



# 2023 CAPER

Consolidated Annual Performance and Evaluation Report  
(CAPER)

For the 2023-2024 Action Plan Program Year

*Covering the Reporting Period of July 1, 2023 to June 30, 2024*

## CR-05 - Goals and Outcomes

### Progress the jurisdiction has made in carrying out its strategic plan and its action plan.

#### 91.520(a)

This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.

Achievements toward meeting Con Plan goals in Program Year (PY) 2023 include:

**Affordable Housing:** This PY the City funded the Security Deposit Program in partnership with the County of Santa Cruz Housing Authority. This program provides security deposits to low-income households.

**Community Facilities:** Facilities projects underway include: the Civic Auditorium renovations, the Homeless Garden Project Office renovation, and the Market St. Senior Center renovation. The City also purchased 2 modular hygiene units during the PY. These units will continue to support the City's two emergency shelters, providing hygiene resources for program participants.

**Infrastructure:** While the City did not spend any HUD funding on infrastructure improvements this PY, the City's Public Works Department continued to perform restoration roadwork and repairs that were caused by the 2022-2023 winter storms West Cliff Drive, a scenic walking and biking path. Work began and continues on the Homeless Garden Project Office Renovation project with an anticipated completion date in PY24. More details on this project are included below.

**Homelessness:** This PY the City continued to commit CDBG, HOME, and Red Cross funding toward key programs preventing & addressing homelessness, including the City's Security Deposit Program, managed by the Housing Authority of the County of Santa Cruz (HACSC). PY23 continued to see a need for managed homeless encampments, increased non-congregate emergency shelter and hotel vouchers, increased sanitation, hygiene and water services, emergency cleanups, increased shelter sites, several safe parking programs and continual coordination with the County of Santa Cruz. In response to the winter storms during this PY, the City opened a Severe Weather Emergency Shelter for those experiencing homelessness, between January and March 2024, activating shelters at the Depot Park Freight Building, Santa Cruz Veteran's Hall, and Watsonville Veteran's Hall for a total of 19 nights. The City operates 165 tent-based safe sleeping spaces as part of a temporary program providing secure accommodations.

**Community Services:** The City funded community programs and services during PY23 with an estimated \$1.6m of non-HUD funds per the FY 2025 Adopted Budget (attached). In addition to the City funds used, CDBG funds were used for operating costs for Nueva Vista Resource Center (NVRC), primary service provider for the Latinx community and provides vitally needed community services, and the Teen Center, operated by the City's Parks & Recreation Department and provides a safe environment for teens at the London Nelson Community Center (LNCC). NVRC is a Community Based Development Organization (CBDO) that provides client services and youth programs at the Nueva Vista Center in Lower Ocean and the Beach Flats Community Center. Both NVCR centers continued to resume activities to pre-pandemic levels. The Teen Center continues to work towards resuming a pre-pandemic schedule. In this PY, the Teen Center was open for 282 days, an increase of 18 days from last PY. The Teen Center has continued to operate the City's Bicycle Distribution Program, Summer Teen Intern Program and the Healthy Cooking & Healthy Eating classes.

**Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)**

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee’s program year goals.

Goal	Category	Source / Amount	Indicator	Unit of Measure	Expected – Strategic Plan	Actual – Strategic Plan	Percent Complete	Expected – Program Year	Actual – Program Year	Percent Complete
Increase and preserve affordable housing	Affordable Housing	CDBG: \$ / HOME: \$ / Housing Trust Fund: \$ / LIHTC: \$ / Redevelopment Fund: \$ / Red Cross: \$11000 / State Cap and Trade: \$	Rental units constructed	Household Housing Unit	30	0	0.00%			
Increase and preserve affordable housing	Affordable Housing	CDBG: \$ / HOME: \$ / Housing Trust Fund: \$ / LIHTC: \$ / Redevelopment Fund: \$ / Red Cross: \$11000 / State Cap and Trade: \$	Homeowner Housing Rehabilitated	Household Housing Unit	0	1		0	0	

Increase and preserve affordable housing	Affordable Housing	CDBG: \$ / HOME: \$ / Housing Trust Fund: \$ / LIHTC: \$ / Redevelopment Fund: \$ / Red Cross: \$11000 / State Cap and Trade: \$	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	350	48	13.71%	40	0	0.00%
Increase and preserve affordable housing	Affordable Housing	CDBG: \$ / HOME: \$ / Housing Trust Fund: \$ / LIHTC: \$ / Redevelopment Fund: \$ / Red Cross: \$11000 / State Cap and Trade: \$	Homelessness Prevention	Persons Assisted	50	117	234.00%			
Provide community and supportive services.	Non-Housing Community Development	CDBG: \$ / General Fund: \$ / Red Cross: \$25000	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	20000	235203	1,176.02%	27850	29560	106.14%
Provide community and supportive services.	Non-Housing Community Development	CDBG: \$ / General Fund: \$ / Red Cross: \$25000	Homeless Person Overnight Shelter	Persons Assisted	0	0		0	0	

Revitalize community facilities & infrastructure.	Non-Homeless Special Needs Non-Housing Community Development	CDBG: \$	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	5250	0	0.00%	1000	0	0.00%
Support County-wide Homeless Strategic Plan	Homeless	CDBG: \$ / HOME: \$80000 / General Fund: \$	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	3000	0	0.00%			
Support County-wide Homeless Strategic Plan	Homeless	CDBG: \$ / HOME: \$80000 / General Fund: \$	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	0	29		40	29	72.50%
Support County-wide Homeless Strategic Plan	Homeless	CDBG: \$ / HOME: \$80000 / General Fund: \$	Homeless Person Overnight Shelter	Persons Assisted	2800	0	0.00%	4	0	0.00%

**Table 1 - Accomplishments – Program Year & Strategic Plan to Date**

**Assess how the jurisdiction's use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.**

**Geographic Priority:**

In 2017, the City established the Lower Ocean/Downtown/River NRSA which has been priority area for City assistance like CDBG funded projects and programs. With permission from the Field Office this NRSA was updated in PY23 to match the term of the City's Consolidated Plan (Con Plan). In PY23, CDBG funds were used for operational costs for the NVCR and the Teen Center. In collaboration with NVCR, the City reaches out to the Hispanic community with the 2 centers in the Lower Ocean Street and Beach Flats neighborhoods.

**City Priority - Youth Services:**

Youth services have been identified as an overall priority for the City despite not being a separate goal in the Con Plan. As mentioned previously, CDBG funds are being used for the Teen Center and the Beach Flats Community Center.

