



# CITY OF SANTA CRUZ 2022-2023 ACTION PLAN



**Pacific Station South Groundbreaking Event during Affordable Housing Month 2022**

HOUSING & COMMUNITY DEVELOPMENT DIVISION  
ECONOMIC DEVELOPMENT & HOUSING DEPARTMENT



SANTA CRUZ  
ECONOMIC  
DEVELOPMENT



# CITY OF SANTA CRUZ 2022-2023 ACTION PLAN

**HUD Submittal Date: Expected 6/30/2022**

DUNS No. 050515881

**City Council:**

Sonja Brunner, Mayor

Martine Watkins, Vice Mayor

Renee Golder

Sandy Brown

Donna Meyers

Justin Cummings

Shebreh Kalantari Johnson

**City Manager:**

Matt Huffaker

**Economic Development Department:**

Bonnie Lipscomb, Director

Jessica de Wit, Housing and Community Development Manager

Tiffany Lake, Principal Management Analyst

Jessica Mellor, Management Analyst

Andrea Inouye, Housing Program Specialist

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# Executive Summary

## AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

### 1. Introduction

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

This report is for the 2022-2023 Action Plan for the City of Santa Cruz, covering the Program Year (PY) beginning July 1, 2022, and ending June 30, 2023. The HUD Action Plan PY2022 is equivalent to the City's fiscal year 2023 (FY23). This is the third Action Plan under the 2020-2025 Consolidated Plan.

This Action Plan was prepared in accordance with HUD's Office of Community and Planning Development (CPD) eon Planning Suite.

### 2. Summarize the objectives and outcomes identified in the Plan

The City's objectives for activities included in the 2022-2023 Action Plan include the following:

1. Continue to support implementation of strategies developed under the County-wide Homeless Strategic Plan.
  - General Funds in combination with CDBG will continue to assist various programs and facilities for homelessness.
  - General Funds will also be used to help fund the County Wide Housing for Health Partnership (H4HP) which provides the organizational structure for Continuum of Care (CoC) activities. General Funds are used for outreach, support programs and added services beyond what the County of Santa Cruz provides as the lead of the CoC.
2. Preserve existing rental housing and increase the amount and affordability of rental housing for the City's lowest income renters. The following are anticipated outcomes addressing this Objective:
  - HOME Funding will be provided for Pacific Station North, a mixed-use affordable housing project. Additional information on these projects can be found in AP-85 Other Actions.
  - Funding will be provided for the on-going Security Deposit Program.
  - California Rural Legal Assistance (CRLA) will be funded with CDBG funds to assist low-income tenants with legal questions and concerns.
  - CDBG funds will be used for a low interest loan for renovations to the Santa Cruz Aids Project low-income housing for low-income community members with HIV and AIDs.
3. Revitalize: community facilities & infrastructure.
  - CDBG funds will also be used to continue renovations and improvements to the Depot Park Building for improved ADA access, plumbing, bathroom fixtures and other minor renovations. Additionally, funding will

be provided to the London Nelson Senior Studio to install a foundation for a modular unit to be used for senior recreational activities.

4. Provide on-going support for community services and youth programs.

- The City provides a combination of CDBG and General Funds for over 70 community programs that provide a range of services and opportunities for the City's low-income population.

### **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

A comprehensive review of accomplishments from the 2021-2022 PY will be provided as a part of the City's Consolidated Annual Performance and Evaluation Report (CAPER) which will be available for public review in September 2022. The following is a summary of activities that were completed, progressed, supported as on-going programs, or initiated in the 2021-2022 PY.

CDBG and HOME Program funded projects completed or near completion:

- Boys and Girls Club reception area security improvements and renovations were completed at the downtown Santa Cruz location, \$40,000 of CDBG funds were used and approximately ~\$60,000 of private funding was leveraged.

On-going programs serving the community:

- Community Services and Youth Programs at Nueva Vista Resource Center and Beach Flats Community Center located within the Neighborhood Revitalization Strategy Area (NRSA).
- Teen Center programs.
- The Security Deposit Program in partnership with the Housing Authority to help access rental housing.

Progress was made on the following projects or programs:

- The City continues to make progress on its 3 City-led affordable housing projects, Pacific Station North, Pacific Station South and the Downtown Library and Affordable Housing Project. All three projects will total approximately over 300 rental units at varying levels of affordability.

### **4. Summary of Citizen Participation Process and consultation process**

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

- A Community Programs Committee (CPC) meeting was held on February 24, 2022. Although CPC meetings are primarily for non-profit service providers, there is a public noticing process and the public is always welcome.

- The proposed Action Plan budget was discussed in a noticed and advertised City Council Public Hearing held on March 22, 2022.
- The draft Action Plan was discussed in a noticed and advertised City Council Public Hearing held on May 10, 2022.

After the February CPC meeting, the 2022-2023 Action Plan budget was available for a 30-day noticed Public Review before the March 22, 2022, first public hearing. There was a second noticed public comment period prior to May 10, 2022. A second public hearing was held on May 10, 2022 and was followed by another noticed 15 day public review period beginning on June 22, 2022 through July 7th, 2022. Final submission of the 2022-2023 AAP is on July 7th, 2022.

As part of public participation, the City advertises Affordable Housing Month Activities such as affordable housing ground-breaking events, information on upcoming projects and makes informational videos on affordable housing finance and interactive affordable housing maps available online. See more details in AP-12 Participation.

- City staff works directly with housing and service providers to develop eligible activities and projects that meet the needs of the community.
- Staff is active in local and regional boards and committees such as H4HP, HAC and MBEP.
- Through the CORE Investment process, the City of Santa Cruz and the County of Santa Cruz work together to coordinate activities and funding of local evidence-based safety net services that collectively impact the well-being of the community's most vulnerable populations. The City and County recently had a NOFA and evaluation process and new allocations for FY23 expected to last for a 3-year cycle.
- Efforts to coordinate housing assistance and services for homeless and formerly homeless persons are coordinated through H4HP.

Section AR-10 Consultation provides a detailed list of organizations and agencies that were consulted during this process. Table 1 in that section provides a summary of community outreach. No comments were not accepted, everyone who wished to speak was allowed the opportunity to do so.

