



# 2020 CAPER

Consolidated Annual Performance and Evaluation Report

(CAPER)

For the 2020-2021 Action Plan Program Year

*Covering the Reporting Period of July 1, 2020 to June 30, 2021*

## CR-05 - Goals and Outcomes

<b>Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)</b>
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Achievements toward meeting four Consolidated Plan goals in the 2020 Program Year (PY) include:

**Affordable Housing:** During the PY no HOME or CDBG units were constructed. Under the City's Security Deposit Program, 17 households obtained housing, 2 of whom were homeless. Under the Emergency Housing Program, 76 households facing eviction received rental assistance using limited City resources from the Red Cross Housing Reconstruction Loan Repayment Fund (Red Cross funding), this program was greatly expanded during the COVID-19 pandemic Emergency Eviction Prevention Program (EEPP) which was made possible by HOME TBRA waivers to help 71 of the assisted households to avoid eviction. After this funding ran out, assistance was made available through the Housing is Key state led program, which had allocated \$16M of funding for Santa Cruz County, about \$6M of that funding has been expended for the County with ~\$1.6M million going to residents of the City of Santa Cruz.

**Community Facilities:** Central Park Renovations that included drainage and accessibility improvements were almost complete in the 2020 PY, but will be reported on in the 2021 PY due to delays with delivering materials. Other community development facilities projects underway include: the Louden Nelson Senior Studio and the Market St. Senior Center renovations. The Hygiene Bay at Housing Matters -Homeless Projects contract was executed but will go back out for the RFP process due to greatly increased construction costs during the pandemic, and more structural damage being found, increasing the project scope and budget by nearly 200% meaning also that additional funding sources will need to be identified.

**Infrastructure:** There were no HUD funded infrastructure projects in the 2020 PY.

**Homelessness:** Once again, in PY 2020, the City continued to commit CDBG, HOME, and Red Cross funding toward key programs preventing and addressing homelessness, including the City's Security Deposit Program that is managed by the Housing Authority of Santa Cruz County (Housing Authority). Due to the pandemic, the 2020 PY has included a substantial increase in the need for managed homeless encampments, increased non-congregate emergency shelter and hotel vouchers, increased sanitation and water services, emergency cleanups, increased shelter sites, several safe parking programs and continual coordination with the County of Santa Cruz which oversees homeless services, \$374K of CDBG-CV funds were earmarked for this use, pending the deficit that will remain after FEMA and the County cover a portion of the costs. Estimates to date indicate that the deficit will be over \$1 M before the end of the current Program Year 2021.

**Community Services** are funded through the City's Community Programs primarily using \$1.03 million in City general funds and an additional \$1.02M for Community Programs and Services, per the FY2021 Adopted Budget (attached). CDBG funds continued to be used for operating costs for Nueva Vista Resource Center, which is the primary service provider for the Latino community and the Teen Center, which is operated by the City of Santa Cruz Department of Parks and Recreation and was able to re-open at the end of the 2020 PY with increased safety protocols. Nueva Vista Resource Center 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, respectively. Both Nueva Vista and

the Beach Flats Community Center continued to operate throughout the pandemic, providing vitally needed community services during the pandemic. The Teen Center provides a safe environment for teens at the Loudon Nelson Community Center. The Teen Center was closed for a little over half PY20, with improved hygiene, ventilation and distancing measures being taken to re-open and again serve the community. With CDBG-CV funding made available during the pandemic, additional pandemic response activities were funded including: additional food to address pandemic related food insecurity through the Meals on Wheels Program, Second Harvest Food Banks and the Farmer's Market Match Program, community health pandemic enhanced screening protocols and PPE through Dientes Community Dental, and the Santa Cruz Community Health Centers, additional eviction protection and referral services through Community Action Board, and expanded virtual enrichment activities for seniors and disabled adults through Elderday and HOPE Services.

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: \$22000 / State Cap and Trade: \$	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	113		0	113	
Increase and preserve affordable housing	Affordable Housing	CDBG: \$ / HOME: \$ / Housing Trust Fund: \$ / LIHTC: \$ / Redevelopment Fund: \$ / Red Cross: \$22000 / 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: \$22000 / State Cap and Trade: \$	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	350	0	0.00%	120	0	0.00%
Increase and preserve affordable housing	Affordable Housing	CDBG: \$ / HOME: \$ / Housing Trust Fund: \$ / LIHTC: \$ / Redevelopment Fund: \$ / Red Cross: \$22000 / State Cap and Trade: \$	Homelessness Prevention	Persons Assisted	50	113	226.00%	20	113	565.00%
Provide community and supportive services.	Non-Housing Community Development	CDBG: \$ / General Fund: \$ / CDBG-CV: \$915015 / Red Cross: \$25000	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	20000	157216	786.08%	6450	157216	2,437.46%

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%	250	0	0.00%
Support County-wide Homeless Strategic Plan	Homeless	CDBG: \$ / General Fund: \$	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	3000	0	0.00%	1250	0	0.00%
Support County-wide Homeless Strategic Plan	Homeless	CDBG: \$ / General Fund: \$	Homeless Person Overnight Shelter	Persons Assisted	2800	0	0.00%	570	0	0.00%

**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. The NRSA has been priority area for City assistance including CDBG funded projects and programs as well as other City efforts. CDBG funding for operational funding for the Nueva Vista Resource Center and the Teen Center was provided for the area during the 2020 PY. It is through Nueva Vista that the City does much of its outreach to help the minority Hispanic community. Nueva Vista has a center in the Lower Ocean Street neighborhood as well as the Beach Flats Neighborhood Center. More than half of the 24 multi-agency projects were located in the NRSA. This plan is due to be updated at the end of the current Program Year (PY 21), June of 2022.