**Community Facilities & Infrastructure:**

In an amendment to PY22 AAP, funds were awarded to the Homeless Garden Project (HGP), a local non-profit that provides job training and work experience to those experiencing homelessness, for roof rehabilitation and mold remediation for their main office. HGP helps strengthen services for the homeless by providing valuable job training, transitional employment, and volunteer opportunities for the community. As mentioned above, work began during this project year. The project is expected to be completed in PY24.

**Priority Goal - Support County-wide Homeless Strategic Plan:**

In PY23, the City committed funding to further help meet the priorities and objectives of both the Housing for a Healthy Santa Cruz strategic plan and the complementary Final Report. \$11,000 in Red Cross funds were awarded to CAB's ERAP which assisted 3 households in PY23. The City's Security Deposit Program was awarded \$80,000 HOME and \$6,900 CDBG funds and assisted 29 households during PY23. Also, as previously referenced, the City of Santa Cruz spent approximately \$9.6m for community programs, services and homelessness response.

The City of Santa Cruz prioritizes comprehensive strategies that address the root causes of homelessness. The City's Homelessness Response Strategic Plan (HRSP) focuses on building more affordable housing, offering shelter, increasing outreach and managing large camps that pose health, environmental and safety risks. These efforts have led to a 36% decrease in homelessness over the past year in the city of Santa Cruz. See CR-25 for more information on homelessness.

**Additional text below**

**Priority Goal - Increase and Preserve Affordable Housing:**

During PY23, the City continued implementing its Inclusionary Ordinance which requires 20% of residential units for low income households. Some projects use density bonuses, resulting in deeper affordability levels that would not otherwise be constructed without subsidies or targeted development.

There are 3 City-sponsored housing projects moving ahead: Pacific Station North and South, and the Downton Library Affordable Housing Project. Two 100% affordable projects broke ground in May 2022, Pac Station South and Cedar Street Family Apartments these projects will add 135 affordable units, as well as a new community health and dental clinic (Pac Station South), commercial spaces, and other improvements with planned completion by winter 2025. Pac Station North broke ground in May 2024 and will be completed in a future PY.

The City's Red Cross funded Emergency Rental Assistance Program (ERAP), aimed to reduce homelessness due to inability to pay rent, assisted 3 households during PY23 as mentioned above. The City was awarded \$500,000 in Prohousing Incentive Program (PIP) funds for local eviction prevention and rental assistance which will be expended beginning in PY24. The City is expected to receive AHSC funding of \$150,000 to create a new program focused on anti-displacement that will be administered by Community Action Board (CAB), also expected to be expended in PY24. The City continued funding the Landlord Incentive Program described in CR-30.

## CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted).

91.520(a)

	CDBG	HOME
White	24,519	20
Black or African American	592	4
Asian	2,292	0
American Indian or American Native	289	0
Native Hawaiian or Other Pacific Islander	6	0
<b>Total</b>	<b>27,698</b>	<b>24</b>
Hispanic	12,377	14
Not Hispanic	15,321	10

Table 2 – Table of assistance to racial and ethnic populations by source of funds

### Narrative

During PY23, CDBG Program funds were used for programs and projects primarily benefiting low and very low income households. The table above does not include all the entered data from all CDBG and HOME activities. Missing from the IDIS table are the following identifying groups that included participants for the CDBG (1,862 participants missing) and HOME Programs (5 participants missing): "American Indian or Alaskan Native & White", "Black or African American & White", "American Indian/Alaskan Native & Black African American", and "Other Multi-Racial". A manual count over 1,853 CDBG participants receiving assistance identified as "Other Multi-Racial".

According to US census data, about 69% of the City's population self classifies itself as racially "White". The next highest racial group is "Hispanic or Latino", representing 21% of the population. Those identifying as "Asian" represent 10% and those identifying as "Black or African American" represent 2% of the population. Based on the above table, the racial mix of those served by CDBG funded programs are predominantly White at 89% with the next highest groups identifying as "Native Hawaiian or Other Pacific Islander" and "Asian" both at 5%. Of those responding, about 60% also identified as Hispanic. Those identifying as "Black or African American" and "Asian" are underrepresented.

As mentioned above, recent census data for City of Santa Cruz shows that 21% of the City's population considers themselves to be Hispanic, yet the CDBG Program serves a higher percentage, with 60% of those receiving benefits identifying as Hispanic or Latino. This is not surprising since the highest concentration of the City's Hispanic population is located within the NRSA, which is served by the two centers operated by NVCR.



## CR-15 - Resources and Investments 91.520(a)

### Identify the resources made available

Source of Funds	Source	Resources Made Available	Amount Expended During Program Year
CDBG	public - federal	718,725	505,730
HOME	public - federal	1,116,340	964,230
General Fund	public - local	356,193	9,600,000
Housing Trust Fund	public - local	5,200,000	
LIHTC	public - state	2,461,353	
Redevelopment Fund	public - local	0	
Other	private	36,000	36,000
Other	public - federal	36,000	36,000
Other	public - state	36,000	36,000

**Table 3 - Resources Made Available**

### Narrative

The City expended over \$500,000 in CDBG funds and over \$900,000 in HOME funds this year. See attached PR05 report (combined PR05 & PR09 Reports) for drawdowns made during the PY23. For Community Services and Programs, the City also expended over \$9.6m during PY23 to address homelessness and community development needs. Homeless programs received the greatest percentage of this funding. City Red Cross funds (\$36,000) were also used for community programs and homelessness prevention services. \$1.2m of HOME-ARP funds expended this year for the Pacific Station North project are not included above, this project will be reported on when complete.

### Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Neighborhood Revitalization Strategy Area	29	46	Includes Nueva Vista programs and Teen Center

**Table 4 – Identify the geographic distribution and location of investments**

### Narrative

Geographical distribution percentages are above expected levels even with some activities outside the NRSA being completed during this PY. It's expected that when the non-NRSA projects continue moving forward, the percentage expended in the target area may decrease.

Since good fair housing practices encourage distribution of low income housing throughout the City, our affordable housing projects are typically not located only in our low income areas and the Security Deposit program is available City wide to all low income residents.

## Leveraging

**Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.**

The Pacific Station North project will utilize local, state, federal and private funding sources totaling approximately \$100m which will leverage HOME funding awarded in the 2023 Program Year approximately 44 times. For the 3 City-sponsored 100% affordable housing projects, the Pacific Station North and South Projects and the Downtown Library Affordable Housing Project, the City is contributing land (Pac North and South, totaling ~ \$9.8m) and State awarded Local Housing Trust Fund Match grants totaling \$10m. Approximately \$5m in HOME Match was contributed in PY23 for the purchase price of the land. For the Pac North project ~\$1.2m of HOME ARP funds and ~\$800,000 in HOME funds were drawn for the construction. There was an additional HOME award committed for the Downtown Library Affordable Housing Project for PY24.