## 5. Summary of public comments

**February 24, 2022, Community Programs Committee meeting:** Staff provided a presentation to the Community Programs Committee (CPC) summarizing the applications received for CDBG and HOME funds for the 2022 Program Year. The CPC asked some questions about applications and staff responded to their questions. The CPC has requested data and updates be provided, so staff collected these from CDBG recipients and presented the updates during the CPC meeting. There were no comments from members of the public other than from a few providers thanking the City for the proposed CDBG funding. The CPC recommended funding allocations were provided to the full City Council at the 1<sup>st</sup> Public Hearing.

**March 22, 2022, Public Hearing:** At the first Public Hearing, there were no comments.

**May 10, 2022, Public Hearing:** At the second Public Hearing, there were again no comments.

## 6. Summary of comments or views not accepted and the reasons for not accepting them

There were no comments made that were not accepted.

## 7. Summary

For the 2022-2023 PY the City will receive an allocation from HUD of \$562,566 in CDBG funds and \$414,829 in HOME Program funds.

In addition to the 2022-2023 PY CDBG Entitlement Grant, the City expects there will be about \$55,000 in CDBG Program Income (PI) from repayment of previous loans and \$60,000 in unspent funds from prior years that will be available for reprogramming. The total estimated CDBG Budget for the 2022-2023 PY is \$677,566.

For the HOME Program, the City expects to receive about \$125,000 in HOME Program PI. When combined with the HUD HOME Program grant for the 2022-2023 PY, a total of \$539,829 in HOME funds is available for allocation in this program year budget. There is an additional reserve of \$1,551,517 of prior year HOME funds which was set aside for future housing projects.

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

## PR-05 Lead & Responsible Agencies – 91.200(b)

### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

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

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

Table 1 – Responsible Agencies

### Narrative (optional)

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

### Consolidated Plan Public Contact Information

Jessica de Wit  
Housing and Community Development Manager  
City of Santa Cruz Economic Development Department  
337 Locust Street  
Santa Cruz, CA 95060  
[jdewit@cityofsantacruz.com](mailto:jdewit@cityofsantacruz.com)  
831-420-5108



## **AP-10 Consultation – 91.100, 91.200(b), 91.215(I)**

### **1. Introduction**

The consolidated planning process requires jurisdictions to reach out to and consult with other public and private agencies when developing the plan. The Plan includes a summary of the consultation process, including identification of the agencies that participated in the process. The homelessness crisis is felt very acutely in the County of Santa Cruz, and the City of Santa Cruz in particular. In the most recent available data from 2019, California had the fourth highest rate of homelessness per 10,000 residents in the United States. Within California, Santa Cruz County has one of the highest rates of homelessness at 79.3 per 10,000 residents. With a disproportionate number of homeless services being offered within the City of Santa Cruz, that number is higher within the City limits.

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

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

- Through the annual distribution of funding, City staff work with housing and service providers to develop eligible activities and projects that meet the needs of the community, prepare applications, provide technical assistance and project management to ensure successful programming.
- Economic Development Department staff are active in local and regional boards, committees and coordination efforts.
- HCD staff has established strong working relationships with local housing and service providers and regularly discuss housing and human service needs and to develop strategies to address these needs.
- HCD staff is in regular communication with neighboring jurisdictions to work together to coordinate local service provider activities and funding.

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

The City of Santa Cruz coordinates very closely with the countywide Continuum of Care (CoC) known as the Watsonville/Santa Cruz City & County CoC (CA-508). The CoC, with City of Santa Cruz participation and support, has recently completed a significant restructuring and strategic planning process. An **updated charter** document has replaced the prior lead CoC planning group, the Homeless Action Partnership, with a strengthened CoC planning group called the **Housing for Health (H4H) Partnership**. The new CoC lead agency and Collaborative Applicant is the Santa Cruz County **Human Services Department H4H Division**. A new strategic plan developed with Focus Strategies, entitled “**Housing for a Healthy Santa Cruz: A Strategic Framework for Addressing Homelessness in Santa Cruz County**,” or “3-Year Plan,” guides the coordinated actions of all CoC members, including City of Santa Cruz, toward preventing and reducing homelessness,

including among persons experiencing chronic homelessness, families with children, veterans, unaccompanied youth, and persons at risk of homelessness.

The City of Santa Cruz takes a leadership position in the CoC through membership in the **H4H Policy Board**, which is the CoC governance board responsible for key CoC planning, decision-making, and inter-jurisdictional collaboration. The City holds two seats on the 15-person Policy Board, along with representatives of the County, Cities of Capitola, Scotts Valley, and Watsonville; health, workforce/business/foundation, and education sectors; and agency, community, and lived experience sectors. In addition, City staff participate on H4H **operational committees and working groups** and the current Focus Strategies-led planning process to redesign the local **Coordinated Entry System (CES)**. Finally, the City continues its collaboration with the County on **COVID-19**-related outreach, sheltering, and hygiene programming for the homeless population, and took part in the 2022 **point-in-time (PIT) count** of homelessness, including by providing volunteer staff and hosting deployment sites.

The City of Santa Cruz together with the CoC and H4H staff work to address the needs of varied homeless populations, including persons experiencing chronic homelessness, families with children, veterans, and unaccompanied youth, and persons who are at risk of homelessness. This includes, for instance:

- Applications for \$53.5 million in **State Homekey funds** to help create 155 new units of permanent supportive housing (PSH), primarily to benefit persons experiencing *chronic homelessness*; one of the projects is in the City of Santa Cruz and another targets *veterans*;
- Coordinated actions to fund outreach, sheltering, and supportive, health, and hygiene services for persons experiencing unsheltered *chronic homelessness*, and the successful application for a \$2.37 million State **Encampment Resolution Grant** centered on pathways to housing for 75 encampment dwellers along the San Lorenzo Creek within the City;
- A **Rehousing Wave** using Emergency Housing Vouchers and RRH resources to re-house 315 *families and individuals* experiencing homelessness, impacted by COVID-19, and living in congregate and non-congregate shelters; and applying for a State *Family Homelessness* Challenge grant;
- Support for the ongoing HUD-funded **Youth Homelessness Demonstration Program (YHDP)** initiative, and City approval of a new site for a Youth Resource Center to benefit *unaccompanied youth* experiencing homelessness, partnering to fund increased services and community resources to help reduce the possibility of evictions among residents at risk of homelessness and impacted by the COVID-19.