**Community Facilities and Infrastructure:** Funding was awarded for the Housing Matters Hygiene Bay project, which helps to strengthen services targeted for the homeless which was identified as a high priority by the 2020-2025 Consolidated Plan survey which had over 1,000 responses. Additional funding was provided for the Market St. Senior Center renovation which was also ranked as a high priority by survey respondents.

**Priority Goal- Increase and Preserve Affordable Housing:** One of the highest needs and priorities in the City is affordable housing. During 2020 PY, City staff continued to implement the City Council's direction from the 2018 Housing Blueprint Committee through such efforts as updating the Density Bonus and Inclusionary ordinances plus the ADU ordinance. During the 2019 PY, the Santa Cruz City Council (City Council) opted to increase the Inclusionary requirement from 15% to 20% of all new residential development which remained in effect for PY 2020. HOME Program funds are allocated to provide security deposits and also fund the Emergency Eviction Prevention Program through pandemic waivers.

**Priority Goal- Support County-wide Homeless Strategic Plan:** In PY 2020, the City committed funding to further its ability to help meet the priorities and objectives of both the new Housing for a Healthy Santa Cruz strategic plan and the complementary Final Report. \$125,000 in HOME funds, and \$11,000 in Red Cross funds were awarded to the Housing Authority Security Deposit Program. As the CORE funding process was renewed for another year at the same funding levels, \$227,000 in City general funding (matched by County funds) was awarded through the collaborative CORE Investments program to a range of All In and Final Report priority programs, including the CAB Rental Assistance Program, ECS Housing Pathways Program, FIT Family Housing Stabilization Program, Homeless Garden Project Employment Services, HSC 180/2020 Housing Placement and Services Program, and Smart Path CES. And, additional general funds were budgeted for critical programs as follows: \$25,000 for Homeward Bound, \$340,000 for the Downtown Streets Team, over \$400,000 for outreach services (includes Downtown Outreach Team, HOPES, and MOST); \$100,000 for expanded shelter; \$30,000 toward hygiene services expansion; \$390,000 for River Street Camp and the Winter Shelter program, over \$300,000 for camp safety and hygiene, over \$200,000 to local shelters and the Homeless Garden Project, as well as the City's proportional share in the County wide plan.

**City Priority- Youth Services:** Although not specifically spelled out as a separate goal in the Consolidated Plan, youth services have been identified as an overall priority for the City. Over \$375,000 in City funds, or 26% of City funding for service providers, were allocated to youth programs. CDBG funds are being used to fund operating costs for both the Teen Center program and the Beach Flats Community Center youth program under Nueva Vista.

<b>Explanation of City progress - Year 4 goals and objectives</b>
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**1. INCREASE AND PRESERVATION OF HOUSING.** Overall the City is successfully progressing toward meeting its 5 year housing goals for the 2020-2025 Consolidated Plan, but has had some delays due to the pandemic. The Security Deposit/Tenant Based Rental Assistance/Rapid Rehousing was expected to assist 50 households and 30 were helped, as residents largely sheltered in place and did not move as frequently during the pandemic. Made possible by HUD waivers, the City was able to fund an Emergency Eviction Prevention Program (EPPP) with \$200,000 of HOME funding and \$30,000 of CDBG-CV funding in partnership with Community Action Board. The EPPP program helped keep the City's most vulnerable population in housing and avoid eviction due to pandemic related financial hardships. The City continued to fund the Landlord Incentive Program which is a program in partnership with the Housing Authority. This program was created to encourage more landlords to accept Section 8 vouchers. For Homeless Prevention, the City's Emergency Housing Assistance Program (Homeless Prevention), which is operated by the Community Action Board, was expected to assist about 5 households but only 3 households were helped, again falling short of the goal. This Program was previously funded by the City's Redevelopment Agency (RDA). With statewide termination of all RDAs in 2011, funding for this program has been limited to a small amount (\$11,000) of Red Cross funding. For new rental housing, construction, the most recently completed project was the new Water Street Affordable Housing Project, which provided 41 affordable housing units, 11 of which received \$1.4M of HOME funding as well as an additional ~\$3.5M of additional City funding and fee deferrals to further affordable housing availability to fund a total of about \$5M of the \$18M project. No additional HOME funding has been awarded to new construction projects, as none of the affordable housing projects in the pipeline are ready for the HOME funds (as the last remaining funding). Though, of the 3 City Sponsored Housing projects (2 at Pacific Station and the Library Mixed Use Project), at least one of the projects is expected to be ready to apply for HOME funding in the upcoming Program Year 2022. Other affordable housing developers may also apply for HOME funds as the pot of available funding is now over \$1M it is becoming a more desirable funding source that could be adequate to close a funding gap.

