



CITY OF SANTA CRUZ 2016-2017 ACTION PLAN



**City of Santa Cruz
Housing & Community Development Division
Economic Development Department**



CITY OF SANTA CRUZ 2016-2017 ACTION PLAN

May 15, 2016

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EXECUTIVE SUMMARY

1. Introduction

The City of Santa Cruz (City) is eligible to receive federal Community Development Block Grant (CDBG) funds and Home Investment Partnership Program (HOME) funds annually from U. S. Department of Housing and Urban Development (HUD). In order to receive these funds the City must complete a Consolidated Plan every five years which provides strategic direction for housing and community development activities. Under the guidance of this Consolidated Plan the City must complete an annual Action Plan each year to allocate CDBG and HOME funds.

This report is the 2016–2017 Action Plan for the City of Santa Cruz, covering the Program Year (PY) from July 1, 2016 to June 30, 2017. The HUD Action Plan PY is equivalent to the City’s fiscal year. This is the second Action Plan under the 2015-2020 Consolidated Plan.

This Action Plan was prepared in accordance with HUD’s Office of Community and Planning Development (CPD) eCon Planning Suite. Since 2015, HUD requires grantees to submit their annual Action Plan using a template provided by HUD through HUD’s Integrated Disbursement and Information System (IDIS) which is HUD’s nationwide database. The Plan is divided into three sections:

- Executive Summary
- The Process
- Action Plan

The content of the Plan in each of these sections is provided by responses to a series of questions. To clearly identify these HUD questions, they have been enclosed in a box. Most of the data tables in the Plan are populated with through information entered into IDIS from the Consolidated Plan, prior Action Plans, and this current Action Plan.

2. Summary of Objectives and Outcomes Identified in the Plan

The City's objectives for activities included in the 2016-2017 Action Plan include the following:

1. Preserve existing rental housing and increase the amount and affordability of rental housing for the City’s lowest income renters. The following are anticipated outcomes addressing this Objective:
 - A 40-50 unit affordable rental project is currently in the planning stages with an expectation that construction will start during the Program Year (PY).
 - Habitat for Humanity will construct a single family home with an accessory dwelling unit to create two homeownership opportunities for very low income households.
 - Funding will be provided for the on-going Security Deposit Program and a new pilot Tenant Based Rental Assistance Program.
 - CDBG funds will continue to provide enhanced code enforcement in troubled areas in the City addressing issues related to housing that would otherwise contribute to deterioration in low income neighborhoods.

2. Continue to support implementation of strategies developed under the County-wide Continuum of Care plan called *ALL IN -Toward a Home for Every County Resident, The Santa Cruz County Community Strategic Plan to Prevent, Reduce, and Eventually End Homelessness ("ALL IN")*.
 - CDBG and General Funds will continue to provide assistance to various programs and facilities at the Homeless Services Center.
 - General Funds will also be used to help fund the County Wide Homeless Action Partnership which provides the organizational structure for Continuum of Care activities as well as the Winter Shelter Program.
 - Under the Continuum of Care, McKinney-Vento Homeless Assistance funds awards will primarily be used for on-going support for and creation of new permanent supportive housing.
 - General Funds are used for three outreach and support programs including: (1) Downtown Outreach Worker, (2) Maintaining Ongoing Stability through Treatment (MOST) team, and (3) Bob Lee Community Partnership for Accountability, Connection, Treatment (PACT).
3. Provide on-going support for community services and youth programs.
 - The City provides a combination of CDBG and General Funds for over 70 community programs that provide a range of services and opportunities for the City's low income population.

The City of Santa Cruz has always acknowledged the high priority of affordable housing and community services to support the diversity and quality of the Santa Cruz community. The City invests many times more in General Fund dollars in community programs than it receives in federal funding for these activities. The City remains committed to supporting high-quality programs for those in need but faces challenges due to the ongoing decline in available funding. While CDBG, HOME, Consolidated Plan, and Action Plan requirements have substantially increased resulting in increased administrative burden, the substantial reduction in CDBG and HOME Program funding continues to impact the City's ability to address all of the many needs identified in the Consolidated Plan.

3. CDBG and HOME Program Funding

For the 2016-2017 PY the City expects to receive an allocation from HUD of \$484,039 in CDBG funds and \$258,112 in HOME Program funds.

In addition to the 2016-2017 PY CDBG Entitlement Grant, the City expects there will be about \$8,900 in CDBG Program Income (PI) from repayment of previous loans plus \$185,000 in unspent funds from prior years that will be available for reprogramming. The total estimated CDBG Budget for the 2016-2017 PY is \$677,939.

For the HOME Program, the City has \$563,000 in HOME funds that may be reprogrammed and expects to receive about \$35,500 in HOME Program PI. When combined with the HUD HOME Program grant for the 2016-2017 PY, a total of about \$867,192 in HOME funds available for allocation in this budget.

When CDBG and HOME Program budgets from the Action Plan are adopted by the City Council, they then are incorporated into the City's annual budget.

4. Evaluation of Past Performance

A comprehensive review of accomplishments from the 2015-2016 PY will be provided as a part of the City's Consolidated Annual Performance and Evaluation Report (CAPER) which will be available for public review in September 2016. The following is a brief summary of activities that were completed, progressed, supported as on-going programs, or initiated in the 2015-2016 PY.

CDBG and HOME Program funded projects were completed or are near completion:

- Women's Health Center renovation.
- Trestle Bridge Connection Project.
- Garfield Park Village Renovations.
- Homeless Services Center Locker Bay Improvements.

On-going programs serving the community:

- Code Enforcement in the CE Target Area.
- Community Services and Youth Programs at Nueva Vista Resource Center and Beach Flats Community Center.
- Teen Center programs.
- Although some services were reduced at the Homeless Services Center's Day Essential Services Center and the Paul Lee Loft, both of these programs survived a significant drop in funding.
- The Security Deposit Program, helping households access to rental housing.

The following projects or programs were initiated:

- Design of and land acquisition for the Water Street Affordable Housing Project.
- My House My Home, a program to help fixed income senior homeowners at risk of losing housing age in place through development of an accessory dwelling unit.

The Lower Ocean and Beach/South of Laurel NRSA is completing its fourth year. Progress has been made on all but 7 of the 52 activities. Of the 28 activities to be achieved by the second year, 21 have been completed, are in the process of being worked on, or are on-going programs that remain active.

- **Public Services:** Nueva Vista and the Beach Flats Community Center continued to provide community services to the NRSA. Both receive CDBG Public Service funding. In addition to providing services to help the City's Latino community, they provide educational programs, including nutrition classes for the community.
- **Wharf Improvements:** The Wharf Master Plan was completed.
- **Levee Improvements:** New lighting was installed on the Levee/bridges.
- **Downtown to Beach Trolley:** A second trolley was added.
- **Bookmobile:** The Santa Cruz Public Library continues to provide the bookmobile one day a week in the Beach Flats.
- **Marine Sanctuary:** The new Monterey Bay Marine Sanctuary Exploration Center continues to provide educational programs and acts as a tourist draw for the community.
- **Traffic Circle and Streetscape Improvements:** The second traffic circle at Beach Street and Pacific Avenue was completed.

- **Riverside Avenue Improvements:** Progress continues to be made on this project.
- **Safety Programs:** Most of the enhanced Police Department actions have continued including enhanced gang enforcement and increased number of Police Officers in the NRSA, PRIDE Program, Teen Citizen’s Police Academy, and Teen Public Safety Academy (ROP) with outreach to youth in the NRSA.

5. Summary of Citizen Participation Process and Consultation Process

The City offered several opportunities for participation and comment throughout the development of the Action Plan, including the following:

- A presentation and general public meeting to solicit feedback on community priorities and needs was held at the regularly scheduled City Council meeting on November 10, 2015. The meeting was advertised on the City’s website and posted on the City Council bulletin board. Staff also sent emails to interested persons and organizations.
- Focused outreach to the Hispanic community was done through a survey of community priorities at a scheduled Community Event on January 7, 2016 in the predominantly Hispanic Beach Flats neighborhood. Thirty-four residents participated in the survey. Development of more affordable housing was the community’s number one priority.
- A Community Program Committee meeting was held on February 22, 2016. Although CPC meetings are primarily for non-profit service providers, there is a public noticing process and the public is always welcome.
- The proposed Action Plan budget was discussed in a noticed and advertised City Council Public Hearing held on March 22, 2016.
- The draft Action Plan was discussed in a noticed and advertised City Council Public Hearing held on April 26, 2016.

The 2016=2017 Action Plan was available for public review during a public comment period from March 25 through April 25, 2016. A public notice announcing its availability was published in the Santa Cruz Sentinel on March 25. A second public hearing on April 26, 2016 is followed by a 15 day public review period beginning on April 28 through May 12, 2016.

The greater Santa Cruz community as well as the Hispanic minority community identified the need for affordable housing the highest goal/priority for the community. As a result, for the first time in over 20 years, CDBG funds in addition to HOME Program funds were allocated to an affordable housing project.

The table below summarizes community outreach. Note that there were no comments that were not accepted. Therefore, for special considerations this column was eliminated from this report.

The process of developing this Action Plan and ensuring success of the activities that are funded requires jurisdictions to reach out to and consult with other public and private agencies when developing the plan.

- City staff works directly with housing and service providers to develop eligible activities and projects that meet the needs of the community.

- Staff is active in local and regional boards and committees.
- Through the County Community Programs Funders Committee, all jurisdictions work together to coordinate local service provider activities and funding.
- Efforts to coordinate housing assistance and services for homeless and formerly homeless persons are coordinated through the Homeless Action Partnership.

Section AR-10 Consultation provides a detailed list of organizations and agencies that were consulted during this process.

6. Summary of Public Comments

November 10, 2015 City Council Discussion Meeting: A comment was made about coordinating with development of the new Parks Master Plan to identify potential future projects that could benefit from CDBG funding. One Council member suggested that staff consider CDBG funding for projects on the City's unfunded list, such as parks or infrastructure improvements in low income areas of the City. Questions were asked about using CDBG funds to preserve a community garden in Beach Flats. Support was given to continued use of CDBG funding for Code Enforcement. One speaker commented on the Jessie Street Housing Project expressing concerns that there was already a concentration of lower income housing projects south of Laurel/Soquel Streets.