### **Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

The City of Santa Cruz consults and coordinates with the CoC in all activities regarding **Emergency Solutions Grants (ESG)**, performance standards and evaluation, and HMIS policies and procedures. Regarding ESG, the City of Santa Cruz does not have a direct allocation; rather agencies in the City and County compete annually for funds through a State of California-administered ESG program. Under the State program, the CoC H4H Policy Board is responsible for reviewing and recommending local applications for competitive Balance of State ESG funds and for selecting local applications for noncompetitive Rapid Rehousing (RRH) funds. City representatives contribute data and input on ESG needs, policies, process, and funding priorities during biennial meetings of the full H4H Partnership and every-other-month meetings of the H4H Policy Board. Finally, non-conflicted City representatives on the Policy Board **participate all ESG project recommendation and selection decisions** based upon a fair, impartial process that includes consideration of needs, priorities, performance, and project design.

The City also works with the H4H Partnership in **developing and evaluating performance measures and program standards** for all CoC and ESG-funded programs in the Santa Cruz County. Each year, City representatives, as members of the H4H Policy Board, participate in the evaluation all CoC and ESG funding applications based in part on specific performance measures and program standards set by the Policy Board for ESG and CoC programs. The performance metrics for each project type are set forth in the CoC Local Objective Project Rating and Scoring Criteria, and the ESG Local Objective Rating Criteria. The program standards are included in the Local **CoC and ESG Written Standards** for documenting program eligibility; conducting street outreach; providing of emergency shelter, prevention, RRH, transitional housing, and permanent supportive housing; and complying with HMIS, CES, Housing First, McKinney-Vento education, and equal access and non-discrimination requirements. In PY 2022-23, the City will participate in CoC-led planning to develop new **emergency shelter operational standards and performance criteria**.

The City participates with the CoC in all aspects of HMIS implementation and operating, including **oversight of the HMIS vendor BitFocus**, development and updating of **HMIS agreements and policies and procedures** around client confidentiality, data collection, computer entry, training, security, integration of HMIS with CES, and reporting. During PY 2021-22, the CoC formed an HMIS working group charged with updating HMIS agreements, policies, and procedures, data quality plan, reporting needs and formats, and funding recommendations.

**2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities**

See following table.

**TABLE 1: Agencies, Groups, Organizations Who Participated**

1	<b>Agency/Group/Organization</b>	<b>CITY OF SANTA CRUZ</b>
	<b>Agency/Group/Organization Type</b>	Local Government/Jurisdiction
	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs for Chronically homeless; Non-Homeless Special Needs Infrastructure and Community Facilities Hazard Mitigation
	<b>How was the Agency consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Meeting with City Department Heads to identify infrastructure and other community priorities is done on an ongoing basis and are in sync with the needs previously identified in the latest Consolidated Plan, with an ever more urgent need for resources following the recent COVID-19 pandemic which has had lasting results which will continue into PY22.
2	<b>Agency/Group/Organization</b>	<b>COUNTY OF SANTA CRUZ- Planning and Administration</b>
	<b>Agency/Group/Organization Type</b>	Other government - County
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment; Lead-based Paint Strategies; Homelessness Strategy; Homeless Needs for Chronically homeless; Families with children; Veterans; Unaccompanied youth; Non-Homeless Special Needs; and Anti-poverty Strategy

	<b>How was the Agency/ Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Consultations were done in meetings and telephone conference calls (special needs/housing). City staff participate in the County's Housing Advisory Committee and HAP. CAO participated as a lead agency in the HAP strategic planning efforts. The outcome is better coordination, sharing of data and resources, especially during the COVID-19 pandemic when everyone is challenged to figure out new ways to administer programs and services.
3	<b>Agency/Group/Organization</b>	<b>NUEVA VISTA FAMILY RESOURCE CENTER (Familia Center)</b>
	<b>Agency/Group/Organization Type</b>	Service Provider for the Hispanic Community and Youth Services.
	<b>What section of the Plan was addressed by Consultation?</b>	Non-Homeless Special Needs; Anti-poverty Strategy; and Hispanic Community & NRSA needs.
	<b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Consultations by telephone, email and Zoom. The outcome is improved link with Hispanic community's needs. Center is also an active part of the City's Community Programs and attended Community Program public meetings.
4	<b>Agency/Group/Organization</b>	<b>HOUSING MATTERS</b>
	<b>Agency/Group/Organization Type</b>	Services-homeless
	<b>What section of the Plan was addressed by Consultation?</b>	Homelessness Strategy; Homeless Needs for Chronically homeless; Families with children; Veterans; Unaccompanied youth
	<b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Remote meetings (HAP and strategic planning process) and telephone conference calls. The anticipated outcome is better coordination and provision for the homeless community. Housing Matters is also an active part of the City's Community Programs and participated remotely in Community Program public meetings. Coordinating together on 100% PSH project on the Housing Matters Campus.
5	<b>Agency/Group/Organization</b>	<b>ENCOMPASS COMMUNITY RESOURCE CENTER</b>
	<b>Agency/Group/Organization Type</b>	Services-Persons with Disabilities; HIV/AIDS; and Homeless.
	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs - Chronically homeless; Non-Homeless Special Needs
	<b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Consultations by phone and email. Encompass is also an active part of the City's Community Programs and attended Community Program public meetings remotely. Outcome is better awareness of mental illness and its impact on chronic homeless and difficulties regarding permanent housing.
6	<b>Agency/Group/Organization</b>	<b>SENIOR NETWORK SERVICES (SNS)</b>
	<b>Agency/Group/Organization Type</b>	Services – Seniors.