**2. COMMUNITY FACILITIES AND INFRASTRUCTURE.** Funding was awarded for the Housing Matters sewer line project, but that project was stalled due to lack of capacity for CDBG procurement and project management at Housing Matters, so that funding of \$150,000 was rolled up with additional PY20 funding to make \$456K of CDBG funding available for the Hygiene Bay project which originally was estimated at under \$800K complete. But, this project has been delayed with increased construction costs and a lack of qualified workers to complete construction resulting in the need to re-evaluate, look for additional funding and re-do the procurement process. The City Manager's office has taken over the Hygiene Bay renovation and will work on it under the umbrella of the Homeless Infrastructure Project funded, in part by CDBG, and an additional estimated ~\$700K needed to complete with the increased costs.



**3. SUPPORT COUNTY-WIDE STRATEGIC PLAN.** Due to an increased need for Homeless services during the pandemic and the lack of non-congregate shelter, it has been a huge concerted effort with the County to provide critically needed homeless services during PY20. Before the pandemic trying to meet homeless needs and City goals was already challenging prior to 2020 PY. Recently, in PY 19, the Paul Lee Loft transitioned to focus more on those who were on a path to finding permanent housing, and for the Homeless Services Centers. This change of focus and a lack of funding, is also reflected in reduced services at the day services. However, on the Housing Matters campus the City continues to help support transitional housing at the Rebele Family Center, transitional housing for individuals at Page Smith Community House which includes Recuperative Care beds, and 37 shelter beds at the River street Shelter which is operated by Encompass Community Services. The Page Smith Community House transitional housing is the site for a future development which will provided permanent supportive housing. The system was also challenged by a lack of available Winter Shelter beds in the 2020 PY, which was partially accommodated through emergency encampments and managed safe parking programs. Still, the County and the City have been working together to bridge the gap between the homeless resources available and the need. The City worked to provide alternative shelters with partner agencies. However, the available services did not meet the need in the area and the City continues to see this discrepancy with homeless camps emerging in different areas throughout the City, which has continued and greatly increased during the pandemic. Some additional funding is in the pipeline with \$14 million projected to be available to the City of Santa Cruz for homeless projects, with details and full guidance still to be worked out by the State of California. See CR-25 for more information on homelessness.

#### **4. PROVIDE COMMUNITY AND SUPPORTIVE SERVICES.**

It should be noted that the Homeless Person Overnight Shelter beds numbers are likely much under reported. A number of already existing shelters have not been submitting their numbers due to the pandemic and staffing issues. Similarly, it has been hard to track of those participating in the safe parking programs and use of the emergency managed encampments during the pandemic, and the County has not been publically reporting on emergency shelter bed usage, likely due to the exponentially increased demand and services stretching all staff working in this area thin.

## 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)**

During the 2020 PY, CDBG and HOME Program funds were used for programs and projects primarily benefiting low and very low income households. The Table below includes data from all CDBG activities.

The racial and ethnic status of households that were assisted at the Teen Center and Nueva Vista generally do not reflect the overall population of the City of Santa Cruz. According to US census data, about 75% of the City’s population self classifies itself as racially “White”. The next highest racial group is Asian, representing 8% of the population. Blacks or African Americans represent 2 % of the population. The racial mix of those served by CDBG and HOME funded programs are predominantly “Other Multi Racial” at 68% with the next highest group identifying as White at 25%. Of those responding, about 45% also identified as Hispanic. Asians are underrepresented at less than 2%.

Recent Census Data for City of Santa Cruz shows that 19% of the City’s population considers themselves to be Hispanic. Proportionally, CDBG and HOME Programs serve a higher percentage, with 45% of these receiving benefits identifying as Hispanic. This is not surprising since the highest concentration of the City’s Hispanic population is located within the NRSA, which is served by Nueva Vista which operates two centers funded by CDBG.

Missing in the IDIS table, and shown below, a large proportion of participants of programs receiving CDBG and HOME funds identify as Other Multi Racial, which can be entered in IDIS for activity accomplishments but do not show up in the tables generated in IDIS.

Total	CDBG	HOME
<b>Race:</b>		
White	7627	15
Black or African American	100	4
Asian	115	0
American Indian or American Native	8	0
Native Hawaiian or Other Pacific Islander	0	0
Black/African American & White:	0	0
Other Multi-Racial:	N/A*	0
<b>Total</b>	<b>7850</b>	<b>19</b>
<b>Ethnicity</b>		

Hispanic	3564	6
Not Hispanic	4286	13

A substantial number of residents receiving services identify as Other Multi-Racial, but the CAPER tables don't populate with this entered data, as the IDIS data entry tables were updated, but not the corresponding tables in CAPER. A manual count over 500 participants receiving assistance identify with this category.

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

**Identify the resources made available**

The Table shows resources expected to be made available as well as funds expended in support of the Plan over the 2020 PY.