February 22, 2016 Community Programs Committee meeting: in February, there were a number of attendees who spoke in favor of the MHCAN Elevator Project Application. Others spoke in favor of the Water Street Affordable Housing Project and the priority need for affordable housing. Several non-profit providers spoke in favor of a Pilot Tenant Based Rental Assistance (TBRA) Program and wanted to be involved in developing it.

March 22, 2016 Public Hearing: At the first Public Hearing, a number of speakers talked about the need for affordable housing and supported the proposed pilot TBRA Program. Several providers thanked the City Council for their on-going support of community services. In general there was very strong support for both the Water Street Affordable Housing Project and the Habitat for Humanity Frederick Street ADU. Most attendees, who spoke, acknowledged the City's need for more affordable housing. One speaker talked about the presentation of the survey results from the Beach Flats neighborhood, acknowledging that the results did reflect community needs and opinions which were the need for affordable housing as well as repair and improvements to existing housing and community safety as indicated by a desire to see security cameras and more lighting installed.

April 26, 2016 Public Hearing: No Public Comments were made at the Public Hearing.

7. Summary of Comments or Views Not Accepted and the Reasons for Not Accepting Them.

All comments were received and accepted.

THE PROCESS

PR-05 Lead & Responsible Agencies 24 CFR 91.200(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Responsible Agencies

Agency Role	Name	Department/Agency
Lead Agency	SANTA CRUZ	Economic Development Department
CDBG Administrator	SANTA CRUZ	Economic Development Department
HOME Administrator	SANTA CRUZ	Economic Development Department

Narrative

The City of Santa Cruz Housing and Community Development Division (HCD) under the Economic Development Department is the lead entity for overseeing the development of the Consolidated and Action Plans. Following adoption of the Action Plan, HCD Staff are responsible for overseeing the HUD-funded programs/projects and act in an advisory manner to the City Council concerning planning, implementing and assessing CDBG and HOME programs/activities.

Consolidated Plan Public Contact Information

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AR-10 Consultation - 91.100, 91.200(b), 91.215(I)

Introduction

The consolidated planning process requires jurisdictions to reach out to and consult with other public and private agencies when developing the plan. The Plan includes a summary of the consultation process, including identification of the agencies that participated in the process.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I)).

The City of Santa Cruz actively coordinates with public and assisted housing providers, and partners with health, mental health and service agencies in a variety of ways as follows:

- Through the annual distribution of funding, City staff work with housing and service providers to develop eligible activities and projects that meet the needs of the community, prepare applications, provide technical assistance and project management to ensure successful programming.
- Economic Development Department staff are active in local and regional boards, committees and coordination efforts.
- HCD staff has established strong working relationships with local housing and service providers and regularly discuss housing and human service needs and to develop strategies to address these needs.
- Through the County Community Programs Funders Committee, all jurisdictions work together to coordinate local service provider activities and funding.
- Efforts to coordinate housing assistance and services for homeless and formerly homeless persons are coordinated through the Homeless Action Partnership (described below) and its members. In addition the City works in partnership with the County to employ a Downtown Outreach Worker who engages homeless individuals in the City's downtown and connects them to needed resources, services, and shelter, including long term housing if possible.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

Santa Cruz County's homeless Continuum of Care (CoC) includes the Cities of Santa Cruz, Watsonville, Capitola, and Scotts Valley, as well as large unincorporated areas. Leadership for the CoC is provided by the Homeless Action Partnership (HAP), a community-wide action team that meets regularly to implement the CoC. Currently, the full HAP includes 32 active organizational and individual members representing all geographic parts of the county, as well as the key functional sectors identified by the

CoC Interim Rule. The City is a member of the HAP Board and Executive Committee as well as participating in the broader HAP itself.

The Homeless Action Partnership has taken the lead role in planning and implementing discharge protocols relating to key institutions to help ensure people are discharged to housing rather than directly to homelessness. HAP member have worked in consultation with the following County Departments/Offices to develop and implement discharge policies and protocols:

- County of Santa Cruz Families and Children’s Services to prevent emancipated youth from becoming homeless up to the age of 21.
- The County Homeless Persons’ Health Project for homeless people leaving hospital care.
- The County of Santa Cruz Health Services Agency (HSA) for discharging patients from the psychiatric and other behavioral health units.
- Santa Cruz County Jail for a coordinated system of care for mentally ill inmates that includes key justice system, social, and health partners.

Other non-CoC community planning efforts that benefit homeless people and align with the HAP’s objectives include the community-based Smart Solutions to Homelessness (and leadership council, public education, and business working groups), which grew out of a daylong Homelessness Summit held in December 2012; Project 180/2020, which is the local chapter of the national Zero: 2016 Campaign (formerly 100,000 Homes); and Project Homeless Connect Santa Cruz, which every year puts on a one-day event to connect homeless people directly to a plethora on needed services. These organizations came together in 2014 to develop a new homeless strategic plan, which is called *ALL IN - Toward A Home For Every County Resident, The Santa Cruz County Community Strategic Plan to Prevent, Reduce, and Eventually End Homelessness* (to be referred to as “ALL IN”). This Plan will provide the framework for coordination of efforts to address the needs of homeless persons over the time period covered by this Consolidated Plan. Home For Every County Resident, The Santa Cruz County Community Strategic Plan to Prevent, Reduce, and Eventually End Homelessness (to be referred to as “ALL IN”). One of the recommendations of the ALL IN Plan is to develop an improved coordinated entry system, which is currently being implemented under the HAP’s Coordinated Entry Working Group. Also as recommended by the ALL IN Plan, in 2015 the County created a new Homeless Coordinator position that will be responsible for tracking and assisting with the implementation of other recommendations.

Describe consultation with the Continuum of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

Under the direction of HAP, local homeless service providers utilize the Homeless Management Information System (HMIS) which is a computerized data collection tool designed to capture client level information over a period of time. Implementation of HMIS at the local level is overseen by Community Technology Alliance (CTA) utilizing the policies and procedures set by the HAP, around client confidentiality, data collection, computer entry, and reporting. Under this Consolidated Plan, HMIS will

also be used for measuring outcomes. The HAP has a standing HMIS committee that addresses all HMIS issues, bringing discussions as needed to the full HAP for policy and other significant decisions.

Santa Cruz County agencies compete annually for Emergency Solutions Grant (ESG) funds through a State of California-administered ESG program. During regular HAP meetings, members discuss applications and make recommendations for funding based on past performance, consistency with priorities and needs identified in the current the approved strategic plan on homelessness (ALL IN), and any application’s likely success in being funded. For federal Continuum of Care funding, the HAP’s Board of Directors serves as the ranking and rating committee for the CoC’s application. The City has a seat on that Board.

Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities

The following Table provides information about outreach to some of the organizations who participated in the process of developing this Consolidated Plan. This list includes key organizations that represent certain areas of the Plan.

TABLE 1: Agencies, Groups, Organizations Who Participated

1	Agency/Group/Organization	CITY OF SANTA CRUZ
	Agency/Group/Organization Type	Local Government/Jurisdiction
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Non-Homeless Special Needs Economic Development Infrastructure & Community Facilities
	How was the Agency consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Meetings with various City staff to identify infrastructure and other community priorities including participating in the City's interdepartmental Neighborhood Safety Team to address problem properties. The anticipated outcome is to identify and correct code enforcement and public safety issues that will ultimately improve the City's lower income neighborhoods.
2	Agency/Group/Organization	COUNTY OF SANTA CRUZ- Planning Department
	Agency/ Organization Type	Other government - County
	What section of the Plan was addressed by Consultation?	Housing Need Assessment; Lead-based Paint Strategies; Homelessness Strategy; Homeless Needs for Chronically homeless; Families with children; Veterans; Unaccompanied youth; Non-Homeless Special Needs; and Anti-poverty Strategy

	How was the Agency consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations usually occurred in meetings (primarily regarding homelessness issues) and telephone conference calls (special needs/housing). The anticipated outcome is better coordination, sharing of data, and for the homeless; on-going coordination under the HAP as well as implementation of ALL IN towards a coordinated effort to end homelessness.
3	Agency/Group/Organization	COUNTY OF SANTA CRUZ- Health Services Agency
	Agency/ Organization Type	Other government - County
	What section of the Plan was addressed by Consultation?	Lead-based Paint Strategies; Homelessness Strategy; Homeless Needs for Chronically homeless; Families with children; Veterans; Unaccompanied youth; and Non-Homeless Special Needs; Discharge Planning
	How was the Agency consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations for non- homeless sections were done as telephone interviews; for homeless issues, consultations were a part of the county-wide strategic planning efforts. This included planning and programs for emancipated youth, homeless persons discharged from health care facilities, and mentally ill inmates leaving jail.
4	Agency/Group/Organization	NUEVA VISTA FAMILY RESOURCE CENTER
	Agency/Group/Organization Type	Service Provider for the Hispanic Community and Youth Services.
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs; Anti-poverty Strategy; and Hispanic Community & NRSA Needs.
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations by telephone and site visits. Center also help with a survey in Beach Flats. The outcome is improved link with Hispanic community's needs. Center is also an active part of the City's Community Programs and attended Community Program public meetings.
5	Agency/Group/Organization	ENCOMPASS COMMUNITY RESOURCE CENTER
	Agency/Group/Organization	Services-Persons with Disabilities; HIV/AIDS; and Homeless.
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless; Non-Homeless Special Needs
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations by phone regarding homelessness relocation of disabled persons. Encompass is also an active part of the City's Community Programs and attended Community Program public meetings. Outcome is better awareness of mental illness and its impact on chronic homeless and difficulties regarding permanent housing.
6	Agency/Group/Organization	HOMELESS SERVICES CENTER (HSC)
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homelessness Strategy; Homeless Needs for Chronically homeless; Families with children; Veterans; Unaccompanied youth
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	On-site interviews; meetings (HAP and strategic planning process) and telephone conference calls. The anticipated outcome is better coordination and provision for the homeless community. HSC is also an active part of the City's Community Programs and attended Community Program public meetings.
7	Agency/Group/Organization	SENIOR NETWORK SERVICES (SNS)
	Agency/Group/Organization	Services – Elderly Persons.
	What section of the Plan was addressed by Consultation?	Homelessness Strategy; Non-Homeless Special Needs
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations in meetings regarding the My House My Home Program. SNS is also an active part of the City's Community Programs and attended Community Program public meetings. Outcome is greater awareness of and inclusion of key issues affecting seniors regarding housing.
8	Agency/Group/Organization	HABITAT FOR HUMANITY
	Agency/Group/Organization	Housing
	What section of the Plan was addressed by Consultation?	Senior Housing & Housing Options
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations in meetings regarding affordable housing and development of the new My House My Home Program. Outcome is establishing a program for vulnerable seniors at risk of homelessness that also creates additional rental housing through an ADU program.
9	Agency/Group/Organization	MID PENINSULA THE FARM
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment; Non-Homeless Special Needs.
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations in meetings regarding affordable special needs housing at their 314 Jessie Street property. Outcome is the potential to increase the number of affordable housing units available to the special needs population.
10	Agency/Group/Organization	HOUSING AUTHORITY OF SANTA CRUZ COUNTY
	Agency/Group/Organization Type	Public Housing Authority
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment; Non-Homeless Special Needs; Housing; Homelessness Strategy; Homeless Needs for Chronically homeless and Veterans