	<b>What section of the Plan was addressed by Consultation?</b>	Homelessness Strategy; Non-Homeless Special Needs
	<b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Consultations by phone regarding senior issues. SNS is also an active part of the City's Community Programs and attended Community Program public meetings. Outcome is greater awareness of and inclusion of key issues affecting seniors regarding housing. Latest Area Agency on Aging in Santa Cruz County highlighted recent increases in homelessness as well as the continual challenge of paying for medical/dental costs.
7	<b>Agency/Group/Organization</b>	<b>HABITAT FOR HUMANITY</b>
	<b>Agency/Group/Organization Type</b>	Housing
	<b>What section of the Plan was addressed by Consultation?</b>	Non-Homeless Special Needs; Housing
	<b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Consultations in meetings regarding affordable housing and future funding opportunities. Outcome is successful pilot program, My House My Home, to help vulnerable seniors at risk of homelessness that also creates additional rental housing through an ADU program.
8	<b>Agency/Group/Organization</b>	<b>MIDPEN HOUSING</b>
	<b>Agency/Group/Organization Type</b>	Homelessness and Housing
	<b>What section of the Plan was addressed by Consultation?</b>	Consultation in meetings and telephone conference calls regarding affordable housing and financing issues. Outcome is potential expansion of affordable housing opportunities.
	<b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Consultations in meetings regarding affordable housing. Recently passed State legislation is making it feasible to move forward on an expansion of an existing special needs housing development. Additionally, support for new project at Housing Matters campus targeted for the homeless receiving consulting services from MidPen.

9	<b>Agency/Group/Organization</b>	<b>Community Action Board (CAB)</b>
	<b>Agency/Group/Organization Type</b>	Tenant based Rental Assistance
	<b>What section of the Plan was addressed by Consultation?</b>	Homelessness and Housing.

<p><b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>Consultation in meetings and conference calls regarding emergency tenant based rental assistance during the COVID-19 pandemic. Outcome was utilizing CARES Act funding to create an emergency TBRA program during the pandemic and continuing to work as a partner through the 2022-2023 Program Year.</p>
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10	<p><b>Agency/Group/Organization</b></p>	<p><b>First Community Housing (FCH)</b></p>
	<p><b>Agency/Group/Organization Type</b></p>	<p>Housing</p>
	<p><b>What section of the Plan was addressed by Consultation?</b></p>	<p>Consultation in meetings and telephone conference calls regarding affordable housing and financing issues. Coordinating to further project providing additional affordable housing units especially targeting the homeless.</p>
	<p><b>How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>Consultations in meetings regarding affordable housing. City is partnering with FCH on City-led 100% affordable housing project in downtown.</p>

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

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

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

See table on following page.

**TABLE 2: Other Local / Regional / Federal Planning Efforts**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
<i>ALL IN Plan</i>	Continuum of Care/County of Santa Cruz as lead Organization.	The City of Santa Cruz is a financial partner and participant in the Santa Cruz County CoC. Appropriate goals and strategies from the <i>ALL IN Plan</i> were incorporated into the Consolidated Plan and related goals for PY2021 and the City will continue to use resources to support the CoC under its anticipated new homeless governance framework which is being developed as of the submission of this 2022-2023 AAP.
Housing Element	City of Santa Cruz	The Housing Element focuses on the provision of a variety of housing options for all income groups, with special attention for lower and moderate-income households. The Consolidated Plan housing goals and objectives are consistent with the Housing Element as are any housing projects or programs funded under the Action Plan.
Homelessness Committee Report and Recommendations (CACH)	City of Santa Cruz	The recent 2020-2021 report and recommendations were a result of a six-month City Council Committee that worked to cooperatively exchange information and identify actions to change homelessness in our community. The Committee extensively researched practices, models and services from across the country that could work in Santa Cruz, with the City of Santa Cruz (City) in a strong partnership role with the County of Santa Cruz (County), the three other cities (Capitola, Scotts Valley, Watsonville), service providers, the faith community, and others.

**Narrative (optional)**

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

The County of Santa Cruz provides regional planning and coordination of services and service providers. The three areas of greatest interface with the County include: (1) the County Human Services Department (HSD) which is responsible for all welfare programs; (2) the Health Services Agency (HSA) which protects and improves the health of the people in Santa Cruz County by providing programs in Environmental Health, Public Health, behavioral health, and clinical services; and (3) the Housing for Health Division which is responsible for the H4HP.

Additionally, the office of the County District Attorney provides Fair Housing counseling and assistance to the community. City staff and elected officials also participate in County Commissions and Boards,

such as the Regional Transportation Commission and the Workforce Investment Board of Santa Cruz County. The City works with the State Housing and Community Development (HCD) Department on housing related projects that are funded by the state.

Housing Authority of the County of Santa Cruz (HA) provides support for the City's housing programs on an as needed basis, including income qualifying tenants and buyers in the City's affordable housing programs (Measure O for sale and rental programs) and manages the City's Security Deposit Program. The Housing Authority manages the Section 8 Program, which provides rental assistance to very-low-income residents.



## **AP-12 Participation – 91.105, 91.200(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting**

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

- A Community Program Committee (CPC) meeting was held on February 24, 2022. Although CPC meetings are primarily for non-profit service providers, there is a public noticing process and the public is always welcome.
- The proposed Action Plan budget was discussed in a noticed and advertised City Council Public Hearing held on March 22, 2022.
- The draft Action Plan was discussed in a noticed and advertised City Council Public Hearing held on May 10, 2022.

The 2022-2023 Action Plan was available for public review during a public comment period from February 21 through March 23rd, 2022. A public notice announcing its availability was published in the Santa Cruz Sentinel on February 21, 2022. A second public hearing on May 10, 2022, was followed by a 15-day public review period beginning on June 22 to July 7th. Final submission of the 2022-2023 AAP is on July 7, 2022.

The City of Santa Cruz is planning to expand and broaden citizen participation. In May of 2022, we organized a Groundbreaking Event for Pacific Station South and Cedar Street Apartments, two 100% affordable housing projects currently in construction in downtown Santa Cruz and provided a sneak peak of the Downtown Library Affordable Housing Project. We provided a self-guided bike tour map to increase citizen engagement and knowledge of existing and upcoming housing projects. Additionally, we will create outreach and training to instruct sub-recipients on the CDBG and HOME application process which will be an opportunity to seek input from local agencies including an expanded FAQ page and online resources. The Housing Team is also updating online resources to improve access for those seeking information and resources.

## Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	
1	Public Meeting – Community Programs Committee	Non-targeted/ broad community  Service Providers	A majority of CDBG Applicants attended the meeting on February 24, 2022, via Zoom. All attendees were provided with the opportunity to speak to the CPC.	No written or oral comments were received.	No comments were not accepted, everyone who desired to speak was able to do so.	
2	Public Hearing – City Council	Non-targeted/ broad community	This was a noticed Public Hearing on March 22, 2022, via Zoom.	No written or oral comments were received.	No comments were not accepted, everyone who wished to speak was able to do so.	<a href="https://ecm.cityofsantacruz">https://ecm.cityofsantacruz</a>
3	Public Hearing – City Council	Non-targeted/ broad community	This was a noticed Public Hearing on May 10, 2022, was a hybrid meeting held both in person and via Zoom.	No written or oral comments were received.	No comments were not accepted.	<a href="https://ecm.cityofsantacruz">https://ecm.cityofsantacruz</a>

**Table 2 – Citizen Participation Outreach**

## Expected Resources

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

#### Introduction

The City of Santa Cruz is a CDBG and HOME Program entitlement jurisdiction and will receive \$562,566 in CDBG funds and \$414,829 in HOME funds for the 2022-2023 Program Year. The City does not receive funding under HUD's other two entitlement programs which include the Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs. In terms of program income, the City receives only a small annual amount from scheduled loan payments with larger amounts coming from periodic loan payoffs. Program income for the 2022-2023 Program Year is expected to be \$55,000 for the CDBG Program and \$125,000 for the HOME Program. Prior year's funding for reprogramming for CDBG is \$60,000 and prior year's funding for HOME is \$1,551,517 that was programmed for future housing projects. Since the HOME funding was allocated to the placeholder future housing projects, the funding will need to be removed from the placeholder projects and transferred to the Pacific Station North project.

This section is intended to describe various resources that are expected to be available to meet the goals of the 2022-2023 Action Plan. The list does not include all sources that eventually are expected to be used. These Resources are financial, involve partnership opportunities, and include ability to leverage additional funds. Amounts for non-HUD specific funding are pulled from the published department budgets, County CORE budgets which includes City contributions and for Homelessness funding, additional information is provided by a consultant.

**Anticipated Resources**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	562,566	55,000	\$60,000	677,566	\$1,100,000	City receives funds annually from HUD. Used to fund Community Programs; Infrastructure & Facility Improvements; and Housing Development.
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	414,829	125,000	\$1,551,517	\$2,091,346	\$800,000	City receives funds annually from HUD. Used to fund Housing Development, rehab, and Security Deposit Programs. There is also ~\$1.5M set aside for future housing projects which can now be allocated to a specific project for PY22.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Rapid Rehousing, Continuum of Care and other County Wide Homelessness funding	public - federal	Housing TBRA Other	600,000	0	0	600,000	0	Continuum of Care and countywide funding used to create permanent supportive housing, rapid rehousing, and homeless prevention programs. Funding is county-wide. Amounts shown are based on proportion of City/Other County population (21%). Full funding is estimated at approximately \$3.0 Million.
General Fund	public - local	Public Services Other	9,739,684	0	0	9,739,684	0	General funds allocation includes \$1.08M for Community Programs, \$555K for Programs and Services, and \$8.1M for Homelessness Response, prior year includes newly allocated \$4.2M for Homelessness

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
LIHTC	public - federal	Acquisition Housing Multifamily rental new construction Multifamily rental rehab	2,461,353	0	0	2,461,353	4,922,706	Funding is dependent upon individual projects receiving tax credits. The Pacific Station South affordable housing projects received LIHTC in the 2022-2023 Program Year. The allocation is \$2,461,353 annually from 2023-32 (10 years)
Tax Exempt Bond Proceeds	public - local	Acquisition Admin and Planning Housing Multifamily rental new construction	897,014	0	0	897,014	0	Approximately \$900,000 of former redevelopment bonds that are set aside for housing are allocated to the Metro Station Project(s).
Other	public - state	Acquisition Housing Multifamily rental new construction	5,411,495	0	0	5,411,495	\$1,000,000	Source is LHFT 2 <sup>nd</sup> round \$5M and PLHA State HCD grants. The City is proactively applying for several other grants that can affect the number and may increase the amount available for the remainder of the Con Plan.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Affordable Housing Trust Fund	public - local	Acquisition Admin and Planning Homeowner rehab Housing Multifamily rental new construction Multifamily rental rehab New construction for ownership	5,200,000	0	6,400,000	11,600,000	TBD	Estimate includes carryforward set-asides from prior years. The funding deficit will be offset via pass-through of the \$5M of LHTF and \$1.2M of PLHA and anticipated in-lieu fees paid by developers. Funding may be allocated to: Library Mixed-Use, Pacific Station North and South and other affordable housing projects.
Other	public - local	Public Services, TBRA	197,000	0	0	197,000	0	Annual allocation of funds from the Red Cross Reconstruction loan repayments is used for the Beach Flats Community Center; Security Deposit Program and Emergency Housing Assistance for the Beach Flats and Lower Ocean Street neighborhoods (as previously approved by the Red Cross). Additional funding for Eviction Protection of \$150,000 was allocated to Community Action Board

Table 3 - Expected Resources – Priority Table

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

The extent of needs in the City Santa Cruz far exceeds the available funding from the CDBG and HOME programs. Most activities to be pursued by the City with CDBG and HOME funds will be leveraged with a variety of funding sources, including grants from State, Federal, and local governments; private foundations; capital development funds; general funds; private donations of funds or services; and other various funding sources. With the demise of Redevelopment Agencies in California, the federal Low Income Housing Tax Credit (LIHTC) program has become an increasingly more important source of funding for affordable housing. In recent years, the City has applied for State grants and private grants such as PLHA, LHTF, IIG, Apple and AHSC funding for transit-oriented housing development.

Federal match requirements apply to the City's HOME funds. The HOME program requires that for every HOME dollar spent, the City must provide a 25 percent match with non-federal dollars. Currently, the City still maintains an excess in match requirements from previous fiscal years of over \$11 million from when the City had substantial redevelopment funding that far exceeded the match requirement. This excess match will fulfill the City's HOME match requirements for many years at the current level of HOME funding.