Source of Funds	Source	Resources Made Available	Amount Expended During Program Year
CDBG	public - federal	880,765	419,474
HOME	public - federal	431,887	284,600
General Fund	public - local	1,000,000	2,000,000
Housing Trust Fund	public - local	0	
LIHTC	public - state	0	
Redevelopment Fund	public - local	0	
Other	Private, Federal and State Grants	6,200,000	1,800,000

For Community Services and Programs, in addition to the funds shown in the Table, the City also expended well over \$5 million in General Funds during the 2020 PY to assist the City in addressing homelessness and community development needs. Homeless programs receive the greatest percentage of this funding followed by youth programs. The latter category includes General Funds used for the Teen Center. CDBG and City Red Cross funds (\$36,000) were also used for community programs and homelessness prevention services.

**Identify the geographic distribution and location of investments.**

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Neighborhood Revitalization Strategy Area	8	34	Includes Nueva Vista programs, and Teen Center

Geographical distribution percentages are over what was expected. Some projects were stalled during the pandemic, many of these outside the NRSA, while programs within the NRSA moved forward. So, we can expect that when the projects move forward, we will see a corresponding decrease in the percentage expended in the target area.

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

### **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.**

A total of \$1.4 million in HOME Program funds and over \$300,000 in CDBG funds were allocated for the development of a 41 unit project to be located at 708-718 Water Street over the last several years. This multi-family 100% affordable housing project completed construction during the 2019 PY. While the project building sign off was completed in the 2019 PY, the project was fully occupied by October 2020. The City also committed and expended over \$1.3 million from both former Redevelopment Agency Bond Proceeds and the City's Affordable Housing Trust Fund (AHTF) for a total of \$2.6 million. Most of this funding, along with CDBG funding, was used for purchase of land for the project. The Project cost a total of over \$18 million, ultimately leveraging the HOME Program funding 18 times. No additional HOME affordable housing projects have received HUD funding in PY20. No additional HOME Match was contributed in PY20.

Other HOME Program funding was used for the City's Security Deposit Program. A total of \$124,900 was dedicated for the Security Deposit Program in HOME funds, but most of it was not used due to so many residents sheltering in place. In addition, \$11,000 in City Red Cross Funds helped fund security deposits primarily in the NRSA. Recently for PY 2021, an additional allocation of \$200,000 from unused funds for relocation purposes, resulted in the City being able to allocate that additional funding to expand the Security Deposit program even further through June 31, 2023.

The CDBG Program invested \$190,000 in Public Services (with \$100,000 going to a CBDO) and \$8,000 in program delivery costs for the City's continued administration of the UHRP. With over \$2M of the general fund going to community programs and services, this leverages the CDBG funding by over 10 times.

In addition to receiving CDBG operational funding, the Teen Center Program and the Beach Flats Community Center are located in City owned facilities.

<b>Fiscal Year Summary – HOME Match</b>	
1. Excess match from prior Federal fiscal year	11,589,625
2. Match contributed during current Federal fiscal year	0
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	11,589,625
4. Match liability for current Federal fiscal year	0
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	11,589,625

Match obligation was 100% waived for the City of Santa Cruz in PY2020 due to the COVID-19 pandemic as requested by waiver. See <https://www.hudexchange.info/resource/6414/fy-2021-home-match-reductions/>

<b>HOME MBE/WBE Report</b>				
<b>Program Income</b> - Enter the program income amounts for the reporting period				
Balance on hand at beginning of reporting period	Amount received during reporting period	Total amount expended during reporting period	Amount expended for TBRA	Balance on hand at end of reporting period
\$ 35,482	\$ 128,869.20	\$ 0	\$ 0	\$ 164,351

**Minority Business Enterprises and Women Business Enterprises** – 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 1 - Minority Business and Women Business Enterprises**

**Minority Owners of Rental Property** – 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 2 – Minority Owners of Rental Property**

**Relocation and Real Property Acquisition** – 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 3 – 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.**

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>
<b>Number of homeless to be provided affordable housing units</b>	20	2
<b>Number of non-homeless to be provided affordable housing units</b>	120	85
<b>Number of special-needs to be provided affordable housing units</b>	0	0
<b>Total</b>	140	87

<b>Number of households supported through:</b>	<b>One-Year Goal</b>	<b>Actual</b>
<b>Rental Assistance</b>	140	87
<b>The Production of New Units</b>	0	0
<b>Rehab of Existing Units</b>	0	0
<b>Acquisition of Existing Units</b>	0	0
<b>Total</b>	140	87

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

As noted in previous CAPERs, there was an expectation that the Water Street Affordable Housing Project would be under construction or completed in the 2016 PY. The project is completed and reported in the 2019 PY CAPER, with full occupancy occurring in the 2020 PY (October 2020), so those numbers don't appear in these tables.