	How was the Agency/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations with HA staff; mutual participation in the HAP and the county-wide homeless strategic plan. Outcome is better coordination between HA and City, especially regarding creating access to housing by the chronically homeless and veterans as well as preservation of existing affordable units by encouraging renewal of HUD contracts.
11	Agency/Group/Organization	CALIFORNIA RURAL LEGAL ASSISTANCE (CRLA)
	Agency/Group/Organization Type	Fair Housing
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs; Housing Needs Assessment
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Annual consultation with CRLA to collect data and identify potential fair housing issues. Anticipated outcome is on-going tracking of fair housing issues so the City may address these in a timely manner.
12	Agency/Group/Organization	SANTA CRUZ COUNTY CONTINUUM OF CARE/HAP
	Agency/Group/Organization Type	Regional Organization
	What section of the Plan was addressed by Consultation? 701 Ocean Street	Homelessness Strategy; Homeless Needs for Chronically homeless; Families with children; Veterans; Unaccompanied youth
	How was the Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations occur through participation in the HAP members. Activities include attending HAP meetings. Anticipated outcomes include improvements such as coordinated entry, continual improvement of data collection and reporting through HMIS, and implementation of "All In", the new homeless strategic plan.
13	Agency/Group/Organization	CHAMBER OF COMMERCE OF SANTA CRUZ COUNTY
	Agency/Group/Organization Type	Business and Civic Leaders
	What section of the Plan was addressed by Consultation?	Housing Needs
	How was the Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Staff attended special meetings regarding housing issues related to economic development and overall health of the community. Anticipated outcome is that the Chamber will become an advocate for housing development that is affordable to the areas workforce.

Identify any Agency Types not consulted and provide rationale for not consulting

Not applicable since all relevant agencies and organizations were consulted as needed. No Agency Types were knowingly excluded.

Other local/regional/state/federal planning efforts considered when preparing the Plan

See table below.

TABLE 2: Other Local / Regional / Federal Planning Efforts

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
"All In" Plan	Continuum of Care/County of Santa Cruz as lead Organization.	The City of Santa Cruz is a financial partner and participant in CoC. Appropriate goals and strategies from the ALL IN Plan were incorporated into the Consolidated Plan and activities are scheduled to be funded under the Action Plan. The <i>ALL IN</i> Plan is also incorporated as an appendix to the 2015-2020 Consolidated Plan.
Housing Element	City of Santa Cruz	The Housing Element focuses on the provision of a variety of housing options for all income groups, with special attention for lower and moderate income households. The Consolidated Plan housing goals and objectives are consistent with the Housing Element as are any housing projects or programs funded under the Action Plan.

Describe cooperation and coordination with other public entities, including the State and any adjacent units of general local government, in the implementation of the Consolidated Plan (91.215(I))

The County of Santa Cruz provides regional planning and coordination of services and service providers. The three areas of greatest interface with the County include: (1) the County’s Human Resources Agency (HRA) which is responsible for all welfare programs; (2) the Health Services Agency (HSA) which protects and improves the health of the people in Santa Cruz County by providing programs in Environmental Health, Public Health, Medical Care, Substance Abuse Prevention and Treatment, and Mental Health; and (3) the Housing Division of the Planning Department which is responsible for the HAP (coordinates meetings, planning efforts, homeless counts, and the Continuum of Care application). Additionally the County District Attorney’s Office provides Fair Housing counseling and assistance to the community. City staff and elected officials also participate in County Commissions and Boards, such as the Regional Transportation Commission and the Workforce Investment Board of Santa Cruz County. The HAP and regional commissions and boards typically involve all other jurisdictions within Santa Cruz County.

The City works with the State Housing and Community Development (HCD) Department on housing related projects that are funded by the state.

Housing Authority of the County of Santa Cruz (HA) provides support for the City's housing programs on an as needed basis, including qualifying tenants and buyers in the City's affordable housing programs and manages the City's Security Deposit Program. In addition to the Section 8 Program, which provides rental assistance to very-low income residents, the HA also manages the regional Mortgage Credit Certificate (MCC) Program. HA staff has also provided invaluable assistance in preserving "at-risk" affordable housing by helping the City encourage renewal of the HUD contracts for the City's Project Based Section 8 developments.

AP-12 Participation - 91.105, 91.200(c)

1. Summarize citizen participation process and how it impacted goal-setting

The City offered several opportunities for participation and comment throughout the development of the Action Plan, including the following:

- A presentation and general public meeting to solicit feedback on community priorities and needs was held at the regularly scheduled City Council meeting on November 10, 2015. The meeting was advertised on the City's website and posted on the City Council bulletin board. Staff also sent emails to interested persons and organizations.
- Focused outreach to the Hispanic community was done through a survey of community priorities at a scheduled Community Event on January 7, 2016 in the predominantly Hispanic Beach Flats neighborhood. Thirty-four residents participated in the survey. Development of more affordable housing was the community's number one priority.
- A Community Program Committee meeting was held on February 22, 2016. Although CPC meetings are primarily for non-profit service providers, there is a public noticing process and the public is always welcome.
- The proposed Action Plan budget was discussed in a noticed and advertised City Council Public Hearing held on March 22, 2016.
- The draft Action Plan was discussed in a noticed and advertised City Council Public Hearing held on April 26, 2016.

The 2016=2017 Action Plan was available for public review during a public comment period from March 25 through April 25, 2016. A public notice announcing its availability was published in the Santa Cruz Sentinel on March 25. A second public hearing on April 26, 2016 is followed by a 15 day public review period beginning on April 28 through May 12, 2016.

The greater Santa Cruz community as well as the Hispanic minority community identified the need for affordable housing the highest goal/priority for the community. As a result, for the first time in over 20 years, CDBG funds in addition to HOME Program funds were allocated to an affordable housing project.

The table below summarizes community outreach. Note that there were no comments that were not accepted. Therefore, for special considerations this column was eliminated from this report.

TABLE 3: Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance
1	Public Meeting	Community & Elected Officials	The discussion was included on the agenda of the November 10, 2015 City Council meeting. There were approximately 20 persons in attendance.
	Summary of Comments Received:	A comment was made about coordinating with development of the new Parks Master Plan to identify potential future projects that could benefit from CDBG funding. One Council member suggested that staff consider CDBG funding for projects on the City’s unfunded list, such as parks or infrastructure improvements in low income areas of the City. Questions were asked about using CDBG funds to preserve a community garden in Beach Flats. Support was given to continued use of CDBG funding for Code Enforcement. One speaker commented on the Jessie Street Housing Project expressing concerns that there was already a concentration of lower income housing projects south of Laurel/Soquel Streets.	
2	Beach Flats Neighborhood Event	Beach Flats neighborhood; Hispanic minority.	Over 50 people attended Community Event in Beach Flats on November 15, 2015. 34 persons participated in a survey.
	Summary of Comments Received:	A survey of community priorities was conducted in English and Spanish. Results indicate community preference for use of funding were: #1-Housing – New Affordable Housing (24%); #2-Flooding/Drainage Improvements (15%); #3-Parking (13%); #4 tied- Security Cameras and Existing Housing Improvements (10%); #6- Better Lighting (7%); #7-Traffic Speed Controls (5%); #8 tied- Sidewalk Improvements and Beach Flats Park Improvements (4%); #10 tied - Street Paving Repair/Improvements, Improved Directional Signage, and Purchasing the Community Garden (3%); #13 More Garbage Trash Receptacles (1%). .	
3	Community Programs Committee	Service Providers; Non-targeted/broad community	Over 25 people the meeting on February 22 which was held in the City Council Chambers.
	Summary of Comments Received:	A number of attendees who spoke in favor of the MHCAN Elevator Project Application. Others spoke in favor of the Water Street Affordable Housing Project and the priority need for affordable housing. Several non-profit providers spoke in favor of a Pilot Tenant Based Rental Assistance (TBRA) Program and wanted to be involved in developing it.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance
4	Public Hearing	Non-Targeted/Broad Community	This was a noticed Public Hearing on March 22, 2016. Over 30 persons were in attendance.
	Summary of Comments Received:	A number of speakers talked about the need for affordable housing and supported the proposed pilot TBRA Program. Several providers thanked the City Council for their on-going support of community services. In general there was very strong support for both the Water Street Affordable Housing Project and the Habitat for Humanity Frederick Street ADU. Most attendees, who spoke, acknowledged the City's need for more affordable housing. One speaker talked about the presentation of the survey results from the Beach Flats neighborhood, acknowledging that the results did reflect community needs and opinions which were the need for affordable housing as well as repair and improvements to existing housing and community safety as indicated by a desire to see security cameras and more lighting installed.	
5	Public Hearing	Non-Targeted/Broad Community	This will be a noticed Public Hearing on April 26, 2016.
	Summary of Comments Received:	Comments will be reported prior to finalizing Action Plan	

2016-2017 ACTION PLAN

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The City of Santa Cruz is a CDBG and HOME Program entitlement jurisdiction and anticipates receiving \$484,039 in CDBG funds and \$258,112 in HOME funds for 2016-2017 Program Year. The City does not receive funding under HUD’s other two entitlement programs which include the Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs. In terms of program income, the City receives only a small annual amount from scheduled loan payments with larger amounts coming from periodic loan payoffs. Program income for the 2016-2017 Program Year is expected to be \$8,900 for the CDBG Program and \$35,500 for the HOME Program.

This section is intended to describe various resources that are expected to be available to meet the goals of the 2016 – 2017 Action Plan. The list does not include all sources that eventually are expected to be used. These Resources are financial, involve partnership opportunities, and include ability to leverage additional funds.