Other HOME Program funding was used for the City's Security Deposit Program. A total of \$80,000 was dedicated for the Security Deposit Program in HOME funds, but was only partially used. In addition, \$11,000 in City Red Cross funds helped fund security deposits primarily in the NRSA. The City's Red Cross funds have been completely expended during PY23, and future funding for this program is subject to loan repayments and other funding sources.

The CDBG Program invested ~\$205,000 in Public Services (with \$125,000 going to a CBDO) and \$5,000 in program delivery costs for the City's continued administration of the Unified Housing Rehabilitation Program (UHRP). With approximately \$1.6m of other city funds going to community programs and services, this leverages the CDBG funding approximately 7 times.

In addition to receiving CDBG operational funding, the Teen Center Program and the Beach Flats Community Center (one of the NVCR centers) are in City owned facilities which allows funding to be used for operations and programming.

<b>Fiscal Year Summary – HOME Match</b>	
1. Excess match from prior Federal fiscal year	11,530,250
2. Match contributed during current Federal fiscal year	5,101,985
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	16,632,235
4. Match liability for current Federal fiscal year	226,693
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	16,405,542

**Table 5 – Fiscal Year Summary - HOME Match Report**

<b>Match Contribution for the Federal Fiscal Year</b>								
<b>Project No. or Other ID</b>	<b>Date of Contribution</b>	<b>Cash (non-Federal sources)</b>	<b>Foregone Taxes, Fees, Charges</b>	<b>Appraised Land/Real Property</b>	<b>Required Infrastructure</b>	<b>Site Preparation, Construction Materials, Donated labor</b>	<b>Bond Financing</b>	<b>Total Match</b>
Metro North	03/01/2024	0	0	5,101,985	0	0	0	5,101,985

**Table 6 – Match Contribution for the Federal Fiscal Year**

**HOME MBE/WBE report**

<b>Program Income – Enter the program amounts for the reporting period</b>				
<b>Balance on hand at begin-ning of reporting period</b> \$	<b>Amount received during reporting period</b> \$	<b>Total amount expended during reporting period</b> \$	<b>Amount expended for TBRA</b> \$	<b>Balance on hand at end of reporting period</b> \$
938,440	1,744,119	906,772	62,417	1,775,787

**Table 7 – Program Income**

<b>Minority Business Enterprises and Women Business Enterprises</b> – Indicate the number and dollar value of contracts for HOME projects completed during the reporting period						
	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
<b>Contracts</b>						
Dollar Amount	0	0	0	0	0	0
Number	0	0	0	0	0	0
<b>Sub-Contracts</b>						
Number	0	0	0	0	0	0
Dollar Amount	0	0	0	0	0	0
	Total	Women Business Enterprises	Male			
<b>Contracts</b>						
Dollar Amount	0	0	0			
Number	0	0	0			
<b>Sub-Contracts</b>						
Number	0	0	0			
Dollar Amount	0	0	0			

**Table 8 - Minority Business and Women Business Enterprises**

<b>Minority Owners of Rental Property</b> – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted						
	Total	Minority Property Owners				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Dollar Amount	0	0	0	0	0	0

**Table 9 – Minority Owners of Rental Property**

<b>Relocation and Real Property Acquisition</b> – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition		
Parcels Acquired	0	0
Businesses Displaced	0	0
Nonprofit Organizations Displaced	0	0
Households Temporarily Relocated, not Displaced	0	0

Households Displaced	Total	Minority Property Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	0	0	0	0	0	0

**Table 10 – Relocation and Real Property Acquisition**

**CR-20 - Affordable Housing 91.520(b)**

**Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.**

	<b>One-Year Goal</b>	<b>Actual</b>
Number of Homeless households to be provided affordable housing units	5	5
Number of Non-Homeless households to be provided affordable housing units	35	24
Number of Special-Needs households to be provided affordable housing units	0	0
<b>Total</b>	<b>40</b>	<b>29</b>

**Table 11 – Number of Households**

	<b>One-Year Goal</b>	<b>Actual</b>
Number of households supported through Rental Assistance	40	29
Number of households supported through The Production of New Units	0	0
Number of households supported through Rehab of Existing Units	0	0
Number of households supported through Acquisition of Existing Units	0	0
<b>Total</b>	<b>40</b>	<b>29</b>

**Table 12 – Number of Households Supported**

**Discuss the difference between goals and outcomes and problems encountered in meeting these goals.**

The 2023 Action Plan allocated \$80,000 of HOME Program funds for the City’s Security Deposit Program. This amount plus \$6,900 of CDBG funding was able to assist 29 households (5 of which were households experiencing homelessness). The City also funds a portion of a regional Landlord Incentive Program with City AHTF dollars to help with costs from damages to units not covered by security deposits for Housing Choice Voucher tenants. This program, which is administered by the Housing Authority of the County of Santa Cruz, is designed to help incentivize landlords to accept Housing Choice Voucher holders as tenants and lower their perceived risk.

Although the City works with developers to leverage its limited housing funds to the maximum extent possible, it is not possible to achieve the goal of ensuring affordable housing for all residents. The latest (2021) census estimate data indicates that 47% of renters pay 35% or more of their rent, previously data was collected on the percent paying 50% or more, but this data is not available in the latest ACS tables. It is expected that at least 35% of renters are greatly overburdened with 50% or more, similarly to the last time the data was available in 2017.

The City protects its older housing stock with code enforcement and rental housing quality inspections through the Rental Inspection Program where rental units in the City are inspected every 3 years. The City has also supported older affordable housing projects by supporting applications for rehabilitation Tax-Exempt Revenue Bonds from the California Public Finance Authority (CalPFA).

**Discuss how these outcomes will impact future annual action plans.**

The City will continue to monitor the Security Deposit Program Activities and will discuss a possible outreach plan with the Housing Authority if demand appears to decline, although recent feedback from the Housing Authority is suggesting there will be an increase in demand. Other outcome differences are a result of project delays and should not affect outcomes over the 5-year Consolidated Plan timeframe. For small grant recipients like the City, under current HUD rules, it is difficult for the City to accumulate enough HOME Program funding needed for larger affordable housing developments and meet commitment and spending requirements.

**Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.**

Number of Households Served	CDBG Actual	HOME Actual
Extremely Low-income	0	25
Low-income	0	4
Moderate-income	0	0
<b>Total</b>	<b>0</b>	<b>29</b>

**Table 13 – Number of Households Served**

**Narrative Information**

With the PY24 award of HOME funding combined with loan repayments and program income, the City is anticipating 5 units to be assisted in future PYs. Neither source will cover all construction costs, as costs greatly exceed the maximum unit allocation of HOME funds, but together with other funding sources, will help to close a project funding gap and will increase the number of households served.