The 2020-2021 Action Plan also allocated \$124,900 of HOME Program funds for the City’s Security Deposit Program. This amount plus \$11,000 from the City's Red Cross funding was estimated to be able to assist 50 households. Though a significant amount of funding was made available for PY for Security deposits, there was little demand during the 2020 PY as families largely sheltered in place. 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 Section 8 tenants. This program, which is administered by the Housing Authority, is designed to help incentivize landlords to accept Section 8 vouchers 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 ultimate goal of ensuring affordable housing for all residents. The latest (2020) census data indicates that 51% 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 through code enforcement and rental housing quality through a Rental Inspection Program where every rental unit in the City is inspected at least every three years. The City has also supported older affordable housing projects by supporting the owner’s application 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 the current trend continues. As part of seeing the increasing rents in Santa Cruz result in higher Security Deposits during the 2018 Program Year, the City of Santa Cruz increased HOME funding for the 2020 Program Year to \$124,900 and has increased this level of funding into the 2021 Program Year. Other outcome differences are a result of project delays and should not affect outcomes over the 5 year Consolidated Plan timeframe. The City might also consider modifying the MHMH program to facilitate ongoing use of HOME Program funds. Habitat for Humanity, who operates the program, is one of two designated Community Housing Development Organizations (CHDOs) for the City. 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. Under the MHMH program it is only possible to do small (one or two units) developments.

**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.**

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
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<b>Extremely Low-income</b>	2	82
<b>Low-income</b>	0	5
<b>Moderate-income</b>	0	0
<b>Total</b>	2	87

**Narrative:** The data reported in the prior Table represents the 39 households assisted with HOME Program funding through the Security Deposit Program. An additional 9 households assisted with Red Cross funds are not included in this table. Given that 30 of the 39 households are extremely low income, this suggests the importance of this program in helping those with less than 30% of area median income secure housing in this high cost housing market.

With the pot of available HOME funding growing, a HOME funded affordable housing project is expected to have funding commitment in the next two years, with about \$1.2 available, we estimate that about 4-6 units will be able to receive HOME funding, and with the additional HOME-ARP funding, of \$1.4M, about 5-7 additional units could be HOME funded. Neither figure would include all construction costs, as construction costs greatly exceed the maximum unit allocation of HOME funds, but together with other funding sources, could help to close a project funding gap. If COVID numbers continue to improve, more households are expected to apply for Security Deposit assistance, which will also greatly increase the numbers above. As of now, the use of the Security Deposit program administered through the Housing Authority has greatly decreased.

**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 PY 2020, the City fully met its objectives in this area. The CoC, with City participation, continued expansion of the Smart Path CES with additional CoC funding. The program lead agency is the County Human Services Department (HSD) which has recently been revamping the HAP consortia during PY 2020. CES establishes a single coordinated process for access, assessment, and referral to homeless housing and service programs, replacing a previously fragmented approach. Smart Path uses an “any door” approach to access whereby a homeless person can complete a Smart Path assessment by calling 2-1-1, visiting a CES Access Point, or contacting a Roaming Assessor. The following are operational Access Points within the City of Santa Cruz: HSC, Mental Health Client Action Network (MHCAN), Santa Cruz Public Library – Downtown, Veteran Resource Center (VRC). In addition three Smart Path Roaming Assessors bring outreach, assessment, and housing linkages directly to homeless people wherever they are. Smart Path uses the VI-SPDAT to prioritize people based upon need: PSH – must be chronically homeless and have the highest VI-SPDAT scores in the range from 8-17 adults and transition age youth (TAY), and 9-22 families; RRH and TH - based upon highest scores in the range of 4-7 adults and TAY, and 4-8 families. CES data and reports are maintained in HMIS.

Meanwhile, the City, working with police, nonprofits, and local businesses, supported the following inter-related outreach services and mobile behavioral health response programs: the Downtown Outreach Team with two outreach workers providing 7 day per week, 10 hours per day coverage; the MOST Team with two mental health liaisons; a redesigned HOPES Team (formerly, Bob Lee Community Partnership for Accountability, Connection, and Treatment [PACT]), which uses an integrated multidisciplinary team that includes health providers, behavioral health providers, crisis services, outreach specialists, veteran providers and criminal justice personnel; and the Downtown Streets Team’s Homeless Jobs Engagement Program, which includes street beautification and peer-to-peer outreach. An additional outreach team the City continues to support is Homeless Persons Health Project (HPHP), which links Healthcare for the Homeless services with its own PSH programs and weekly outreach to 23 service and non-service sites.

Additionally, the City participated on the HAP Board and Executive Committee process, which allocated YHDP funding for a homeless youth-focused CES project, Youth Day Center program, and mobile youth integrated services team.

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

Sustaining and expanding emergency shelter with services and TH remained critical for addressing the crisis of unsheltered homelessness and for meeting the goals in the countywide in accordance with the new in PY20, Housing for a Healthy Santa Cruz Strategic Plan. In PY 2020, overall emergency shelter and TH program capacity in Santa Cruz increased, with City support, with Safe parking programs. But, this increase didn’t meet the increased demand, i.e. the increase in those experiencing homelessness

greatly outnumbered the increase in resources: “Based on data collected through a countywide homelessness tracking system, there were 2,577 households experiencing homelessness during the month of April 2021, compared to the January 2019 single-day point-in-time count of 1,440 households.”