TABLE 4 - Expected Resources – Priority Table

PROGRAM	SOURCE OF FUNDS	EXPECTED AMOUNT AVAILABLE				EXPECTED AMOUNT AVAILABLE REMINDER OF CONPLAN \$
		Annual Allocation	Program Income	Prior Year Resources	Total	
CDBG	Public - Federal	\$484,039	\$8,900	\$185,000	\$677,939	\$1,500,000
		Uses of Funds	Acquisition; Admin and Planning; Economic Development; Housing; Public Improvements; Public Services			
		Narrative Description	City receives funds annually from HUD. Used to fund Community Programs; Code Enforcement, Infrastructure & Facility Improvements; Housing Development; and Program Delivery Costs for 3 Housing Programs.			
HOME	Public - Federal	\$258,112	\$35,500	\$563,600	\$857,212	\$750,000
		Allowed Use of Funds	Acquisition; Admin and Planning; Economic Development; Housing; Public Improvements; Public Services			
		Narrative Description	City receives funds annually from HUD. Used to fund Housing Development, rehab, TBRA, and Security Deposit Programs.			

PROGRAM	SOURCE OF FUNDS	Expected Amount Available		Expected Amount Available Remainder of ConPlan \$	
Competitive McKinney-Vento Homeless Assistance Act	Public - Federal	\$490,000		\$1,460,000	
		Use of Funds	Housing; Tenant Based Rental Assistance; Support of Homeless Facilities and Programs such as the Rebele Family Shelter.		
		Narrative Description	Funding used to create permanent supportive housing, rapid rehousing, and homeless prevention programs. Funding is county-wide. Amounts shown above are based on proportion of City/Other County population (21%). Total grant for the 2015-16 PY was \$2.3 million.		
City General Fund	Public - Federal	\$1,195,000		\$3,900,000	
		Use of Funds	Public Services		
		Narrative Description	General Funds are annually used for community/social service and homeless programs plus emergency housing assistance (TBRA) through CAB.		
LIHTC (Low Income Housing Tax Credits)	Public - Federal	\$2,000,000		TBD	
		Use of Funds	Federal Low Income Housing Tax Credits (LIHTC) are used for acquisition; Housing; Multifamily rental new construction; Multifamily rental rehab		
		Narrative Description	Funding is dependent upon individual projects receiving tax credits. Two projects may apply for LIHTC during the 2016-17 PY including 708-720 Water Street and 350 Ocean Street.		
Tax Exempt Bond Proceeds	Public - Local	\$1,300,000		\$4,000,000	
		Use of Funds	Acquisition; Admin and Planning; Economic Development; Housing; Public Improvements; Public Services		
		Narrative Description	Proceeds from the former Redevelopment Agency bond are to be used affordable housing. \$1.3 million is committed to Water Street Affordable Housing Project to be used during the 2016-17 PY. Future funds are committed to Metro Project.		
Other - Affordable Housing Trust Fund (AHTF)	Public - Local	\$1,300,000		\$400,000	
		Use of Funds	City's Affordable Housing Trust Fund is used to fund affordable housing development and preservation and limited administration.		
		Narrative Description	\$1.3 million is committed to the Water Street Affordable Housing Project which is expected to start construction during the 2016-17 PY. AHTF is the most flexible funding source since it is controlled by the City.		

PROGRAM	SOURCE OF FUNDS	Expected Amount Available		Expected Amount Available Remainder of ConPlan \$
Other – Red Cross Funds	Public - Local	\$47,000		\$141,000
		Use of Funds	Public Service; Tenant Based Rental Assistance (Security Deposit Program)	
		Narrative Description	Annual allocation of funds from the Red Cross Reconstruction loan repayments is used for the Beach Flats Community Center; Security Deposit Program and Emergency Housing Assistance for the Beach Flats and Lower Ocean Street neighborhoods (as previously approved by the Red Cross).	
Other – State Cap-and-Trade Program	Public - State	\$0		\$1,00,000
		Use of Funds	Housing; Acquisition; Multifamily rental new construction.	
		Narrative Description	Source is Cap and Trade Grants for transit Oriented Development (TOD) housing projects. City will apply for a grant for Metro Project. Actual amount of request will be determined at that time.	

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The extent of needs in the City Santa Cruz far exceeds the available funding from the CDBG and HOME programs. Most activities to be pursued by the City with CDBG and HOME funds will be leveraged with a variety of funding sources, including: grants from State, Federal, and local governments; private foundations; capital development funds; general funds; private donations of funds or services; and other various funding sources. With the demise of Redevelopment Agencies in California, the federal Low Income Housing Tax Credit (LIHTC) program has become an increasingly more important source of funding for affordable housing. It is expected that LIHTC funds will be used to help fund two housing projects in the City that will start construction in the 2016-17 PY. In future years, the City also intends to apply for new state Cap and Trade funding for transit oriented housing development. Cap-and-trade is a market based regulation that is designed to reduce greenhouse gases (GHGs) from multiple sources. The state has allocated some of the income from this program for affordable housing.

Federal match requirements apply to the City's HOME funds. The HOME program requires that for every HOME dollar spent, the City must provide a 25 percent match with non-federal dollars. Currently, the City still maintains an excess in match requirements from previous fiscal years of almost over \$9 million. This excess match will fulfill the City's HOME match requirements for many years at the current level of HOME funding.

Given the limited annual allocations in CDBG and HOME funds, the City may consider pursuing new Section 108 loans within the five-year Consolidated Plan period in order to support large-scale public improvements or housing projects. (Note that this was not included in the list above but may be added as an amendment at a later date.)

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City has long-term leases of City-owned property with non-profit organizations that address the needs identified. Programs operating in leased City-owned properties include:

- Housing Developments including Neary Lagoon, Nueva Vista, Sycamore Commons, the Tannery, and Gault Street Senior Housing.
- Beach Flats Community Center.
- Homeless Services Center.

Discussion

See discussions above.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.420, 91.220(c)(3)&(e)

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

The City is expected to assist about 120 extremely low, very low, and low income households during the PY through providing security deposits, tenant based rental assistance, emergency housing assistance, code enforcement, and the construction of two new ownership units by Habitat for Humanity. Since the Water Street Affordable Housing Project will not be completed until the 2017-2018 PY, this project is not included in this count. It is expected that of the 120 assisted at least 8% will be homeless or formerly homeless, 25% extremely low income households, 25% very low income households, and 20% moderate income households (which under HUD’s definition includes households at or below 80% of Area Median Income. This is a conservative estimate that assumes that code enforcement will be assisting households that may or may not be or moderate income or below.

AP-23 Annual Goals Summary

1	GOAL NAME	Increase and preserve affordable housing.	
	PERIOD	Start Year: 2015	End Program Year: 2019
	CATEGORY	Affordable Housing	
	GEOGRAPHIC AREA	City-wide; Code Enforcement Target Areas	
	NEEDS ADDRESSED	Preserve existing rental housing and increase the amount and affordability of rental housing for the City's lowest income renters.	
	FUNDING	CDBG:	\$125,500
		HOME:	\$125,000
		Red Cross Funds:	\$22,000
		LIHTC	\$2,000,000
		AHTF	\$1,300,000
		Tax Exempt Bonds	\$1,300,000
		TOTAL 2016-17 PY	\$4,872,500
	GOAL OUTCOME INDICATOR	Homeowner Housing Added:	1 Household Housing Unit
		Rental Units Constructed	50 Household Housing Units
		Tenant-based rental assistance / Rapid Rehousing:	30 Households Assisted
		Homelessness Prevention:	10 Persons Assisted
		Housing Code Enforcement:	50 Household Housing Unit
	NARRATIVE	<p>For the 2016-2017 Program Year, affordable housing projects include development of 1 ownership accessory dwelling unit by Habitat for Humanity and a 50-60 unit affordable rental project by For the Future Housing. Housing programs include: (1) provision of about 30 security deposits and 10 emergency housing assistance grants; (2) housing preservation through the Code Enforcement Program in low income areas; (3) a new Tenant Based Rental Assistance Program; and (4) Program delivery costs for the Security Deposit and Rehab Programs.</p>	

2	GOAL NAME	Revitalize community facilities & infrastructure.	
	PERIOD	Start Year: 2015	End Program Year: 2019
	CATEGORY	Non-Homeless Special Needs; Non-Housing Community Development	
	GEOGRAPHIC AREA	Priority = Neighborhood Revitalization Strategy Area (NRSA); Secondary Priority = Low Income Target Areas;	
	NEEDS ADDRESSED	Community Infrastructure Improvements	
	FUNDING	CDBG:	\$0 in the 2016-2017 Program Year
		TOTAL 2016-17 PY	\$0
	GOAL OUTCOME INDICATOR	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit:	0 persons or households
GOAL DESCRIPTION	No infrastructure or community facility project is proposed for funding under the 2016-2017 Action Plan. However, the infrastructure project to improve sidewalks and gutters, enhanced crossings, and do lighting improvements in the NRSA and other low income areas plus handicapped ramp improvements throughout the City was included in the 2015-2016 Action Plan and is expected to be implemented during the 2016-2017 Program Year. No Outcome data is provided since this project is under funding of a prior year		

3	GOAL NAME	Support County-wide Homeless Strategic Plan.	
	PERIOD	Start Year: 2015	End Program Year: 2019
	CATEGORY	Homeless	
	AREA	City-wide	
	NEEDS ADDRESSED	Homeless Assistance Programs	
	FUNDING	CDBG:	\$15,000
		General Fund	\$403,223
		McKinney Vento Homeless Assistance:	\$490,000 (Proportion of County-wide Continuum of Care funding based on City's Population)
		TOTAL 2016-17 PY	\$908,223
	GOAL OUTCOME INDICATOR	Public service activities other than Low/Moderate Income Housing Benefit:	400 Persons Assisted
	Homeless Person Overnight Shelter:	100 Persons Assisted	
GOAL DESCRIPTION	Annual funding for homeless services allocated in the 2016-2017 Action Plan includes shelter and day essential services. Outcome goal only represents CDBG funding for the Day Essential Services Center and the Paul Lee Loft. City General Funds are allocated for a winter shelter and other homeless facilities and services. This funding is included in the funding amounts but not the Outcomes. McKinney-Vento funding is also included using a portion of the total County-wide Continuum of Care grant based proportionally on the City's population. Rapid Rehousing is included under a previous housing goal since the Security Deposit Program is not limited to use by homeless persons.		