Demand for Security Deposit Assistance has increased over prior years, and the Housing Authority is anticipating a potential increase in demand during PY24. 29 Households were assisted during this PY, most in the Extremely Low-income category.

## **CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)**

**Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:**

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

During PY23, the City met its objectives in this area. The CoC, with City participation, implemented a fully redesigned Coordinated Entry System (CES). The new system uses designated Connectors applying housing problem solving techniques and a new assessment and planning tool to assist as many people experiencing homelessness as possible. The approach recognizes there isn't an immediately available housing resource for each person, and focuses on providing individual assistance to help people gain access to an array of potential supports. The program lead agency is the County of Santa Cruz Human Services Department (HSD). The Housing for Health Division (H4H) manages the Continuum of Care (CoC) Housing for Health Partnership (H4HP). The goals of the new CES are:

1. Facilitate connections to mainstream and community services for as many persons experiencing homelessness as local resources allow;
2. Streamline the process for matching to limited housing resources within the Housing for Health Partnership network (CoC); and
3. Prioritize resources for households with the most significant barriers to getting and keeping housing and for those with the greatest personal health and safety risks.

H4HP Connectors may work as part of an outreach team, drop-in center, multi-service center, or other program serving people experiencing or at risk of homelessness. They engage with persons experiencing homelessness, build rapport, enroll participants in Homeless Management Information System (HMIS) programs and collect participant data. Connectors offer problem solving assistance with all participants and may conduct a Housing Needs Assessment (HNA). The HNA provides Connectors and participants with information needed to create and act together on an individualized Housing Action Plan and provides information to determine which participants are eligible and prioritized for H4H-supported housing and services. Only the highest priority households are added to the queue for the system's limited housing resources. Additional County outreach efforts included:

- The Santa Cruz County Health Services Agency (HSA) HOPES Team, has continued using an integrated multidisciplinary team of health providers, behavioral health providers, crisis services, outreach specialists, veteran providers and criminal justice personnel. The HOPES Team focuses on engagement from a harm reduction perspective, developing rapport while identifying risks and needs. During the engagement phase, a comprehensive assessment will be completed by the active disciplines, inclusive of medical needs, psychosocial assessment, safety assessment, substance use disorder assessment, housing needs (CES assessment) and other relevant areas of concern.
- The Homeless Persons Health Project (HPHP) continues to link Healthcare for the Homeless services with its own Permanent Supportive Housing (PSH) programs and provides weekly outreach to multiple service and non-service sites and participates as part of the HOPES Team.

### **Additional text below**

Meanwhile, the City continued to operate and support homelessness outreach efforts, including the following:



- Creation of a new City Outreach Team, which consists of 3 staff members. The Outreach Team connects unhoused individuals within the City to shelter and services provided by the City, County and non-profit community. The team engages approximately 35 people a day in neighborhoods throughout the City, including open spaces, river ways, and beaches.
- The Downtown Outreach Team is responsible for providing outreach to adults struggling with homelessness and/or mental illness in the Santa Cruz downtown corridor. With 2 outreach workers providing 7 days per week, 10 hours per day coverage, the team provides crisis support and other services to reduce the risk of psychiatric hospitalizations and incarceration, and to improve clients quality of life. Downtown Outreach services focus on needs related to housing, health care, substance use disorders, and mental health. The role of the workers is to develop relationships with clients and link them with appropriate supportive resources.
- The Downtown Streets Team continues to deploy the Homeless Jobs Engagement Program, which includes street beautification and peer-to-peer outreach.

Additionally, the City participated on the H4HP Board and Executive Committee process, which allocated funding for activities such as: senior programs, assorted health services, and other supportive services and programs.

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

Sustaining and expanding emergency shelter with services and transitional housing (TH) remained critical for addressing the crisis of unsheltered homelessness and for meeting the goals countywide in accordance with the Housing for a Healthy Santa Cruz Strategic Plan. In PY23, overall emergency shelter and TH program capacity in Santa Cruz increased, with City support of the Safe parking programs, but this didn't meet the increased demand. The latest County of Santa Cruz Point In Time Count (PIT Count) of those experiencing homelessness was released in July 2024. 2024 PIT Count data reveals there was a 3% overall increase in homelessness County-wide from last year (from 1,804 to 1,850 people), with a decrease of 36% in the City of Santa Cruz specifically (1,028 to 659). The PIT Count also reveals the unsheltered population increased County-wide by 1% from 79% in 2023 to 80% in 2024. While this information is informative for addressing the needs of those experiencing homelessness, it is possible that the annual PIT Counts underrepresent the total number of homeless individuals in the City and County. The above-referenced City Outreach Team connects unhoused individuals within the City to shelter and services provided by the City, County and non-profit community. The Outreach Team also oversees the City-run 1220 River Street Transitional Community Camp. Below is a list of the resources available in the City of Santa Cruz.

Funded and operated by the City of Santa Cruz:

- 1220 River St. Transitional Community Camp – 27 tent sites
- Safe Parking (overnight only) – The City offers 3 emergency, one night only parking spots and 12 30-day, overnight only parking spots for individuals and families living in oversized vehicles

Funded by the City of Santa Cruz, operated with outside contractor:

- Armory – 135 tent sites (60 indoor, 75 outdoor), operated by The Salvation Army
- Safe Parking (24/7) – The RV Safe Parking program provides up to 20 spots for oversized vehicle dwellers to stay (24/7) up to 6 months with wrap around services. Program operation is contracted to AFC and operated by the Free Guide

Supported in part by the City of Santa Cruz:

- Housing Matters – 90-bed Rebele Family Shelter, 40-bed Paul Lee Loft Shelter (single adults),

- and 12-bed Recuperative Care Center (medically frail homeless)
- Association of Faith Communities (AFC) – Via CORE, the City supports AFC’s emergency sheltering programs: Rotating Shelter and SafeSpaces

Other shelters located within the City, not directly funded or operated by the City of Santa Cruz:

- Monarch Services – 12 beds for Domestic Violence Victims
- Sienna Housing – 16-beds for pregnant women and women with newborns
- Front St. Inc. – 14-bed Pagett Center shelter (homeless veterans)
- Mary, Jesus, and Joseph Home – 12-bed shelter (single adults)
- New Life Community Services – 5-bed shelter (single adults/substance abuse)

The City also committed funds to address the immediate wellbeing of unsheltered homeless by opening two severe weather shelters for 19 nights during the winter of 2024.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after 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); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

The City used general funds during PY23 for CAB’s Emergency Housing Assistance Program to keep people in housing. Also, as in previous Program Years, the City used general funds (and in a few cases, CDBG , HOME and Red Cross funds) to support a broad range of community programs that help to prevent homelessness by addressing the needs of low income persons. The City funds a variety of activities which include programs for family services, parenting and at-risk youth, aging and senior services, health centers, dental care, mental health, substance use prevention and treatment, domestic violence prevention, food support, and more.