- Housing Matters – 90-bed Rebele Family Shelter, 40-bed Paul Lee Loft Shelter (single adults), 12-bed Recuperative Care Center (medically frail homeless); and 40-bed Page Smith Housing TH and RRH Program (mostly chronically homeless adults)
- ECS – 32-bed River Street Shelter (adults with serious mental illness), 6-bed GEMMA TH (women leaving jail), and 6-bed SCAP TH (adults with HIV)
- 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)
- Sienna Housing – 16-bed shelter (pregnant/mothering women)
- Association of Faith Communities (AFC) – 20-bed faith group Rotating Shelter
- Salvation Army – 120-bed Winter Shelter Program (November – April) and.
- Armory- 60 beds (winter only)

For a full list of additional county-wide emergency shelters open during the pandemic, including emergency temporary motel shelters that were converted for pandemic response, please see the attachment “County of Santa Cruz Emergency Shelter and Transitional Housing Inventory”. The shelters in blue will remain open after the pandemic.

The City also committed general funds to address the immediate wellbeing of unsheltered homeless persons through secure storage facilities, hygiene facilities, and electronic device charging, and supported local citizens and faith groups in providing a warming center during cold weather. During the Program Year, the City participated with the HAP and County in planning for the use of California HEAP and CESH funds, which eventually included priorities and projects for emergency and hygiene services at the River Street encampment, Gateway Plaza, and Housing Matters; emergency shelter at the Paul Lee Loft and VFW Building, homeless parking programs, capital and services funding for a future navigation center.

**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.**

In PY 2020, the City continued and expanded a variety of programs aimed at helping varied homeless populations rapidly regain housing. Working with the Housing Authority, using HOME and Red Cross funds, the City continued its Security Deposit Program to help homeless and at risk households get into new units more quickly. Collaborating with the County in the CORE Investments Program, the City committed general funds to the ECS Housing Pathways Program, FIT Family Housing Stabilization Program, Homeless Garden Project Employment Services, HSC 180/2020 Housing Placement and Services Program, and Smart Path CES, which prioritizes access to permanent supportive housing (PSH)

and rapid rehousing (RRH) based upon severity of need. These programs are all focused on helping homeless individuals and families to become housed and self-sufficient as quickly as possible.

The *All In* strategic homelessness plan has been replaced in PY20 with the “Housing for a Healthy Santa Cruz Strategic Plan”. From the plan, “The Framework embraces clearly developed housing pathways as the solution to homelessness and prioritizes strategies to ensure everyone in the community has a place to live and includes goals to expand the availability of rapid rehousing, affordable housing for Extremely Low-Income (ELI) households, and permanent supportive housing. Closing the affordable housing gap to meet established state requirements<sup>3</sup> and local need will require increased resources and local County and City support for new or repurposed housing developments. Significant declines in the availability of federal and state financial resources to support affordable housing development make it challenging for local governments to meet established affordable housing development targets. However, several communities in California have demonstrated creative ways to generate new local revenue sources and leverage limited state and federal funding opportunities for generating more affordable housing opportunities. Focus Strategies, the consultant team that provided support for the development of this Framework, also wrote a report analyzing the Santa Cruz housing market to serve as a companion resource document for use in implementing this Framework. While the Framework recognizes a large gap in the number of housing units affordable to extremely low-income households, there are proven strategies and actionable steps that can maximize the success of efforts to help households get and keep housing while we continue working on efforts to expand housing affordability locally.” The plan involves increase shelter bed capacity by 160 beds, increasing rapid rehousing spots by 350, increase permanent supportive housing units by 100 and a goal to reduce homelessness by 50% by 2024. The full plan, can be found in the attachment “Housing for a Healthy Santa Cruz”.

Key resources for Veterans in the city and county are more than 300 HUD-Veterans Affairs Supportive Housing (VASH) vouchers, 3 Supportive Services for Veteran Families (SSVF) programs, a 12-bed veteran’s shelter, benefits assistance, employment services, case management, health and treatment services, and transportation.

**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.**

The City used general funds during PY 2020 for CAB’s Emergency Housing Assistance Program to keep people in existing housing. Also, as in previous Program Years, the City used general funds (and in a few cases, CDBG 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. This program was greatly broadened with HOME funds and a revised Emergency Eviction Prevention Program which helped 71 households with eviction protection assistance. These include family service programs, parenting and at-risk youth programs, aging and senior service programs, health centers, dental care, mental health programs, substance use prevention and treatment, domestic violence prevention, food programs, and more.

Prevention through discharge planning took place on a countywide basis through the efforts of the CoC. During the Program Year, 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 new Housing for a Healthy Santa Cruz strategic plan makes recommendations to increase and improve efforts to prevent housing loss and divert people from homelessness before it happens. During the Program Year, the City staff participated in HAP efforts to better understand the risk factors that lead to homelessness, and to address these factors by: steadily expanding prevention program.