4	GOAL NAME	Provide community and supportive services.		
	PERIOD	Start Year: 2015	End Program Year: 2019	
	CATEGORY	Non-Housing Community Development		
	GEOGRAPHIC AREA	Priority = Neighborhood Revitalization Strategy Area (NRSA); Secondary Priority = Low Income Target Areas; Low Income Persons City-wide		
	NEEDS ADDRESSED	Community Services and Youth Programs		
	FUNDING	CDBG:	\$135,000	
		General Fund:	\$753,915	
		Red Cross Funds:	\$25,000	
		TOTAL 2016-17 PY	\$913,915	
	GOAL OUTCOME INDICATOR	Public service activities other than Low/Moderate Income Housing Benefit:	5300 Persons Assisted (Based on Population in NRSA + Teen Center)	
GOAL DESCRIPTION	<p>The City of Santa Cruz provides funding to over 70 social service programs that are operated by over 50 organizations. CDBG funding is allocated to a portion of these programs. During the 2016-2017 PY CDBG funding will be provided for Nueva Vista Community Resources (includes Nueva Vista and Beach Flats Community Centers) which is an independent program under Community Bridges, the Homeless Services Center (HSC), and the Teen Center. Nueva Vista Community Resources is designated as a Community Based Development Organization (CBDO) by the City of Santa Cruz. It primarily serves the Beach South of Laurel and Lower Ocean Street Neighborhood Revitalization Strategy Area. CDBG funding for HSC and Outcome Indicators are included under goal #3. The projected Goal Outcome Indicator represents data only for the two remaining CDBG funded services.</p>			

AP-35 Projects – 91.220(d)

Introduction

This section includes the projects proposed for Action Plans under the 2015 Consolidated Plan.

#	Project Name
1	ADA Improvements: Ramps, Sidewalks, and other Pedestrian Improvements
2	Code Enforcement in Target Areas
3	Nueva Vista Community Resource Center Services
4	Teen Center
5	Homeless Services Center Day Essential Services Center/Paul Lee Loft
6	Rehabilitation Program Delivery Costs
7	Security Deposit Program Delivery Costs
8	Security Deposit Program
9	Frederick Street Habitat For Humanity Home
10	CDBG Program Administration
11	HOME Program Administration
12	Water Street Affordable Housing Project
13	Frederick St. ADU - Habitat
14	Security Deposit Program
15	Tenant Based Rental Assistance Pilot Program
16	Rehabilitation Program Delivery Costs
17	Security Deposit Program Delivery Costs
18	Tenant Based Rental Assistance Program Delivery Costs
19	Code Enforcement in Target Areas
20	Nueva Vista Community Resources
21	Teen Center
22	Homeless Services Center Essential Resource Program and Paul Lee Loft
23	Water Street Project Property Acquisition
24	CDBG Program Administration 2016 PY
25	HOME Program Administration 2016 PY

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The allocation of funds is aligned with the top housing and community development needs identified in the Consolidated Plan, input received in public meetings, and discussions of elected officials during plan development. The major obstacle to addressing the underserved needs is the lack of adequate funding, especially for affordable housing activities and supportive housing as well as programs to provide for the City's homeless population. With the dissolution of redevelopment in California and reduced State and Federal funding for programs and affordable housing, the City's ability to address the extensive needs in

the community has been seriously compromised.

AP-38 Project Summary

Project Summary Information

1	Project Name	Water Street Affordable Housing Project	City Project ID: 2016-1
	Target Area	City wide.	
	Goals Supported	Increase and preserve affordable housing.	
	Needs Addressed	Affordable Housing	
	HUD Funding	HOME: \$670,362; CDBG: \$321,851	
	Other Resources	LIHTC: \$2,000,000; City Tax Exempt Bonds: \$1,300,000; City AHTF: \$1,300,000	
	Description	The Water Street Affordable Housing Project includes construction of 50-60 new affordable housing units and a community room. Eleven of these units will be assisted using HOME Program funds. CDBG funds are intended to be used to assist in the acquisition one of the four parcels needed for the project site.	
	Target Date	5/31/2018	
	Estimate the number and type of families that will benefit from the proposed activities	Project would provide housing for 50 to 60 households with 17-18 units being designated for special needs households including 9 units for psychiatrically disabled and 8-9 units for developmentally disabled households.	
	Location Description	The Project site is located at 708-720 Water Street which is along the Water Street transportation corridor giving the location easy access to public transportation on Water Street. It is also located within walking distance of the downtown for shopping and employment. It is adjacent to a mix of residential and commercial uses.	
	Planned Activities	The Water Street Affordable Housing Project would provide 50-60 new housing units at various affordability levels at or below 60% of area median income. If required by the City, the project may have a limited amount of ground floor commercial along the Water Street frontage. The project will also include a community room and space for such activities as a homework club or other functions that meet the needs or the residents.	
Goal Outcome Indicator	7. Rental Units Constructed – 50 Household Housing Units.		

2	Project Name	Frederick Street ADU - Habitat	City Project ID: 2016-2
	Target Area	City wide.	
	Goals Supported	Increase and preserve affordable housing.	
	Needs Addressed	Affordable Housing	
	Funding	HOME: \$41,044	
	Other Resources	Habitat for Humanity to provide additional funding and in kind donation.	
	Description	The City Council previously approved \$65,000 in HOME Program funding to help Habitat construct a single family home on a vacant 4,290 square foot lot located on Frederick Street at its intersection with Broadway. After developing plans for a 1,000 square foot two bedroom, one bath home, it was determined that the site might also accommodate an ADU. The additional HOME funding being allocated under the 2016-2017 Action Plan would be used to help to construct this ADU. Construction of both units will utilize self-help labor provided by the participant families and volunteers. The homes will be sold to low-income participant households with 0% interest financing provided by Habitat. Habitat has been qualified as a Community Housing Development Organization (CHDO) by the City.	
	Target Date	12/1/2017	
	Estimate the number and type of families that will benefit from the proposed activities	One very low income household will benefit by being able to become homeowners.	
	Location Description	The site is located in a predominantly single family neighborhood adjacent to a church parking lot on Frederick Street at its intersection with Broadway. The site does not currently have an address.	
Planned Activities	Activity is to construct a one bedroom accessory dwelling unit (ADU). The household that will be purchasing the unit must contribute at least 500 hours of volunteer labor. They will receive an affordable loan at 0% interest directly from Habitat for Humanity. The unit will be owned as a Tenancy in Common with the owner of the main house. This house is also being assisted with HOME funding under the 2015-2016 Action Plan.		
Goal Outcome Indicator	9. Homeowner Housing Added – 1 Household Housing Unit.		

3	Project Name	2016 PY Security Deposit Program	City Project ID: 2016-3
	Target Area	City wide.	
	Goals Supported	Support County-wide Homeless Strategic Plan. Increase and preserve affordable housing.	
	Needs Addressed	Affordable Housing; Homeless Assistance Programs	
	Funding	HOME: \$60,000	
	Other Resources	CDBG: \$15,000; Red Cross Funds: \$11,000	
	Description	This is an on-going program supported by the City to provide security deposit assistance for 30-40 low, very-low, and extremely low income households to enable them to secure rental housing. Security deposit loan funding is provided by HOME Program and Red Cross Funding. CDBG funds and a portion of Red Cross funds are used for program delivery costs. The County of Santa Cruz Housing Authority (HA) administers the Program. The project qualifies for HOME Program funding under 24 CFR, Part 92.205(a) for tenant based rental assistance/security deposits.	
	Target Date	6/30/2017	
	Estimate the number and type of families that will benefit from the proposed activities	Program will help about 30 low, very-low, and extremely low income households into rental housing who lack money for a security deposit. Program is also used to assist the 180/2020 Program in housing the most medically vulnerable and chronically homeless persons.	
	Location Description	The program operates city-wide.	
	Planned Activities	Activities include processing applications, providing loans to qualified applicants for security deposits, distributing funds to landlords, and receiving reimbursements when tenant vacates unit.	
Goal Outcome Indicator	12. Tenant-based rental assistance / Rapid Rehousing – 30 Households Assisted.		

4	Project Name	Tenant Based Rental Assistance Pilot Program	City Project ID: 2016-4
	Target Area	City wide.	
	Goals Supported	Support County-wide Homeless Strategic Plan. Increase and preserve affordable housing.	
	Needs Addressed	Affordable Housing; Homeless Assistance Programs	
	Funding	HOME: \$60,000	
	Other Resources	CDBG: \$12,000	
	Description	The City intends to develop a TBRA program that will be designed in such a way to help individuals or households transition from other temporary supportive housing programs and/or homelessness. TBRA recipients may be in the program for a maximum of two years. City staff will work with local providers to develop parameters for the Pilot Program and select a non-profit to operate the program.	
	Target Date	6/30/2017	
	Estimate the number and type of families that will benefit from the proposed activities	During the first year of the Pilot Program, the City expects to be able to assist 5 to 8 very to extremely low income households. It's expected that over half of those assisted will be homeless or at threat of homelessness.	
	Location Description	The proposed program will be available City-wide.	
	Planned Activities	During the Program's first year, the City will work with non-profit providers to develop the parameters for the program, a manual, and application procedures. Through an RFP process, a non-profit will be selected to run the program. It is intended that 5-8 households will be enrolled in the program.	
Goal Outcome Indicator	12. Tenant-based rental assistance / Rapid Rehousing – 5 Households Assisted.		

5	Project Name	2016 PY Rehabilitation Program Delivery Costs	City Project ID: 2016-5
	Goals Supported	Increase and preserve affordable housing.	
	Needs Addressed	Affordable Housing	
	Funding	CDBG: \$15,500	
	Other Resources	General Fund may support City staff costs exceeding available CDBG funds.	
	Description	Activity provides funding for Unified Housing Rehabilitation Program (UHRP) consultant contract to administer existing UHRP loans and some staff costs for new rehab projects such as the proposed Jesse Street Rehabilitation Project.	
	Target Date	6/30/2017	
	Estimate the # & type of families that will benefit	This activity is reported under the actual redevelopment projects. For the 2016-2017 Program Year, this will be reported under the Jessie Street Rehabilitation Project.	
	Location Description	UHRP is city-wide.	
	Planned Activities	Consultant administers existing UHRP loans. Staff oversees and monitors current and past rehabilitation projects and agreements.	
Goal Outcome Indicator	None listed. Reported under other activities.		