In addition, during PY23 and into PY24, the City applied for and was awarded a State of California PIP funds totaling \$500,000 as mentioned earlier. These funds will support a local eviction prevention and rental assistance program. These eviction prevention efforts are anticipated to serve up to 80 low-income households in Santa Cruz. The City collaborates with CAB to manage and administer these funds. CAB provides direct services to persons at risk of homelessness, including housing stabilization, eviction prevention, rental assistance, and rapid rehousing services.

Prevention through discharge planning took place on a countywide basis through the efforts of the CoC. During PY23, CoC members worked in consultation with the following County Departments & Offices to 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, sometimes with a short stay at the HSC Recuperative Care Center.
- 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.

Finally, the Housing for a Healthy Santa Cruz Strategic Framework referenced earlier makes recommendations to increase and improve efforts to prevent housing loss and divert people from homelessness before it happens. During PY23, City staff participated in H4HP efforts to better understand the risk factors that lead to homelessness and to address these factors by steadily expanding the prevention program. The combined City and County plans can be found in the attachment “Combined County City Strat Plans and City Budget FY25”.

**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**

During PY23 the County of Santa Cruz released their updated Three-Year Framework To Reduce Homelessness (2024-2027). Building on the goals and successes of the prior Framework, the revised Three-Year Framework includes goals to: Lower the average length of time people experience homelessness; Reduce the number of people returning to homelessness each year; Ensure data collection from community partners that work with those experiencing homelessness; and Document a comprehensive outreach plan among cities and county government.

The City of Santa Cruz also has their own 3 year “Homelessness Response Action Plan” which was updated in 2024. The City’s plan complements the County’s plan and includes 5 Action Areas with related goals. The Action Areas are:

1. Building Capacity & Partnerships – “An organizational response to homelessness and housing instability, including greater internal coordination and alignment of services. Expanding our community’s overall capacity and effectiveness. Expanded legislative outreach and public engagement.”
2. Affordable & Supportive Housing – “Santa Cruz is a leader in proactive and innovative approaches to expanding permanent affordable and supportive housing. Affordability and availability are two of the most significant contributors to our region’s homelessness crisis. These actions will advance the City’s longstanding commitment to expand housing opportunities in our community.”
3. Environmental Stewardship – “Protect our environment by reducing the impacts of illegal disposal of trash & debris. Address community impacts and neighborhood concerns from illegal encampments.”
4. Shelter, Care and Support – “Individuals experiencing homelessness often have complex needs, including mental health issues, substance abuse disorders, and chronic health conditions. Comprehensive support services are essential to help them stabilize their lives, in addition to providing shelter until permanent housing solutions become available.”
5. Community Safety – “Balancing public safety with addressing homelessness is a complex challenge that requires careful consideration including legal, ethical, and practical concerns. While being homeless itself is not a crime, people experiencing homelessness at times engage in unlawful behavior which requires the response of law enforcement.”

<https://www.cityofsantacruz.com/community/homelessness>.

In PY23, the City continued and expanded a variety of programs aimed at helping various homeless

populations rapidly regain housing. Working with the Housing Authority, using HOME funds, the City continued its Security Deposit Program to help households experiencing homelessness and those at risk for homelessness get into units quickly. In collaboration with the County in the CORE Investments Program, the City contributed funds to 41 agencies representing 57 programs that address community needs across the CORE Conditions for Health and Wellbeing. These programs activities include preventing homelessness, helping homeless individuals and families to become housed and self-sufficient, providing targeted support to youth experiencing or at risk of homelessness, and providing job training and transitional employment for those experiencing homelessness.

**Additional text below**

Working with the CoC H4HP, the City participated in CoC NOFO decision-making that prioritized funding for projects providing housing and services to key populations, such as persons experiencing chronic homelessness, fleeing domestic violence, and unhoused unaccompanied youth. \$6.63m was awarded, including \$3m for new and renewal PSH targeting chronic homelessness, \$1.3m for Youth Homelessness Demonstration Program (YHDP) renewals, and \$656,000 for new and renewal domestic violence bonus projects. Key resources for Veterans in the City and County include more than 300 HUD-Veterans Affairs Supportive Housing (VASH) vouchers, 3 Supportive Services for Veteran Families (SSVF) programs, a 12-bed veteran shelter, benefits assistance, employment services, case management, health and treatment services, and transportation.

## **CR-30 - Public Housing 91.220(h); 91.320(j)**

### **Actions taken to address the needs of public housing**

The Housing Authority of the County of Santa Cruz (HACSC) is not a department of the City of Santa Cruz, but they do oversee affordable housing throughout the County, including the City of Santa Cruz. Three affordable (former Public Housing) projects owned by the HACSC are located in the City. In January 2021, HACSC completed a Section 22 Streamlined Voluntary Conversion of all 234 Low Income Public Housing (LIPH) units in their program. As part of this conversion, ownership of the units was transferred to New Horizons Affordable Housing and Development, a non-profit affiliate of the HACSC.

The HACSC also offers the Housing Choice Voucher (HCV) and Project Based Voucher (PBV) programs to City residents. HCVs and PBVs provide a monthly subsidy to tenants with low incomes. The HACSC administers over 5,500 HCVs and PBVs. Approximately 26% of these voucher recipients are within the City of Santa Cruz. Approximately 6% of the HACSC's voucher recipients are in the County of San Benito with the remainder within the greater County of Santa Cruz. The HACSC waiting list for Housing Choice Vouchers stands at just under 9,900 households. The waiting list for vouchers has been closed since Dec 6, 2018.

The HACSC promotes the PBV Program to help support the development of additional affordable housing countywide. The award of PBV units to affordable developments is essential to the financial viability of the projects. PBV units are included in the following City-sponsored affordable housing projects which will make utilizing vouchers easier for voucher holders: Pacific Station North, Pacific Station South and the Downtown Library Affordable Housing. The HACSC broke ground on the development of a 20 unit SRO (Single Room Occupancy) 100% affordable housing project in the City of Santa Cruz in PY22, and continued construction work throughout PY23. Construction is anticipated to be completed in PY24. The Housing Authority is also utilizing PBV units at the following 100% affordable projects: Natural Bridges, Jessie Street, Harvey West Studios, Westside Village, 831 Water Street, and 150 Felker Street.

As mentioned previously, the HACSC works with the City on the Landlord Incentive Program. This incentive program offers up to \$5,000 to landlords who claim expenses beyond security deposits for tenant damages, vacancy loss, legal fees, and other costs when an HCV tenant vacates a unit. This risk-mitigation program proactively addresses landlord fears they might be left with greater expenses from voucher-assisted tenants.