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

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

The Housing Authority oversees public housing throughout the County, including within the City of Santa Cruz. The HA manages 151 public housing units within the County of Santa Cruz, including 45 units within the City. It also offers the Housing Choice Voucher Program (formerly known as Section 8) to City residents. Tenant-based Housing Choice Vouchers provide a monthly subsidy to low-income tenants renting market-rate units. There are over 5,000 vouchers administered by the Housing Authority; approximately 20%, are within the City of Santa Cruz, with 6% in the County of San Benito and the remainder within the greater county of Santa Cruz.

The HA waiting lists for public housing and housing choice vouchers stand at approximately 1,700 and 12,500 households respectively. The waiting list for vouchers has been closed since Dec 6, 2018. Additional PBV units are slated for the City sponsored Pacific Station affordable housing projects, which will make utilizing vouchers easier for voucher holders.

The Housing Authority currently does not have any plans to develop additional “public housing” projects but is exploring the potential to develop a small number of affordable units, and we promote our Project Based Voucher Program as a way to help support the development of additional affordable housing countywide.

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

Given that public housing projects within the City of Santa Cruz are typically small and scattered; the Housing Authority involves residents through individual tenant meetings at each public housing site. In addition a public housing resident is included on their Resident Advisory Board and on the agency’s Board of Commissioners.

### **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 the 2020 PY, the City has been continuing to implement its new ADU zoning ordinance which encouraged the development of accessory dwelling units (ADUs) and continued to implement new state legislation. 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. Even with all of the challenges due to the Pandemic, by the end of the 2020 PY, construction on 38 ADUs was completed. This is a 14% decrease in production from the 2019 PY. These small units provide a very valuable source of rental housing in the City of Santa Cruz.

Since the City completed a rezoning of the downtown to increase densities, allowable building heights and adjust parking requirements for residential developments in the 2020 PY, several housing development proposals are moving forward through the planning and permitting process

As noted earlier in the report, during the 2017 PY (December 5, 2017), the City Council formed a sub-committee that engaged with the community through a series of 16 gatherings, events, and meetings to talk about the housing situation in the City of Santa Cruz which culminated in a community event that included facilitated staff presentations on varying topics and staffed booths both providing information to the public as well as asking for their input on these policies. On June 12, 2018, the Committee made a series of recommendations which were then adopted by the full City Council. During 2020 PY, City staff worked to implement the City Council’s direction through such efforts as updating the Inclusionary ordinance.

**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 that is not affordable to low-income people. In the 2020 PY, 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 including CalHome, Local Housing Trust Fund Match (LHTF), Permanent Local Housing Allocation (PLHA), Low-Income Housing Tax Credit Program (LIHTC), Affordable Housing and Sustainable Communities (AHSC) and the Infill Infrastructure Grant Program (IIG). The City is still pending feedback on some of these grants, but has so far received \$5 million in LHTF funding and \$1.5 million in PLHA funding (to be allocated over 5 years). To bring much needed low-income and below units to Santa Cruz, these funds will be used towards City-led affordable housing developments located on City-owned land. Staff has spent several years acquiring and assembling land parcels to make available sites where affordable rental housing can be built in the City. The City is partnering with affordable housing developers to build the housing. To maintain the affordability in perpetuity, the City will continue to own the land and ground lease the parcels to the affordable housing developer/operator.

The City also continues to educate the public on the need for affordable housing and promotes a variety of affordable housing programs. During the 2017 PY, the City conducted extensive community engagement on the history, drivers and potential solutions to the local housing crisis. This award-winning engagement process, commonly referred to as “Santa Cruz Voices on Housing”, included:

- 56 hours of outreach events
- Participation of ~350 community members and 30 community groups
- 1,307 housing surveys completed as well as 1,000 conversation kits

As a byproduct of this effort, it is hoped that more constituents will come out in support of affordable housing projects when they are facing approvals by the City.

The City also continued outreach and education to the community by promoting and securing presentations for Affordable Housing Month, which is held annually in May. The City works with other local affordable housing agencies and advocates to promote and educate the community on affordable housing information, programs and opportunities.

To address underserved needs, 100% of the City’s 2020 PY expenditures benefitted low- and moderate-income households or those presumed under HUD regulations to be low and moderate-income. In fact, nearly 100% of those served are low income rather than 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.

In the 2020 PY, the City provided over \$1 million from the City's General Fund for safety net programs. In addition, CDBG funding supported several programs to maintain or increase the client's level of self-sufficiency and ability to escape poverty 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 Homeless Action Partnership (HAP):** The HAP 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 HAP 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 HAP.

**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 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 CAP study focuses on six research areas – Economy, Education, Health, Public Safety, Natural Environment, and Social Environment. This invaluable tool provides a comprehensive analysis of needs, assisting the community to identify potential issues, recognize trends, and establish priorities.

**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 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 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 HAP as noted above. 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.

**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. In the 2016 PY, the City addressed this need by exploring coordination with the Housing Authority and the City of Watsonville but that effort has been put on hold for the proposed regional Affirmatively Furthering Fair Housing program. The City is currently working towards updating the AI, with the aim of combining this process with our upcoming State required 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 the following program year.

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 with regard to affirmative marketing actions.