6	Project Name	2016 PY Security Deposit Program Delivery Costs	City Project ID: 2016-6
	Goals Supported	Increase and preserve affordable housing; Support County-wide Homeless Strategic Plan.	
	Needs Addressed	Affordable Housing; Homeless Assistance Programs	
	Funding	CDBG: \$15,000	
	Other Resources	General Fund may support City staff costs exceeding available CDBG funds.	
	Description	Activity provides funding for the Housing Authority's program delivery costs to administer the Security Deposit Program.	
	Target Date	6/30/2017	
	Estimate the # & type of families that will benefit	Program results will be reported under the HOME Program funded Security Deposit Program.	
	Location Description	Security Deposit Program is provided city-wide.	
	Planned Activities	Housing Authority processes applications, inspects units, makes payments to landlords, processes any returns when tenant vacates unit, and reports to the City.	
Goal Outcome Indicator	None listed. Reported under other activities.		

7	Project Name	2016 PY Tenant Based Rental Assistance Program Delivery Costs	City Project ID: 2016-7
	Target Area	Security Deposit Program is provided city-wide.	
	Goals Supported	Increase and preserve affordable housing; Support County-wide Homeless Strategic Plan.	
	Needs Addressed	Affordable Housing; Homeless Assistance Programs	
	Funding	CDBG: \$12,000	
	Other Resources	General Fund may support City staff costs exceeding available CDBG funds.	
	Description	Activity will provides funding for delivery costs incurred by a non-profit organization to administer the proposed Tenant Based Rental Assistance Pilot Program.	
	Target Date	6/30/2017	
	Estimate the # & type of families that will benefit	Program results will be reported under the HOME Program funded Tenant Based Rental Assistance Program.	
	Location Description	Tenant Based Rental Assistance Program will be provided city-wide.	
	Planned Activities	A non-profit organization to be determined will process applications, inspects units, make payments to landlords, and report results to the City.	
	Goal Outcome Indicator	None listed. Reported under other activities.	

8	Project Name	2016 PY Code Enforcement in Target Areas	City Project ID: 2016-8
	Goals Supported	Increase and preserve affordable housing.	
	Needs Addressed	Affordable Housing	
	Funding	CDBG: \$95,000;	
	Other Resources	General Fund: \$20,000	
	Description	Conduct focused code enforcement activities in Code Enforcement Target Areas.	
	Target Date	6/30/2016	
	Estimate the # & type of families that will benefit	Code Enforcement activities will help preserve and/or result in improvement to about 50 properties in the Code Enforcement Target Areas, which will help improve neighborhoods that include about 10,000 households.	
	Target Areas Included	Code Enforcement Target Areas	
	Location Description	Code Enforcement activities will occur in the Code Enforcement Target Areas, with a priority given to areas within the NRSA.	
	Planned Activities	CDBG Funds will be used for focused code enforcement in target areas. City General funds will be used to provide community education materials, sponsor community clean-ups, and provide presentations at neighborhood meetings when requested.	
	Goal Outcome Indicator	22. Housing Code Enforcement/Foreclosed Property Care: 50 Household Housing Units	

9	Project Name	Nueva Vista Community Resources	City Project ID: 2016-9
	Goals Supported	Provide community and supportive services.	
	Needs Addressed	Community Services and Youth Programs	
	Funding	CDBG: \$100,000	
	Other Resources	Other funding comes from other grants & contributions made directly to the Programs.	
	Description	Activity provides for operating expenses for Nueva Vista Resources, which includes the Nueva Vista Resource Center (formerly known as Familia Center) and the Beach Flats Community Center. Nueva Vista Resources is a Latino based center with a primary focus to serve the low income families in the Lower Ocean Street and Beach Flats Neighborhood, including community services and youth programs. Nueva Vista is designated as a qualified CBDO which operates under Community Bridges.	
	Target Date	6/30/2017	
	Estimate the number and type of families that will benefit from the proposed activities	Statistically there are about 10,000 households in the City's NRSA, which is the primary target for these programs. The NRSA involves neighborhood with the largest minority (Hispanic) populations in the City. About 46% are Hispanic versus 17% City-wide. The highest percentage is 78% Hispanic in the Beach Flats neighborhood.	
	Target Areas Included	Neighborhood Revitalization Strategy Area	
	Location Description	Client services will take place at Nueva Vista Community Resource Center, located at 711 East Cliff Drive. Youth Programs and Beach Flats neighborhood activities will take place at the Beach Flats Community Center, located at 133 Leibrandt Avenue.	
	Planned Activities	Nueva Vista Resource Center (formerly known as Familia Center), has two programs assisted with CDBG funding. The first program is Client Services which provides assistance to families through advocacy and support, information, referrals, follow up, educational workshops, youth enrichment programs, emergency food and clothing, and assistance with enrollment into government programs including CalFresh, MediCal and Covered CA. The second program is the Beach Flats Community Center which provides youth programs and activities as well as serving as a community center for the neighborhood.	
Goal Outcome Indicator	3. Public service activities other than Low/Moderate Income Housing Benefit: 10,000 Persons Assisted.		

10	Project Name	2016 PY Teen Center Operation Costs	City Project ID: 2016-10
	Goals Supported	Provide community and supportive services.	
	Needs Addressed	Community Services and Youth Programs	
	Funding	CDBG: \$35,000	
	Other Resources	General Fund: \$120,000	
	Description	CDBG funds will be used toward staff costs for the Teen Center to provide safe place and programs for teens in a low income area of City.	
	Target Date	6/30/2017	
	Estimate the number and type of families that will benefit from the proposed activities	It's estimated that about 300 Teens participate in the program over the year. Over 50% are from households that are at or below 30% of Area Median Income (AMI) with almost 75% being below 50% AMI.	
	Target Areas Included	Low Income Target Areas; Neighborhood Revitalization Strategy Area	
	Location Description	The Teen Center is located in the Louden Nelson Community Center at 301 Center Street. It is in the Low Income Target Area and immediately adjacent to the NRSA.	
	Planned Activities	The Teen Center has daily activities including a healthy eating program, an outdoor garden, homework assistance with access to 4 computers and free Wi-Fi, games such as foosball and a pool table, and direct access to Laurel Park. The computer stations are complete now with 4 internet connected computers for teens to use. Additionally the Center provides mentorship opportunities for teens. The Teen Center also collaborates with other organizations to provide field trips and other experiences. In the past this has included a 2-day, 2-night camping/white water rafting trip on the American River.	
Goal Outcome Indicator	3. Public service activities other than Low/Moderate Income Housing Benefit: 300 Persons Assisted.		

11	Project Name	2016 PY Homeless Services Center(HSC) Essential Resource Program (ERP)/Paul Lee Loft	City Project ID: 2016-11
	Goals Supported	Provide community and supportive services.	
	Needs Addressed	Community Services and Youth Programs	
	Funding	CDBG: \$15,000; General Fund: \$360,000	
	Other Resources	General Fund: \$52,520	
	Description	Activity provides for operating expenses for the Homeless Services Center's Day Essential Services Center/Paul Lee Loft.	
	Target Date	6/30/2015	
	Estimate the number and type of families that will benefit from the proposed activities	It is expected that about 400 homeless persons will receive services through the ERP and 100 homeless persons will be sheltered at the Paul Lee Loft. According to the 2015 point in time count, homeless persons primarily using these facilities are typically single (85%), male (66%); Caucasian (over 50% at HSC). City General funds are also used for these two programs plus the Rebele Family Shelter and the Page Smith Community House Transitional Housing/Respite Care Facilities. The amount of 'General Funds indicated above is only for the DESC and Paul Lee Loft.	
	Target Areas Included	HSC services are provided city-wide.	
	Location Description	Homeless Services Center Campus is located at 115 Coral Street, which is just north of Highway 1 and the City's downtown.	
	Planned Activities	The Essential Resource Program is a comprehensive resource center for homeless persons offering mail service, hygiene and laundry access, telephone access, and computer/Internet access and training plus job and housing search assistance. The Paul Lee Loft Shelter is a Rapid Rehousing shelter designed to give homeless persons temporary assistance needed to identify and implement the necessary steps that will elevate them from homelessness into housing and employment.	
Goal Outcome Indicator	Public service activities other than Low/Moderate Income Housing Benefit: 400 Persons Assisted; Homeless Person Overnight Shelter: 100 Persons Assisted.		

12	Project Name	2016 PY CDBG Program Administration	City Project ID: 2016-12
	Goals Supported	None	
	Needs Addressed	None	
	HUD Funding	CDBG: \$98,588	
	Other Resources	General Fund may support City staff costs exceeding available CDBG funds.	
	Description	Administration funding would partially support 3 staff persons, training and other expenses incurred for operation of the CDBG and HOME Programs and related consultant contracts.	
	Target Date	6/30/2017	
	Estimate the # & type of families that will benefit	Program administration does not require an outcome.	
	Target Areas Included	No target area is indicated.	
	Location Description	Economic Development Department offices are located at 337 and 330 Locust St.	
	Planned Activities	Administration of CDBG and HOME Programs.	
	Goal Outcome Indicator	Program administration does not require an outcome to be indicated.	

13	Project Name	2016 PY HOME Program Administration	City Project ID: 2016-13
	Goals Supported	None	
	Needs Addressed	None	
	HUD Funding	HOME: \$35,676	
	Other Resources	General Fund may support City staff costs exceeding available HOME Program funds.	
	Description	Administration funding would partially support 2 staff persons, training and other expenses incurred for operation of the HOME Program.	
	Target Date	6/30/2017	
	Estimate the # & type of families that will benefit	Program administration does not require an outcome.	
	Target Areas Included	No target area is indicated.	
	Location Description	Economic Development Department offices are located at 337 and 330 Locust St.	
	Planned Activities	Administration of HOME Program.	
	Goal Outcome Indicator	Program administration does not require an outcome to be indicated.	

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

The City of Santa Cruz has three levels of geographic based target areas as follows.

Level 1 Low Income Target Areas: The first level of geographic based target areas includes those areas where a concentration of low-income households exists. This means all income-eligible areas in the City of Santa Cruz that qualify for CDBG “Area Benefits” excluding Census Tract 1004, which only contains the University of California at Santa Cruz (UCSC). The HUD CDBG program defines a low-income concentration as any U.S. census block group where 51 percent or more of residents earn 80 percent of median family income or less. Services located in or serving these Low-Income Target Areas are given priority consideration for CDBG funding.