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

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

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

The City will be ground leasing the property for Pacific Station South to the developer for \$1 a year, making the affordable housing project financially feasible and ensuring long term affordability past the 55 years required from Tax credits. The City also just acquired another property near Housing Matters and the Tannery for future affordable housing or housing adjacent services.

## **Discussion**

See discussions above.

## **AP-20 Annual Goals and Objectives**

The City is expected to assist about 40 extremely low, very low-, and low-income households during the PY through providing affordable housing units, security deposits and emergency housing assistance. It is expected that of the 40 assisted about 5 will be homeless or formerly homeless, 70% extremely low-income households (includes homeless), 20% very low-income households, and 10% low/moderate income households (which under HUD's definition includes households at or below 80% of Area Median Income). A number of City sponsored affordable housing developments are underway, though construction is not expected to be completed in the upcoming 2022-2023 Program Year, affordable unit counts will be added to upcoming plan years, see AP-85 for more details.



**Goals Summary Information**

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Support County-wide Homeless Strategic Plan.	2020	2024	Homeless	City-wide	Homeless Assistance Programs	CDBG: \$208,642 General Fund: \$8,100,000	Homeless Person Overnight Estimate Shelter: 570  Public Facility other than Low/Moderate Income Housing Benefit Persons Assisted: 1,000
2	Increase and preserve affordable housing.	2020	2024	Affordable Housing	City-wide	Affordable Housing	CDBG: \$93,411 HOME: \$1,800,000  General Fund: \$20,000 LIHTC: \$2,461,353 Tax Exempt Bond Proceeds: \$0 Affordable Housing Trust Fund: \$5,300,680 Red Cross Funds: \$197,000 Other funding: \$5,000,000	Rental Units Constructed: 0 Household Housing Unit; Tenant-based rental assistance / Rapid Rehousing: 40 Households Assisted; Homelessness Prevention: 0 Persons Assisted; Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Revitalize community facilities & infrastructure.	2020	2024	Non-Homeless Special Needs Non-Housing Community Development	2017 Lower Ocean-Beach/South of Laurel Neighborhood Revitalization Strategy Area and City-wide	Community Infrastructure Improvements	CDBG: \$62,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 2,000 Persons Assisted
4	Provide community and supportive services.	2020	2024	Non-Housing Community Development	2017 Lower Ocean-Beach/South of Laurel Neighborhood Revitalization Strategy Area and City-wide	Community Services and Youth Programs	CDBG: \$190,000 General Fund: \$1,275,000 Red Cross Funds: \$25,000	Public service activities other than Low/Moderate Income Housing Benefit: 4,500 Persons Assisted

**Table 4 – Goals Summary**

## Goal Descriptions

1	<b>Goal Name</b>	Support County-wide Homeless Strategic Plan.
	<b>Goal Description</b>	Annual funding for homeless services allocated in the 2022-2023 Action Plan includes homeless infrastructure activities to improve shelter and other homeless facilities. General fund allocations of over \$1M are going to shelter, outreach, education, training and other homelessness prevention and services. A portion of the County-wide Continuum of Care grant is based proportionally on the City's population (21%). Rapid Rehousing is included under a previous housing goal since the Security Deposit Program is not limited to use by homeless persons.
2	<b>Goal Name</b>	Increase and preserve affordable housing.
	<b>Goal Description</b>	For the 2022-2023 PY, affordable housing projects include development of a 70-unit affordable rental project for Pacific Station South in collaboration with For the Future Housing and over 127 units for Pacific Station North. Though, construction completion is not expected within the upcoming program year, so funds are not yet allocated for this and other upcoming projects. Housing related goals include: (1) provision of about 40 security deposits.
3	<b>Goal Name</b>	Revitalize community facilities & infrastructure.
	<b>Goal Description</b>	2022-2023 Program Year includes: (1) Depot Park and SCAP housing renovation and (2) homeless infrastructure renovations (goal included here, but funding included in Goal 1 to support the Homeless Strategic Plan)
4	<b>Goal Name</b>	Provide community and supportive services.
	<b>Goal Description</b>	The City of Santa Cruz provides General Funds support to over 70 social service programs that are operated by over 50 organizations. CDBG funding is allocated to a portion of these programs to expand and increase available funding. During the 2022-2023 PY, CDBG funding will be provided for Nueva Vista Community Resources (includes Nueva Vista and Beach Flats Community Centers) which is an independent program under Community Bridges, Second Harvest Food Bank, California Rural Legal Assistance (CRLA), and the Teen Center. Nueva Vista Community Resources is designated as a Community Based Development Organization (CBDO) by the City of Santa Cruz. It primarily serves the Beach South of Laurel and Lower Ocean Street Neighborhood Revitalization Strategy Area.

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

No HOME funded affordable units will be completed during the 2022-2023 Annual Action Plan. Through TBRA, it is estimated that 20 will be at 30%AMI, 16 at 50% AMI and 4 at 80% AMI.

# Projects

## AP-35 Projects – 91.220(d)

### Introduction

This section includes the projects proposed for the 2022-2023 Program Year.

### Projects

#	Project Name
1	2022PY HOME Program Administration
2	2021PY CHDO Set-Aside
3	2022PY Second Harvest Food Bank
4	2022PY Nueva Vista Community Resources
5	2022PY California Rural Legal Assistance
6	2022PY Teen Center Operation Costs
7	2022PY Darwin Street SCAP Renovation
8	2022PY Rehabilitation Program Delivery Costs
9	2022PY CDBG Program Administration
10	2022PY Homeless Infrastructure Projects
11	2022PY Depot Freight Building Renovation
12	2022PY HOME Future Affordable Housing Projects
13	2022PY HOME -Metro North

**Table 5 - Project Information**

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

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

## AP-38 Project Summary

### Project Summary Information

<b>1</b>	<b>Project Name</b>	2022PY HOME Program Administration
	Target Area	No target area is indicated
	Goals Supported	None
	Needs Addressed	None
	Funding	\$53,983
	Description	Administration funding would partially support 4 staff persons, training, consultants and other expenses incurred for operation of the HOME Program.
	Target Date	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Program Administration does not require an outcome
	<b>Location Description</b>	337 Locust St and 809 Center St in Santa Cruz
	<b>Planned Activities</b>	Administration of HOME Program.