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

Since all public housing units have been converted to HCVs, there are no public housing residents in the City. HCV residents are encouraged to become more involved through the HACSC Resident Advisory Board, or through the Board of Commissioners (which includes 2 HCV residents).

The HACSC administers the Family Self Sufficiency program, also known as the Housing Plus Program, for families receiving rental assistance. Under this program, participants establish educational, employment or other self-sufficiency goals. As program participants' income increases, the amount of rent they pay increases, with the Housing Authority simultaneously setting aside funds in an escrow account on their behalf. Upon achievement of their goals, participants receive the accumulated funds from the escrow account, which can be utilized towards significant milestones such as purchasing a home.

### **Actions taken to provide assistance to troubled PHAs**

The Housing Authority of Santa Cruz County is designated a "High Performer."

## **CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)**

**Actions taken 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. 91.220 (j); 91.320 (i)**

During PY23, the City has continued implementing the Accessory Dwelling Unit (ADU) zoning ordinance and new state legislation which encourages the development of ADUs. Although these units are generally not rent restricted, ADUs are considered “less expensive by design” in that they are smaller units and traditionally rent at a lower rate. By the end of PY23, building permits for 79 ADUs were finalized. This is a 19% increase from PY22. These units provide a valuable source of rental housing in the City of Santa Cruz.

The City is also continuing work on the Downtown Plan Expansion project which is considering future redevelopment of the area south of Laurel Street. This project will continue to support housing development for all affordability levels and it builds on prior rezoning efforts of the City which increased densities, allowable building heights and adjusted parking requirements for residential developments.

## **Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)**

The primary obstacles to meeting the underserved needs of low and moderate income households include lack of funding from federal, state and other local sources, and the high cost of housing (according to the 2024 Out of Reach report by the National Low Income Housing Coalition, Santa Cruz-Watsonville rental market is listed as one of the most expensive jurisdictions). In PY23, the City continued to seek new resources to meet underserved needs. To increase the supply of affordable housing in the City, staff pursued multiple State funding opportunities such as Affordable Housing and Sustainable Communities (AHSC) and supported affordable housing development projects’ applications for California Tax Credits. The City has been successful with multiple applications in the past few PYs and has been awarded \$10m in LHTF funding, \$1.5m in PLHA funding (to be allocated over 5 years), approximately \$9m in AHSC funds and \$20m in IIG funds. To bring much needed low income and below units to Santa Cruz, these funds will be used towards City-sponsored affordable housing developments located on City owned land. The City is partnering with affordable housing developers to build this housing, and the City will continue to own the land and ground lease the parcels to the affordable housing developer/operator to maintain affordability in perpetuity.

The City also continued outreach and education to the community by promoting presentations for Affordable Housing Month, held annually in May which included a groundbreaking event for a 100% affordable housing projects – Pacific Station North Apartments, which will create approximately 128 units of affordable housing. The City works with other local affordable housing agencies and advocates to promote and educate the community on affordable housing information, programs and opportunities.

The City also continues to work with affordable housing owners to discuss preservation of affordability including loan extensions, project refinancing and other requests.

To address underserved needs, 100% of the City’s PY23 expenditures benefitted low and moderate income households or those presumed under HUD regulations to be low and moderate income.

## **Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)**

The Residential Lead Based Paint Hazard Reduction Act of 1992 (Title X) emphasizes prevention of

childhood lead poisoning through housing-based approaches. To reduce lead-based paint hazards, the rehabilitation of housing units built prior to January 1, 1978 must include a lead-based paint test and risk assessment report. As required by the Environmental Protection Agency (EPA), the City Building Division requires contractors to be EPA lead certified before they can obtain necessary City building permits or work on homes built prior to 1978. Where lead-based paint is identified, contractors are required to incorporate safe work practices or abate the lead-based paint to effectively reduce lead-based paint hazards to children in accordance with federal regulations.

The City complies with both new EPA law on lead and renovation as well as with applicable HUD lead-based paint hazard reduction guidelines and regulations when it uses federal funds, such as HOME funds, for acquisition and rehabilitation of apartments for preservation or maintenance of affordable housing. Furthermore, the City coordinates with the County of Santa Cruz which provides intervention in cases of childhood lead poisoning, as well as reports of dry sanding/scraping and power-washing of homes built prior to 1978.

### **Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)**

The priorities and needs as identified in the 2020-2025 Consolidated Plan reflect the City's objective of reducing the number of households with incomes below the poverty line. Specifically, the priorities and programs that address the needs of extremely low and low income households, including the homeless and special needs populations, address this objective.

As mentioned earlier, in PY23, the City provided over \$1.6m for community programs and services. In addition, CDBG funding supported several programs to maintain or increase the client's level of self-sufficiency including:

- Nueva Vista Resource Center Client Services.
- Beach Flats Community Center Youth Programs.
- Teen Center Program.

In addition to City funded activities, the County of Santa Cruz administers specific welfare programs such as Welfare to Work. City households who are eligible for such programs are assisted by County staff.

### **Actions taken to develop institutional structure. 91.220(k); 91.320(j)**

**Santa Cruz County Housing for Health Partnership (H4HP):** The H4HP is a consortium of organizations and individuals interested in resolving homelessness in Santa Cruz County. This includes local jurisdictions, nonprofit homeless service providers and advocacy groups, healthcare providers, public education, funders, faith groups, academic and research experts, and homeless and formerly homeless persons. The H4HP functions through a series of committees to achieve goals and objectives. The City of Santa Cruz participates in and helps fund all levels of the H4HP.

**Downtown Streets Team Outreach Workers:** The City works in partnership with the County to employ Downtown Streets Team outreach workers who engage homeless individuals in the City's downtown and connect them to needed resources, services, and shelter, including long term housing if possible.

**Community Assessment Project:** For over twenty-five years, a consortium of public and private health, education, human service, and civic organizations, convened by the United Way of Santa Cruz County, have sponsored the Community Assessment Project of Santa Cruz County (CAP). The CAP is a collaborative project to measure and improve the quality of life in Santa Cruz County. One of the primary

purposes of CAP is to encourage collaborative community action that will positively impact the Community Goals. The last 211 Report focuses on the 211 service that connects community members through phone services, their website and other community partners. In 2023, the 5 categories that received the highest number of calls were Housing, Utility Services, Legal and Public Services, Food and Public Assistance Programs.

**Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)**

The City actively coordinates with public and assisted housing providers, and partners with health, mental health and service agencies 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 & Housing Department, Planning & Community Development Department, and City Manager’s Department staff are active in local and regional boards, committees, and coordination efforts.
- Housing Division staff have established strong working relationships with local housing and service providers and regularly discuss housing and human service needs as well as strategies to address these needs.