Level 2 Target Area -Code Enforcement Target Areas: Target Areas for CDBG funded Code Enforcement activities is further restricted. Code Enforcement Program Target Areas must: (1) be within a Low-Income Target Area; (2) be in a predominantly residential area; and (3) meet criteria that identify the area as deteriorating or deteriorated. The Program’s definition of a deteriorated area is having one or more of the following conditions: graffiti tags; existing violations or complaints; buildings that are unsafe or in disrepair; vacant/abandoned buildings; unkempt outdoor landscaping; or deleterious land uses/high crime.

Level 3 Target Area: Neighborhood Revitalization Strategy Area (NRSA): In the 2012 PY, the Lower Ocean and Beach/South of Laurel Neighborhood Revitalization Strategy Area (NRSA) was established. The NRSA neighborhoods continue to have the lowest incomes in the City. Over 30% of NRSA households are at or below poverty level, which is about twice as high the City as a whole. The NRSA is also home to highest concentration of Hispanic residents (46% versus 17% city-wide). Additionally although the NRSA only occupies about 3% of the City’s total land area, about 40% of crime outside of the Downtown occurs in the NRSA which includes gang related activities.

Notes for percentages shown in the Geographic Distribution table below:

(1) Only CDBG funds are indicated in the distribution table since HOME funds are used City-wide. However, this does include the CDBG funding allocated for acquisition of a portion of the Water Street Affordable Housing Project which is located in the Low Income Target Area.

(2) Duplication may occur: For example any funds spent in the NRSA or the CETA are also included in the Low Income Target Areas and at least 50% of Code Enforcement activity occurs in the NRSA so that 50% is counted for both CETA and NRSA.

(3) A portion of funds that may be used anywhere in the City are likely to be used in one of the Target Areas which would in effect increase the percentages. However these funds are not included in the table below.

Geographic Distribution

Target Area	Percentage of Funds
Neighborhood Revitalization Strategy Area	26%
Code Enforcement Target Areas	15%
Low Income Target Area	91%

Rationale for the priorities for allocating investments geographically

The rationale for prioritizing or focusing programs, projects, and services in these Low-Income Target Areas is that they can better serve as a catalyst for change by locating services closer to the highest areas of need. Projects or programs located in or adjacent to a Low-Income Target Area are given more consideration even when their services are provided city-wide since the service, program or project is likely to be more easily accessible to low income households. Also, the potential infusion of money into an area is an added benefit. These areas also tend to have the most deferred maintenance and other neighborhood quality or character issues.

Discussion

See discussion above.

AP-55 Affordable Housing – 91.220(g)

Introduction

The City plans to utilize HOME funds to support its authorized housing activities, including two new housing projects and two tenant based rental assistance (TBRA) programs. The housing projects include the 50-60 unit Water Street Affordable Housing Project and construction of an accessory dwelling unit on a single family lot by Habitat for Humanity. The two TBRA programs include the City’s ongoing the Security Deposit Program and a new TBRA Pilot Program to assist persons exiting other assistance programs into permanent housing. Also in support of these HOME funded programs, CDBG funds will be used to provide program delivery costs for the Security Deposit Program, the City’s Unified Housing Rehabilitation Program (UHRP), and the new TBRA Pilot Program. CDBG funds will be allocated to help purchase one of the parcels to be developed as a part of the Water Street Affordable Housing Project. In addition, City General funds and Red Cross funds support a limited Emergency Rental Assistance Program that provides up to 2 month’s rent for households facing eviction. Note that the following charts include this program (20 households assisted) but do not include the proposed Water Street Affordable Housing Project units since that project is not expected to be completed until the 2017-2018 Program Year.

One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households to be Supported	
Homeless	20
Non-Homeless	51
Special-Needs	5
Total	76

One Year Goals for Affordable Housing by Support Type

One Year Goals for the Number of Households Supported Through	
Rental Assistance	75
The Production of New Units	1
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	76

Discussion

See above.

AP-60 Public Housing – 91.220(h)

Introduction

The Housing Authority of Santa Cruz County (HA) is not a department of the City of Santa Cruz. However the City does have 3 Public Housing projects owned by the HA.

Actions planned during the next year to address the needs to public housing

The needs of public housing are addressed by the Housing Authority of Santa Cruz County.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Not applicable to the City of Santa Cruz.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable to the City of Santa Cruz.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City of Santa Cruz continues to have a strong commitment to providing services to homeless population as demonstrated by the level of funding provided by the City for homeless services. The priority that is placed on addressing homelessness is also reflected in the 2015-2020 Consolidated Plan.

Currently the Homeless Services Center (HSC) campus is the nucleus for services to homeless within the City of Santa Cruz. In addition to the \$15,000 in CDBG funds allocated to HSC, the City provides about \$215,000 through Community Programs for homeless services, emergency shelters, and transitional housing located on the HSC campus plus about \$140,000 as the City's share of the HAP and winter shelter expenses. This annually amounts to about \$370,000. HOME funds may also be used to provide security deposits to help homeless persons become housed. In addition it is expected that the new TBRA Pilot Program will help homeless person's access permanent housing.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

- **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

The City of Santa Cruz will continue to support services at HSC, which includes case management of individuals or families to help assess and provide for their needs. The City will also encourage providers' participation in the new coordinated entry program. In addition, the City has the following programs that provide outreach in the City's Downtown.

- **Downtown Outreach Worker** engages homeless individuals in the City's downtown and connects them to needed resources such as mental health or substance abuse treatment, social services, physical health services, financial benefits, transportation, meals, emergency shelter and longer term housing. The goal is to reduce the need for criminal justice involvement and psychiatric hospitalization, and assist individuals in making the transition out of homelessness.
- **Maintaining Ongoing Stability through Treatment (MOST) team** provides a County case worker that serves as a liaison between the County's Mental Health programs and the City's Police Department to help provide rapid response to calls for mental health support and crisis intervention primarily in the City's downtown.
- **Bob Lee Community Partnership for Accountability, Connection, and Treatment (PACT)** offers services such as treatment for substance abuse and mental health to people who routinely are arrested downtown for intoxication, illegal camping or other problems. Police and other city staff collaborate with service providers, prosecutors and the courts to keep chronic offenders and the most vulnerable homeless people out of a cycle of citations, arrests and recidivism) offers services such as treatment for substance abuse and mental health to people who routinely are arrested downtown for intoxication, illegal camping or other problems. Police and other city staff collaborate

with service providers, prosecutors and the courts to keep chronic offenders and the most vulnerable homeless people out of a cycle of citations, arrests and recidivism.

• **Addressing the emergency shelter and transitional housing needs of homeless persons**

The City funds agencies providing 186 year round shelter beds and 100 seasonal shelter beds. These include the following:

Homeless Services Center

- Rebele Family Shelter: up to 96 beds for families with children
- Paul Lee Loft Shelter: 46 beds for adult men and women
- Winter Shelter-Armory: 100 beds for adults and families
- Recuperative Care Center: 12 beds for adult men and women

Encompass Community Services

- River Street Shelter: 32 beds for adults mostly with mental illness

TOTAL: 286 beds

The City also supports and facilitates a variety of transitional housing programs that operate in Santa Cruz, such as HSC's 40-bed Page Smith Community House and FIT's scattered site transitional programs.

- **Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

As stated in "All In", the County-wide strategic plan to end homelessness, "affordable housing is both a cause of and solution to homelessness. For many people (including families, veterans, and youth), a short-term housing subsidy and stabilizing case management is all that is needed to regain stable housing. For chronically homeless people who are disabled or medically vulnerable and require additional time and supports, permanent supportive housing has proven to be a cost efficient and effective intervention. For the rest who are struggling with high rents and low paying jobs, subsidized, affordable housing will end their homelessness. Recognizing the unique affordability and development limitations in our county, we are challenged to find creative solutions for the range of permanent and affordable housing options needed to address homelessness and fit well into the community fabric."

The following are strategies or programs that will be implemented during the 2016-2017 Program Year.

- **"All In" Strategy 2.3:** Through coordinated entry, prioritize access to rapid rehousing and permanent supportive housing based on severity of need. (This is being done in coordination with the HAP.)

- **Rapid Rehousing:** Continue to use HOME Program and Red Cross funds to provide security deposits to facilitate access to rental housing. In addition, a new Tenant Based Rental Assistance Pilot Program is being initiated to help subsidize persons transitioning from homelessness and other social programs without access to HUD Housing Choice Vouchers.

- **Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.**

Also from “All In”, the County-wide strategic plan to end homelessness, “Reducing and eventually ending homelessness will require a more streamlined and targeted crisis response system that quickly and compassionately assesses a household’s needs and provides tailored resources for persons in crisis. We can achieve this goal by better assessing people’s need and barriers; targeting prevention and diversion resources to those most at risk of entering shelter”. The following are strategies that will be addressed during the 2016-2017 Program Year.

- Target prevention resources to those most at risk of entering the shelter system, including working with the County-wide HAP to prioritize prevention projects for California State ESG Program funding.
- Initiate a pilot Tenant Based Rental Assistance Program to help those transitioning out of homelessness with rents for a limited period of time.
- Continue Emergency Housing Assistance through The Shelter Program under the Community Action Board with funding from the City’s General Fund and limited Red Cross funds which can be used only in the Beach Flats and Lower Pacific neighborhoods.
- Address the “All In” strategies regarding at risk seniors by continuing to implement a pilot program to help at risk senior homeowners remain in their homes through a combination of rehab and accessory dwelling unit development in partnership with Habitat for Humanity.
- Continue implementing strategies to help homeless persons being discharged from institutions as described in Section PR-10.