<b>2</b>	<b>Project Name</b>	2022PY CHDO Set-Aside
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	Increase and preserve affordable housing.
	<b>Needs Addressed</b>	Affordable Housing; Special Needs
	<b>Funding</b>	2022PY HOME Funds: \$62,224

	<b>Description</b>	The City of Santa Cruz currently has two CHDO organizations, MidPen, and Habitat for Humanity. Neither applied for funding this year. First Community Housing (FCH) which is a CHDO in San Jose, has also recently applied for CHDO status in Santa Cruz.
	<b>Target Date</b>	June 2024
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	N/A
	<b>Location Description</b>	Projects are TBD.
	<b>Planned Activities</b>	No activities are planned at this time.
3	<b>Project Name</b>	2022PY Second Harvest Food Bank
	<b>Target Area</b>	NRSA and City-wide
	<b>Goals Supported</b>	Provide community and supportive services
	<b>Needs Addressed</b>	Community Services
	<b>Funding</b>	CDBG: \$25,000
	<b>Description</b>	<p>The ability to ensure basic healthy foods reach those in need in the City of Santa Cruz has been impacted by COVID-19. Since March 2020, Second Harvest Food Bank has recognized the rippling impact of COVID-19. During the countywide Shelter-in-Place order there was a tripling of the number of people attending food bank distributions and a ten-fold increase in the number of calls to the community food hotline. These distributions are serving roughly 25,000 people needing food assistance county-wide with a large portion residing within the City of Santa Cruz, including newly unemployed and furloughed residents. Though infection rates are decreasing and no CDBG-CV funding remains, the need remains great for PY2022.</p> <p>National Objective: LMC  Matrix Code: 5W Food Banks  Presumed benefit: No</p>

	<b>Target Date</b>	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	25,000 low-income persons
	<b>Location Description</b>	Beach flats food pickup as main distribution and citywide in food pantries all over the City
	<b>Planned Activities</b>	Food distribution at location within NRSA and at foodbanks throughout the City of Santa Cruz.
4	<b>Project Name</b>	2022PY Nueva Vista Community Resources
	<b>Target Area</b>	2017-2022 Lower Ocean- Beach/South of Laurel Neighborhood Revitalization Strategy Area
	<b>Goals Supported</b>	Provide community and supportive services.
	<b>Needs Addressed</b>	Community Services and Youth Programs
	<b>Funding</b>	CDBG: \$100,000; Red Cross Funds: \$25,000
	<b>Description</b>	<p>Activity provides for operating expenses for Nueva Vista Resources, which includes the Nueva Vista Resource Center (formerly known as Familia Center) and the Beach Flats Community Center. Nueva Vista Resources is a Latino based center with a primary focus to serve the low-income families in the Lower Ocean Street and Beach Flats Neighborhood, including community services and youth programs. Nueva Vista is designated as a qualified CBDO which operates under Community Bridges. This project will be linked to two separate activities.</p> <p>Matrix Code: 5D and 5Z</p> <p>Eligible Activity: Youth Services</p> <p>National Objective: LMC- Low/Mod Limited Clientele</p> <p>Presumed Benefit: N</p>
	<b>Target Date</b>	6/30/2023

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Statistically there are about 7,115 individuals in the NRSA, which is the primary target for these programs. Of those, with combined program efforts of both Nueva Vista and Community Bridges, about 1,200 individuals will benefit from program services. The NRSA neighborhood has the largest minority (Hispanic) populations in the City. About 40% are Hispanic versus 21% City-wide.
	<b>Location Description</b>	Neighborhood Revitalization Strategy Area
	<b>Planned Activities</b>	Nueva Vista Resource Center (formerly known as Familia Center) has two programs assisted with CDBG funding. The first program is Client Services which provides assistance to families through advocacy and support, information, referrals, follow up, educational workshops, youth enrichment programs, emergency food and clothing, and assistance with enrollment into government programs including CalFresh, MediCal and Covered CA. The second program is located at the Beach Flats Community Center which provides youth programs and activities as well as serving as a community center for the neighborhood.
5	<b>Project Name</b>	2022PY California Rural Legal Assistance
	<b>Target Area</b>	City-wide
	<b>Goals Supported</b>	Increase and preserve affordable housing.
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	CDBG: \$25,000
	<b>Description</b>	<p>California Rural Legal Assistance, Inc. (CRLA) will provide assistance to low-income residents of the City of Santa Cruz on a range of housing matters, to help individuals and families make informed decisions and to take action to obtain, maintain, or improve their housing situation. CRLA will accomplish this through individual assistance, including legal representation when necessary.</p> <p>Matrix Code: 5C</p> <p>Eligible Activity: Legal Services</p> <p>National Objective: LMC- Low/Mod Limited Clientele</p> <p>Regulatory Citation: 570.208(a)(2)</p> <p>Presumed Benefit: N</p>



<b>Target Date</b>	6/30/2023
<b>Estimate the number and type of families that will benefit from the proposed activities</b>	95 City low, very low and extremely low-income residents in approximately 45 households including homeless persons and those in housing crisis.
<b>Location Description</b>	The program operates city-wide.
<b>Planned Activities</b>	Education, outreach, and legal representation as needed, all related to Housing.

6	<b>Project Name</b>	2022PY Teen Center
	<b>Target Area</b>	2017-2022 Lower Ocean- Beach/South of Laurel Neighborhood Revitalization Strategy Area Low Income Target Area
	<b>Goals Supported</b>	Provide community and supportive services.
	<b>Needs Addressed</b>	Community Services and Youth Programs
	<b>Funding</b>	CDBG: \$35,000 General Fund: \$329,454
	<b>Description</b>	CDBG funds will be used toward staff costs for the Teen Center to provide a safe place and programs for teens in a low-income area of the City.  Matrix Code: 5D  Eligible Activity: Youth Services  National Objective: LMC- Low/Mod Limited Clientele  Regulatory Citation: 570.208(a)(2)  Presumed Benefit: N
	<b>Target Date</b>	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is estimated that about 350 Teens participate in the program throughout the year. Over 50% are from households that are at or below 30% of Area Median Income (AMI) with almost 75% being below 50% AMI.