The largest impediment to fair housing is the same as for any housing – lack of funding for new units. The City’s new 41 unit affordable housing development on Water Street, which includes 6 special needs housing units, completed construction and lease-up as of October 2020. Planning statistics for the 2020 calendar year show that 218 units were completed and obtained their certificates of occupancy. Development applications for over 1,451 units were processed, received building permits or were under construction in 2020. The City’s Inclusionary program requires that 20% of newly developed units be affordable. Some of these projects are 100% affordable to low-income households and below, and others have 20% of the total units available under the City’s Inclusionary Affordable Housing Program, totaling a possible 530 units of restricted affordable housing.

## 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 381 rental units restricted under the HOME, Measure O and Red Cross funded programs at the City, and when added with the former Redevelopment Agency funded units, there are approximately 900 rental units in the City which have regulatory agreements that require them to be monitored on an annual basis. Typically, these are privately owned units that received public funds and that have rent/occupancy restrictions. During 2020 PY, City staff continued implementing established monitoring procedures which includes sending monitoring letters out to all owners and reviewing paperwork 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 (including code compliance) and a review of owner's records. For HOME assisted projects that have more than five HOME units, this includes review of their affirmative marketing plan. Staff conducts annual monitoring in the first quarter of each 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 three year period.

Due to the COVID-19 Pandemic, there have been some impacts to monitoring causing delays for former Redevelopment Agency funded units that have continued into PY20. Also, the City applied for and received waivers to be able to postpone on-site inspections for HOME funded units. Prior to the declaration of emergency, staff was able to conduct on-site inspections for recently completed HOME funded units at both the Water Street Apartments and the unit at Fairmount Avenue. The units passed the initial inspections.

**Monitoring Community Facility Projects:** Direct monitoring of construction activities occurs while projects are being developed or implemented. Prior to initiating any project, City staff meets with recipients and their project manager to go over requirements or obligations which are outlined in the funding agreement. A check list is typically provided with requirements. During project implementation, City staff receives and reviews periodic progress reports and makes on-site visits as needed. Staff also does budget line item approval for any funding request and works with recipient to ensure compliance. A final site visit is made at the completion of the project.

**Monitoring Community Service Grant Recipients:** Organizations receiving operating funds are required to submit a quarterly or semi-annual report (depending on funding levels) detailing services and client statistics. These reports are reviewed to ensure that the organization is on track to achieving goals as well as in compliance with both City and HUD regulations. Given that Santa Cruz is a small community, City staff are in frequent contact with service providers through common meetings or periodic check-ins by phone. Staff also conducts formal on-site monitoring on a periodic or as needed basis.

**Minority and Women Owned Businesses:** The City has established 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 also 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. No CDBG or HOME funded awards were given to women owned businesses during the reporting period.

**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 15, 2020, 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 15, 2021 – September 30, 2021 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.**

No changes were made in the City’s objectives during the 2020 PY beyond the amendment to add CDBG-CV funding which was submitted in December of 2021. The 2020 Action Plan was not amended further.

<b>Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?</b>	No
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## **CR-50 - HOME 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**

Maintaining HOME-assisted affordable housing is a high priority. During the 2020 PY, all of the HOME-assisted properties listed below were not inspected onsite to determine compliance with the housing codes and other applicable regulations. As previously noted in CR-40, the City applied for waivers from HUD to defer onsite inspections due to the COVID-19 Pandemic. As soon as it is safe to do so, staff will schedule onsite visits with the below listed properties, on-site were initially scheduled as COVID numbers improved for July of 2021, though when the Delta variant cases started peaking, the inspections were postponed until staff and residents can be safe. Desk audits were completed for all HOME funded projects with active affordability requirements.

- 81 Chestnut St. – Neary Lagoon Apartments
- 90 Grandview St. – Mission Gardens
- 714 Fairmount Ave
- Water Street Apartments

The other HOME funded projects did not receive on-site inspections due to the monitoring timelines established at 24 CFR 92.504(d)(1)(ii)(A).

### **Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)**

Each of the HOME-assisted properties with more than five 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 receipted in a total of about \$128,869 of HOME program income (PI) during the 2020 PY. This included income from an affordable housing residential loan payoff and return of Security Deposits from the Security Deposit program.

### **Describe other actions taken to foster and maintain affordable housing. 91.220(k)**

Under the 2020 Action Plan, the Security Deposit Program continued and expanded, with funding increasing from \$100,000 in PY2019 to \$125,000 in PY2020. Though, after the funded was increased significantly the demand for the program greatly diminished during the COVID-19 pandemic due to residents sheltering in place and not moving except in rare cases. Demand dropped about 75% for the program in PY2020. The most recent HOME funded housing project was the Water Street Affordable

Housing Project continued construction with expected completion during the 2019 Program Year. 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 also continued to make changes to the Inclusionary ordinances during the 2020 PY, and worked on work-force housing plans with the local school board and planning commission.

## **Attached Documents in IDIS**

- CAPER Publication (Proof of Publication)
- Housing for a Healthy Santa Cruz- Strategic Plan
- Santa Cruz Emergency Shelter and Transitional Shelter PY20
- City of Santa Cruz PY20/FY21 Budget
- CDBG Program Financial Summary (PR26)