Efforts to coordinate housing assistance and services for homeless and formerly homeless persons are coordinated through the H4HP as noted above. In addition, the City works in partnership with the County to employ 2 Downtown Outreach Workers who engage homeless individuals in the City’s downtown and connect them to needed resources, services, and shelter, including long term housing if possible. Also, the City has a City Outreach Team, which consists of 3 staff members. The City Outreach Team connects unhoused individuals within the City to shelter and services provided by the County and non-profit community. The City Outreach Team also oversees the City-run 1220 River Street Transitional Community Camp.

**Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)**

The Analysis of Impediments to Fair Housing Choice (AI) provides an overview of the laws, regulations, conditions, or other possible obstacles that may affect access to housing as well as recommendations for the City to improve fair housing practices in the City.

Overall findings in the AI demonstrated that the City does not have any major fair housing issues. The AI states that, “The City permits a wide range of conventional single- and multi-family housing. The City’s policies have also been successful in facilitating and encouraging a broad range of special needs housing for homeless people, residential care facilities, alcohol and drug rehabilitation homes, senior housing, and assisted living.” Furthermore, it notes that, “The City clearly has a demonstrated history of facilitating and encouraging the development of emergency shelters, transitional housing, and permanent supportive housing.” The AI did raise the issue of a need to improve inter-jurisdictional coordination with non-profit organizations that provide fair housing assistance. The City is currently working on updating the AI, with consideration of the recently completed State required 6th Cycle Housing Element process as both HUD and the State of California share priorities in ensuring fair housing choice. The City will continue to work to update the AI through PY24 and anticipates updated elements to be included with the 2025-2030



## Consolidated Plan.

Although the City does not directly own or manage any HOME-funded affordable housing projects, recipients of HOME funds are required to comply with all HOME regulations, including the affirmative marketing requirements at 24 CFR Part 92.351. The City has established an Affirmative Marketing Policy for HOME-assisted units in furtherance of its commitment to non-discrimination and equal opportunity in housing. The Policy outlines the affirmative marketing procedures and practices to be used by owners of affordable housing projects to inform and solicit applications from persons in the housing market who are not likely to apply for such housing without special outreach. The Policy also defines record keeping responsibilities of the owners and the City regarding affirmative marketing actions.

The largest impediment to fair housing is the same as for all types of housing – lack of funding for new units. The 41 unit affordable housing development on Water Street, which includes 6 special needs housing units, completed construction and lease-up in October 2020 and was the last major development project that utilized HOME funding. Pacific Station North, which is currently under construction will be the next affordable housing project which will provide HOME assisted units. Planning statistics for the 2023 calendar year as reported in the 2023 Annual Housing Element Progress Report show that building permits for 289 housing units were issued, 57 being very-low income, 51 low income, 16 moderate income, and 165 above moderate income. As mentioned above, in May 2024, Pacific Station North, a 100% affordable housing project broke ground and is slated to provide 128 units for very low and low income households in the City with an expected completion date in a future program year. The City's Inclusionary program requires that 20% of newly developed residential units be made available at affordable rents or sales prices for low income households. Some of these projects are also accessing California's State Density Bonus and provide units at affordability levels lower than the City's Inclusionary Ordinance affordability levels.

## **CR-40 - Monitoring 91.220 and 91.230**

**Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements**

### **Affordable Unit Monitoring**

There are approximately 283 rental units restricted under the HOME, Measure O and Red Cross funded programs at the City, and when added to former Redevelopment Agency funded units, there are approximately 896 rental units with regulatory agreements requiring annual monitoring. Typically, these are privately owned units that received public funds and that have rent/occupancy restrictions. During PY23, City staff continued implementing established monitoring procedures including sending electronic and hard copy monitoring letters to owners and reviewing responses.

For CDBG and HOME assisted rental units, the City monitors these units in compliance with program requirements. The City maintains an annual monitoring schedule which includes periodic on-site inspections and a review of owner's records. For HOME assisted projects that have more than 5 HOME units, this includes review of their affirmative marketing plan. Staff typically conducts annual monitoring in the second quarter of each calendar year, and the monitoring is completed before the end of the program year. Once monitoring is completed, close-out letters are sent to project owners and are maintained in the respective project files. As per 24 CFR 92.504(d)(1)(ii)(A), certain HOME funded projects receive on site monitoring once per 3 year period.

### **Monitoring Community Facility Projects**

Direct monitoring of construction activities occurs during development or implementation. Prior to initiating any project, City staff meets with recipients and their project manager to go over requirements or obligations outlined in the funding agreement. During project implementation, City staff receives and reviews progress reports and makes on-site visits as needed. Staff also does budget line-item approval for funding requests and works with recipients to ensure compliance. A final site visit is made at project completion.

### **Monitoring Community Service Grant Recipients**

Organizations receiving operating funds are required to submit quarterly or semi-annual reports (depending on funding levels) detailing services and client statistics. Reviewing these reports ensures that the organization is on track to achieving goals and in compliance with both City and HUD regulations. City staff are in frequent contact with service providers through common meetings or periodic check-ins. Staff also conducts formal on-site monitoring on a periodic or as needed basis.

### **Minority and Women Owned Businesses**

The City has a Minority/Women's Business Enterprise Policy to provide an equal opportunity for the participation of minority and women's business enterprises in the procurement of goods and services financed in whole or in part by HUD-assisted programs. The Policy identifies outreach and solicitation measures designed to identify and recruit MBE's and WBE's, and outlines reporting requirements applicable to the Policy. All contract packages for HOME or CDBG funded housing rehabilitation contracts include standard MBE/WBE clauses which require each contractor to submit a statement as part of his/her bid that affirmative action has been taken to seek out and consider MBE's and WBE's. The City has continued to follow its affirmative marketing program and to solicit minority and women owned businesses. One CDBG funded award included a woman or minority owned businesses during the reporting period, but no HOME funded awards were.

**Citizen Participation Plan 91.105(d); 91.115(d)**

**Describe the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.**

In accordance with the City's adopted Citizen Participation Plan, a public notice was published in the Santa Cruz Sentinel on September 10, 2024, notifying the public of the availability of the Consolidated Annual Performance and Evaluation Report for a 15-day public review and comment period. A draft CAPER was available from September 10, 2024 – September 25, 2024 upon request. No comments were received.

**CR-45 - CDBG 91.520(c)**

**Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.**

There is nothing to report for this section.

**Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?**

No

**[BEDI grantees] Describe accomplishments and program outcomes during the last year.**

## **CR-50 - HOME 24 CFR 91.520(d)**

### **Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations**

Please list those projects that should have been inspected on-site this program year based upon the schedule in 24 CFR §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.

