienced interim director that knows how to run a housing agency. Madam Chair Askew asked Mr. Lindquist to summarize any board actions along with presenting options for recommendations to best support HACM. Mr. Lindquist summary included to consolidate entities under one Executive Director in order to restructure the agencies efficiency and accountability allowed within the federal and state guidelines. Supervisor Alejo recommended that HDC and HACM merge as described by Mr. Lindquist. Supervisor Alejo's second recommendation is for the commissioners of both entities to conduct an internal financial and performance audit; on the board of supervisor side there should be a vote to create an ad hoc committee with 2 supervisors that could collaborate and follow through with the commissioners and their recruitments along with other reforms that need to be implemented. Upon returning in January, staff can create a separate governing structure or continue to collaborate with commissioners and vote on the options once they've been vetted. Madam Chair Askew opened for public comments and reminded everyone time is limited to 3 minutes.

### **Comments From the Public:**

Mariela, a community member speaking on behalf of Housing Authority employees that feel they may be fired or experience retaliation if they speak out. The Salinas community continues to face issues with housing and high costs of living. Most of the community has low levels of education and income. Housing services plays a large role in our community to prevent homelessness amongst families. If employees are not happy at their job, how can they help others? The environment is toxic and understaffed. Nobody wants to work under scrutinizing circumstances where employee opinions are not taken into consideration. It is requested that a positive employee management strategy gets implemented so that employees can provide better services to the community.

Julietta Loreto, present on behalf of an employee of Housing Authority and as a resident of the county of Monterey for more than 20 years, translated by Mr. Celis. Ms. Loreto believes the role of this entity is critical, especially now that housing is a priority. Employees should be able to provide services to our community. A review is needed of the internal procedure, so employees feel comfortable expressing their concerns and needs without retaliation. To be better employees, their voices should feel heard, and the communication should be transparent. This will help provide quality service with compassion and professionalism that the residents of this county deserve.

Jane Barr, Associate Director, Real Estate Development for Eden Housing, Monterey Bay region. Mrs. Barr was stressed to learn of HDC's intentions to work with developers outside of Monterey County and California and requests a review of the policy that allows developing outside the county. Mrs. Barr agrees with the recommendation of having one Executive Director overseeing both agencies. It is past the point where it can be fixed in house and recalls past concerns about project-based vouchers going to the development company without the proper process to allow for competition. As a member of The Coalition of Homeless Service Providers, a subcommittee was created regarding their own concerns. They met with staff and the Executive Director of Housing Authority of Santa Cruz County ("HASC"), and suggested HACM look at HASC's programs to encourage more landlords to participate to increase the number of units available. Mrs. Barr said it was extremely important to bring in a 1-year Interim

Director to not lose more employees. Mrs. Barr concluded with a suggestion to combine HACM and HASC as one entity. As an affordable housing developer, Mrs. Barr would like HACM to be as effective as it can to serve the population of the Monterey County.

b. Board of Supervisors to consider providing recommendations to the Board of Commissioners to address current issues. Recommendations are as follows:

- I. Board of supervisors to support the consolidation of HDC under HACM.
- II. HACM undertake an internal audit on their finance and performance.
- III. Board of supervisor to create an ad hoc committee to assist HACM with the Executive Director recruitment.
- IV. Direct county staff to continue exploring opportunities for the county to better understand and support a better government structure.

Comments: Supervisor Adams recommended a regional approach by collaborating with HASC. Supervisor Barr recommended to look at the HASC model and nominated Supervisor Alejo and Supervisor Askew to be part of the new Board of Supervisors ad hoc committee. Supervisor Alejo and Supervisor Askew accept the nominations.

Upon motion by Supervisor Alejo, seconded by Supervisor Askew, the Board of Supervisors approved the recommendations. Motion carried with the following roll-call vote:

AYES: Alejo, Phillips, Adams, Askew  
NOES: None  
ABSENT: Lopez

c. Board of Commissioners and Board of Directors to consider taking action in response to Board of Supervisors' recommendations. The Board of Commissioners take action on the following:

- I. Motion to direct HACM's existing ad hoc committee to work with the Board of Supervisors newly formed ad hoc committee to assist with the Executive recruitment and any additional issues related to performance and governance.

Upon motion by Vice-Chair Buder, seconded by Commissioner Ballesteros, the Board of Commissioners approved the recommendation. Motion carried with the following roll-call vote:

AYES: Wizard, Buder, Ballesteros, Miller, Goodwin  
NOES: None  
ABSENT: Healy, Gama

- II. Motion for HACM to undertake a comprehensive financial and performance audit.

Upon motion by Vice-Chair Buder, seconded by Commissioner Ballesteros, the Board of Commissioners approved the recommendation. Motion carried with the following roll-call vote:

AYES: Wizard, Buder, Ballesteros, Miller, Goodwin  
NOES: None  
ABSENT: Healy, Gama

- III. Motion to consolidation control of HDC under HACM with the Executive Director of HACM serving as the Executive Director of both entities.

Upon motion by Vice-Chair Buder, seconded by Commissioner Ballesteros, the Board of Commissioners approved the recommendation. Motion carried with the following roll-call vote:

AYES: Wizard, Buder, Ballesteros

NOES: Miller, Goodwin

ABSENT: Healy, Gama

Comments: Attorney Brown suggested to the board of Directors to separate each motion before a vote.

The Board of Directors take action on the following:

I. Motion to create an ad hoc committee.

Upon motion by Director Wizard, seconded by Director Buder, the Board of Directors approved the recommendation. Motion carried with the following roll-call vote:

AYES: Ballesteros, Miller, Buder, Goodwin, Wizard

NOES: None

ABSENT: Healy, Gama

II. Motion to Perform a financial and performance audit.

Upon motion by Director Wizard, seconded by Director Buder, the Board of Directors approved the recommendation. Motion carried with the following roll-call vote:

AYES: Ballesteros, Miller, Buder, Goodwin, Wizard

NOES: None

ABSENT: Healy, Gama

III. Motion to Consolidate control of HDC under HACM

Upon motion by Vice-Chair Buder, seconded by Commissioner Ballesteros, the Board of Commissioners approved the recommendation. Motion carried with the following roll-call vote:

AYES: Buder, Ballesteros, Wizard

NOES: Miller, Goodwin

ABSENT: Healy, Gama

d. Provide appropriate direction to staff.

Direction has been provided.

Comments: Supervisor Alejo wanted to express concerns regarding the governance structure and comments made at the meeting. If there is resistance or an inability to make the needed changes to merge both entities, the Board of Supervisors will step in to make the needed changes. Supervisor Phillips concurred with Supervisor Alejo; direction was given and if obstructed, the Board of Supervisors will step in. Madam Chair Askew agreed and added there is a significant urgency to consolidate both entities. County Counsel's Mr. Gerard reminded the Board of Supervisors to recess for closed session. Chair Wizard thanked everyone for attending this session and wanted to clarify that all opinions were valid and well heard with no animosity. Commissioner Ballesteros thanked the board of supervisor and acknowledged the recommendations that were made today.

4. **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 3:41 p.m.

Respectfully submitted,

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Gabriela Rivero  
Executive Assistant/Clerk of the Board

DocuSigned by:  
  
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Chairperson

ATTEST:

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Secretary

4/22/2022

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Date