Discussion

As noted above, the City has initiated a pilot program to help very - low and extremely low elderly homeowners that spend more than 50% of their income on housing related costs and do not have an extensive support system to help them withstand any crisis. In partnership with Habitat for Humanity, Accessory Dwelling Units will be built on the homeowners property giving them the flexibility to downsize or have in-home help. The main house or ADU will be rented at affordable rates and will provide the senior homeowner with additional income as needed to live more sustainably in their home. This program is being funded through the City’s Affordable Housing Trust Fund.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

This section describes the City's plan to address barriers in affordable, which include:

- Lack of Affordable Housing Funding and Cost of Development.
- Planning and Development Fees.
- Permit and Processing Procedures.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Lack of Affordable Housing Funding and Cost of Development: The City has several dedicated sources of funding for affordable housing including affordable housing set-aside funds remaining under the Successor Agency (Housing) following the closure of the City's Redevelopment Agency, the annual HOME Program grant, and in lieu funds which are deposited into the City's Affordable Housing Trust Fund. These funds are limited and cannot provide amount of affordable housing that is needed so that these funds must be heavily leveraged. Without the ability to significantly increase these funding sources, the City's strategy to address this barrier is to encourage development of housing through development incentives or developer requirements to provide affordable inclusionary housing. The following activities will be pursued under the 2016-2017 Action Plan.

- Combine multiple City funding sources to develop a 50-60 unit affordable housing project on Water Street.
- Work with developers to encourage affordable housing development under the inclusionary housing ordinance and density bonus ordinance.
- Encouraging smaller units and higher densities will help lower developer and housing costs. During the 2016-2017 Program Year, the City will be revising the zoning ordinance to allow higher densities along transit corridors. Reduction of parking rates will also be considered which will significantly impact the number of units that can be built, and therefore the cost of development per unit. .
- The City's current Small Ownership Unit ordinance which encourages small starter homes will be amended to eliminate barriers for developers to finance this unusual type of housing.
- Continue to implement an amnesty program, which was started in the 2015-2016 PY for existing illegal accessory dwelling units (ADUs) that would carry an affordable component.
- Continue to encourage the development of new ADUs through the City's ADU Program. Because ADUs are built as a second unit on an existing home site, they do not have the added land cost burden and are therefore more affordable to build.

Planning and Development Fees: The City continues to re-examine its fee structures to make sure they are in line with other jurisdictions. The City also has a fee Waiver Program for affordable housing development. This Fee Waiver Program will be reviewed and possibly amended during the 2016-2017 Program Year.

Permit and Processing Procedures: The Planning Department is continuing to improve and streamline its permitting and processing procedures. Economic Development staff also helps facilitate affordable housing development projects through the City's process when possible.

The City will also be updating its Analysis of Impediments to Fair Housing Choice within the first part of the 2016-2017 Program Year.

Discussion:

See above.

AP-85 Other Actions – 91.220(k)

Introduction:

This section reports additional efforts the City will undertake during the 2016-2017 program year to address residents' housing and community development needs.

Actions planned to address obstacles to meeting underserved needs

The primary obstacles to meeting underserved needs in the City of Santa Cruz are limited funding and resources. The City will allocate over \$1.3 million in general fund dollars to its community program partners and for homeless programs to help meet the basic unmet needs of residents.

Similar obstacles face the affordable housing needs of the community. In addition to funding, there is the challenge of limited land supply. This is combined with the need to develop or redevelop in ways that respond to the community's evolving housing needs in a manner that is consistent with community values and priorities. With the dissolution of redevelopment in California and reduced State and Federal funding, the City's ability to address the extensive housing needs in the community is seriously compromised. Nevertheless, the City remains committed to annually pursue State, Federal and other funding opportunities to increase the supply of safe decent affordable housing in the City of Santa Cruz for lower income households. In addition, the leveraging of the limited funding that is available will be done to the greatest extent possible.

Actions planned to foster and maintain affordable housing

The City will continue to leverage federal resources with local funds and strive to develop other housing resources. The City currently has several activities and programs which will foster and maintain affordable housing in the City of Santa Cruz:

- **Water Street Affordable Housing Project.** For the Future Housing is proposing a 50-60 unit affordable housing development that will use multiple sources of funding, including: City CDBG and HOME Program funds; former Redevelopment Agency bond proceeds; City Affordable Housing Trust Funds; Housing Authority of Santa Cruz County allocation of HUD project based Housing Choice Vouchers; and Federal 4% Low Income Housing Tax Credits.
- **Pacific Station Mixed Use Development.** Santa Cruz METRO and the City of Santa Cruz are partnering to redesign the transit center at Pacific Station with the potential of developing a multi-story building including the potential of around 100 units of new housing, a portion of which will provide new affordable housing units.
- **Zoning of Transportation Corridors.** The City's Planning Department is in the process of amending the City's zoning ordinance to allow higher densities along the City's main transit corridors.
- **Inclusionary Housing Ordinance.** The ordinance requires developers of market rate ownership housing to include affordable ownership units. In 2016, the City will be revising its inclusionary housing ordinance.
- **Affordable Housing Trust Fund.** The City of Santa Cruz created its Affordable Housing Trust Fund (AHTF) in 2003 to help develop and preserve below-market-rate housing.
- **Unified Housing Rehabilitation Program (UHRP).** The UHRP Program directs funding to rehabilitate aging affordable housing complexes to help preserve affordable units as well as extend period of affordability. .
- **Mortgage Credit Certificate.** MCC is a federal income tax credit that provides qualified low income homebuyers a tax credit worth up to 15 percent of their annual mortgage interest paid on their home loan. MCC recipients adjust their federal income tax withholding, which increases their take-home pay, making monthly mortgage payments more affordable. The City participates in the County-wide MCC program that is administered by the Housing Authority.

Actions planned to reduce lead-based paint hazards

Childhood lead poisoning is one of the major environmental health hazards facing American children today. The dominant route of exposure is from ingestion. Young children are most at risk because they have more hand-to-mouth activities and absorb more lead than adults. Although the City has not directly allocated CDBG or HOME funds for a Lead-based Paint Program, staff will use administration funds to continue to Implement the lead-based paint regulations of 24 CFR Part 92 in all federally assisted City housing programs such as the Unified Housing Rehabilitation Program. The City requires all housing projects or programs receiving federal funds to comply with 24 CFR Part 92.

Actions planned to reduce the number of poverty-level families

The City of Santa Cruz will continue to focus its efforts and resources to reduce the number of poverty-level families through the preservation and creation of safe and affordable housing. The importance of meeting the housing needs of poverty-level families will support them moving toward self-sufficiency.

The City also funds over 50 community agencies to provide services to enable people in poverty to attain self-sufficiency. These include services are targeted toward people with disabilities, youth programs and educational programs, child care for working parents, job seekers, and the homeless.

Actions planned to develop institutional structure

Through a series of managed meetings, the City promotes greater coordination between all City agencies so as to minimize the duplication and maximize effectiveness of efforts. Enhanced coordination between the public and private sector is being done through a County-wide Community Funders working group.

Actions planned to enhance coordination between public and private housing and social service agencies

The City will continue to work closely with its nonprofit housing providers and nurture relationships with for profit developers to help meet the affordable housing needs of City residents. This includes work being done on the Water Street Affordable Housing Project and the Pacific Station mixed use development project. The latter project has the potential to coordinate its development with an adjacent for-profit housing developer.

In the 2016-2017 Program Year, the City will also continue to focus CDBG funding on providing services and upgrading infrastructure needs in the Target Areas. The City has a close working relationship with those providers funded both with CDBG and the City's General Fund.

Recent countywide collaboration efforts include "All In", the new strategic homeless plan. Throughout the Program Year, the City will participate in implementation of strategies through the county-wide Continuum of Care Homeless Action Partnership (HAP).

Discussion:

The majority of the City of Santa Cruz's activities furthering the goals of the Consolidated Plan are provided by community agency partners. This will continue to be the case in the 2016-2017 Program Year.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed.	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	90.00%

**HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The City does not anticipate utilizing any other forms of investment beyond those identified in Section 92.205.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Rental Housing Development or Rehabilitation Projects

For HOME funding used to help construct or rehabilitate affordable rental housing projects, loans are often made with a provision for repayment on a receipts receivable basis. In other words, if the project has a profit then a portion of this profit would be used to pay back the City loan. However, most affordable housing developments are not built or financed at a level to make a profit so loans are often not repaid as long as the affordable housing use remains. Provisions are included that require repayment if the use changes so the funds are always protected. These provisions are spelled out in a Financing Agreement and Promissory Note.

First Time Homebuyer Loan Repayment

Although the City does not currently have a First Time Homebuyer Program (FTH), for loans made under the City's prior FTH Program there is an expectation that HOME loans will be paid back with interest. A FTH Program HOME loan is secured as a "silent second" mortgage against the property. The FTH Guidelines states that "the entire amount of the original HOME loan principal and any contingent interest due shall be recaptured by City" in the event that the property is sold or refinanced.

"Contingent interest" is a shared equity arrangement that is only charged if the property increases in value and there is available equity to be shared between the City and the property owners. If the property has not increased in value or has decreased in value, the City does not charge interest and has the option of reducing the amount of the second loan proportionate to the amount of time the property was owned and the remaining term of the affordability period.

Homeowner Rehabilitation Loan Repayment

Rehabilitation loans under the City's Unified Housing Rehabilitation Program to individual low income homeowners are typically paid back on a monthly payment schedule with minimal interest. However, for elderly homeowners, repayment of a rehabilitation loan may be deferred until resale of the unit. For multi-unit affordable rental housing developments, the City may provide a loan that only requires repayment if the use changes. Typically a nominal amount of interest is charged.

As noted above, the City assists larger rehabilitation rental housing projects in the same way it does new affordable housing developments. Note, since the City no longer has an individual homeowner rehabilitation program, the previous description of loan recapture for homeowners references loans that were made under prior Program Years.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Continuation of affordability requirements for a prescribed length of time are secured under a HOME Regulatory Agreement. These documents are recorded on the Deed of Trust and run with the land.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The City is not proposing to use HOME funds to refinance debt secured by multifamily housing projects.

Discussion:

Since the City of Santa Cruz is a relatively small community, City staff work closely with affordable housing providers and developers to determine what projects may be eligible for HOME Program funding. Although the City solicits HOME Program applications through its annual Notice of Funds Available and handles any applications that are received as a part of annual Action Plan process, the City will accept applications for HOME Program funding at any time during a Program Year. Although these are processed on a first come, first serve basis an emphasis is placed on project readiness and consistency with City and Consolidated Plan housing goals. In addition since the City receives such a small amount in HOME Program funding, from a practical standpoint Community Housing Development Organizations (CHDOs) are increasingly being given a priority in order to enable the City to combine CHDO set-aside funds with regular HOME Program funds to create a more meaningful contribution to a project. Although the City encourages projects that provide housing to very or extremely-low income populations, the City does not have specific preferences established in the City's Policies and Procedures Manual.