Maintaining HOME-assisted affordable housing is a high priority. During PY23, all HOME-assisted properties listed below were inspected. Desk audits were completed for all HOME funded projects with active affordability requirements. The City will continue to perform onsite inspections for all projects as per onsite monitoring schedules and in accordance with 24 CFR 92.504(d)(1)(ii)(A).

#### 81 Chestnut St – Neary Lagoon Apartments

- 5 on-site inspections occurred in April 2024. All units passed inspection.
- The desk audit of all 11 units was complete indicating all units were in compliance.
- A close out letter was sent out in June 2024.

#### 90 Grandview St – Mission Gardens

- 4 on-site inspections occurred in April 2024. All units passed inspection.
- The desk audit of all 11 units was complete indicating all units were in compliance.
- A close out letter was sent in June 2024.

#### 110 Lindberg St – Riverwalk Apartments

- 5 on-site inspections occurred in April 2024. All units passed inspection.
- The desk audit of all 11 units was complete indicating all units were in compliance.
- A close out letter was sent in June 2024.

The following projects did not require on-site inspections this year, but desk audits were performed and completed indicating project compliance. Close out letters were sent in June 2024.

- 718 Water St – Water Street Apartments
- 211 Gault St – Gault Street Apartments
- 714 Fairmount Ave
- 721 Bay St – Garfield Park Village
- 1041 Cayuga St – Grace Commons

### **Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 24 CFR 91.520(e) and 24 CFR 92.351(a)**

Each of the HOME-assisted properties with more than 5 units maintains an Affirmative Fair Housing Marketing Plan. During annual monitoring, the annual Affirmative Fair Housing Marketing Report and waitlist are reviewed to ensure compliance with HUD requirements to affirmatively further fair housing choice.

### **Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics**

According to the PR-09 report for the HOME program, the City received in a total of \$2,356,645.53, however only \$1,744,119 of the HOME program income (PI) occurred during PY23, the remaining \$612,526.53 was from PY22 and was not able to be attributed in IDIS to PY22. The PY23 PI included income from an affordable housing residential loan payoff and return of Security Deposits from the Security Deposit program(see attached Combined PR05 & PR09 Reports). The City has accumulated PI over the past few years, and these funds have been awarded to the Pacific Station North Affordable Housing Project and the Downtown Library and Affordable Housing Project which helps close the funding gap for these projects.

**Describe other actions taken to foster and maintain affordable housing. 24 CFR 91.220(k) (STATES ONLY: Including the coordination of LIHTC with the development of affordable housing). 24 CFR 91.320(j)**

Under the 2023 Action Plan, the Security Deposit Program was funded at \$80,000 and \$6,900 in CDBG for administration of the program. There was a slight decrease in demand for the program in prior program years. The decrease was due to the COVID-19 pandemic as residents were sheltering in place and not moving except in rare cases. Demand appears to be increasing based on feedback from the Housing Authority.

As mentioned previously in section CR-35, the City continues to discuss preservation of affordability with affordable housing projects set to expire in the coming years. Some methods used to preserve affordable housing include loan extensions, project refinancing, and other requests.

The most recent HOME funded housing project was the Water Street Affordable Housing Project which completed construction during PY20. The City awarded PY23 HOME funding to the Pacific Station North Project and anticipates completion in a future PY. Other City-sponsored housing developments include the Pacific Station South project (nearing completion) and Downtown Library and Affordable Housing project (slated for completion in a future PY). Additional statistics about units being added to the housing stock and City-sponsored future affordable housing projects can be found in section CR-35 above.

The City continued to enforce and review the Inclusionary ordinance during PY23, and may consider making programmatic changes in future program years.

**CR-58 – Section 3**

**Identify the number of individuals assisted and the types of assistance provided**

<b>Total Labor Hours</b>	<b>CDBG</b>	<b>HOME</b>	<b>ESG</b>	<b>HOPWA</b>	<b>HTF</b>
Total Number of Activities	0	0	0	0	0
Total Labor Hours	0	0			
Total Section 3 Worker Hours	0	0			
Total Targeted Section 3 Worker Hours	0	0			

**Table 14 – Total Labor Hours**

<b>Qualitative Efforts - Number of Activities by Program</b>	<b>CDBG</b>	<b>HOME</b>	<b>ESG</b>	<b>HOPWA</b>	<b>HTF</b>
Outreach efforts to generate job applicants who are Public Housing Targeted Workers	0	0			
Outreach efforts to generate job applicants who are Other Funding Targeted Workers.	0	0			
Direct, on-the job training (including apprenticeships).	0	0			
Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.	0	0			
Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).	0	0			
Outreach efforts to identify and secure bids from Section 3 business concerns.	0	0			
Technical assistance to help Section 3 business concerns understand and bid on contracts.	0	0			
Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.	0	0			
Provided or connected residents with assistance in seeking employment including: drafting resumes,preparing for interviews, finding job opportunities, connecting residents to job placement services.	0	0			
Held one or more job fairs.	0	0			
Provided or connected residents with supportive services that can provide direct services or referrals.	0	0			
Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation.	0	0			
Assisted residents with finding child care.	0	0			
Assisted residents to apply for, or attend community college or a four year educational institution.	0	0			
Assisted residents to apply for, or attend vocational/technical training.	0	0			
Assisted residents to obtain financial literacy training and/or coaching.	0	0			
Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.	0	0			
Provided or connected residents with training on computer use or online technologies.	0	0			
Promoting the use of a business registry designed to create opportunities for disadvantaged and small businesses.	0	0			
Outreach, engagement, or referrals with the state one-stop system, as designed in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.	0	0			
Other.	0	0			

**Table 15 – Qualitative Efforts - Number of Activities by Program**

## **Narrative**

The City of Santa Cruz had no Section 3 activities to report during this reporting period.

The Housing Authority of the County of Santa Cruz complies with Section 3 guidelines and rules, however, they do not track how much of the award for the Security Deposit Program goes towards Section 3 related payroll.

The Housing Authority advertises available S3 opportunities on its website. All job positions include the S3 notice. The Housing Authority publishes a S3 notice in two local newspapers twice a year, additionally all residents of Housing Authority owned housing receive an annual notice specific to the possibility of S3 opportunities in association with employment through the Housing Authority. All inquiries received in response to the annual notice and/or job inquiries are tracked for later follow-up when new S3 related employment positions arise. When new S3 employment opportunities arise, the Housing Authority sends an envelope containing the job announcement to everyone who made such a request within the preceding 12 months. The Housing Authority relies on its contractors to fulfill the S3 obligations for hiring, training, and direct employment. The Housing Authority itself is not engaged in any building projects. All contract documentation includes information about S3 obligation and conversations are had with each contractor about the importance of S3 opportunities. All contractors are screened for their participation and direct involvement in meeting S3 obligations.