	<b>Location Description</b>	Low-income target area within the NRSA
	<b>Planned Activities</b>	The Teen Center has daily activities including a healthy eating program, an outdoor garden, homework assistance with access to 4 computers and free Wi-Fi, games such as foosball and a pool table, and direct access to Laurel Park. The computer stations are complete now with 4 internet connected computers for teens to use. Additionally, the Center provides mentorship opportunities for teens. The Teen Center also collaborates with other organizations to provide field trips and other experiences. In the past this has included a 2-day, 2-night camping/white water rafting trip on the American River.
7	<b>Project Name</b>	2022PY Darwin St SCAP Renovations
	<b>Target Area</b>	None
	<b>Goals Supported</b>	Community Infrastructure and Improvements
	<b>Needs Addressed</b>	Community Infrastructure Improvements
	<b>Funding</b>	CDBG: \$93,411
	<b>Description</b>	Rehabilitation including ADA improvements, lighting and electrical, mold remediation, plumbing and fixtures. Note: total project scope will be reduced to accommodate the allotment of funds as there are no other sources.  National Objective: LMC- presumed benefit  Matrix Code: 3S Facilities for AIDS Patients (not operating costs)
	<b>Target Date</b>	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	4 very low income, extremely low income and low-income persons living with HIV/AIDS
	<b>Location Description</b>	Darwin St. SCAP at 223 Darwin St. in Santa Cruz
	<b>Planned Activities</b>	Rehab of building.
8	<b>Project Name</b>	2022PY Rehabilitation Program Delivery Costs
	<b>Target Area</b>	None

	<b>Goals Supported</b>	Increase and preserve affordable housing.
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	CDBG: \$5,000
	<b>Description</b>	Activity provides funding for Unified Housing Rehabilitation Program (UHRP) consultant contract to administer existing UHRP loans and staff costs for new rehab projects.  Matrix Code: 14H  Eligible Activity: Rehab: Administration  National Objective: LMH-Low/Mod Housing  Regulatory Citation: 570.208(a)(3)  Presumed Benefit: N
	<b>Target Date</b>	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	All participants in UHRP are low-, very low- or extremely low-income, approximately 10.
	<b>Location Description</b>	UHRP is city-wide
	<b>Planned Activities</b>	Consultant administers existing UHRP loans. Staff oversees and monitors current and past rehabilitation projects and agreements.
9	<b>Project Name</b>	2022PY CDBG Program Administration
	<b>Target Area</b>	None
	<b>Goals Supported</b>	None
	<b>Needs Addressed</b>	Planning and Administration
	<b>Funding</b>	CDBG: \$123,513

	<b>Description</b>	Administration funding would partially support 4 staff persons, training and other expenses incurred for operation of the CDBG and HOME Programs and related consultant contracts.  Matrix Code: 21A  Eligible Activity: General Program Admin
	<b>Target Date</b>	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Program administration does not require an outcome.
	<b>Location Description</b>	Economic Development Department offices are located at 337 and 809 Center St.
	<b>Planned Activities</b>	Administration of CDBG Programs.
10	<b>Project Name</b>	2022PY Homeless Infrastructure Projects
	<b>Target Area</b>	Not Applicable
	<b>Goals Supported</b>	Revitalize community facilities & infrastructure and Support County-wide Homeless Strategic Plan
	<b>Needs Addressed</b>	Community Infrastructure Improvements and Homeless Assistance Programs
	<b>Funding</b>	CDBG: \$208,642
	<b>Description</b>	Construction and/or infrastructure support of homeless infrastructure including site development for homeless facilities, site preparation (grading) and utility connections (water, sewage, electricity), rehabilitation of homeless facilities, designated homeless bathrooms/ shower trailers, site acquisition for homeless facilities, design costs for homeless facilities and project management for homeless infrastructure projects.  National Objective: LMC presumed benefit Matrix Code: 3C Homeless Facilities
	<b>Target Date</b>	6/30/2023

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	1000 Extremely Low Income
	<b>Location Description</b>	Non-Target Area & City-wide
	<b>Planned Activities</b>	See description

11	<b>Project Name</b>	2022PY Depot Freight Building Renovations
	<b>Target Area</b>	2017-2022 Lower Ocean- Beach/South of Laurel Neighborhood Revitalization Strategy Area
	<b>Goals Supported</b>	Revitalize Community Facilities and Infrastructure
	<b>Needs Addressed</b>	Community Infrastructure Improvements
	<b>Funding</b>	CDBG: \$62,000
	<b>Description</b>	Building improvements for general/public long-term use, these improvements will focus on the restrooms and main room. The improvements will include things such as replacing entry doors, paint, plumbing and fixture updates. National Objective: LMC- presumed benefit  Matrix Code: 3F Parks, Recreational Facilities
	<b>Target Date</b>	6/30/2023
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	250 very low income, extremely low income and low-income seniors
	<b>Location Description</b>	Depot Freight Building
	<b>Planned Activities</b>	Maintenance and updates to restrooms and main room.

12	<b>Project Name</b>	PY22 HOME Future Affordable Housing Projects
	<b>Target Area</b>	No target area is indicated
	<b>Goals Supported</b>	Increase and Preserve Affordable Housing
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	\$182,767
	<b>Description</b>	<p>This funding is intended to be awarded to Affordable Housing Projects. Upcoming projects that are good candidates for this funding include the Pacific Station North and Pacific Station South projects which will have almost 200 combined, and the Library Mixed-use Project. Projects have to have all other funding secured, subsidy layering completed and a financial analysis that the costs are all reasonable per HUD guidelines.</p> <p>This amount can be added to prior funding set aside for HOME Affordable housing project, unused administration funding from prior years, and unclaimed CHDO funds.</p>
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	200 households of low, very low and extremely low income will benefit.
	<b>Location Description</b>	Location(s) TBD.
	<b>Planned Activities</b>	Affordable housing demolition, acquisition, construction, pre-development activities as permitted, subsidy layering reviews, environmental reviews and other costs as permitted for HOME Affordable Housing creation.
13	<b>Project Name</b>	2022PY Metro North Project
	<b>Target Area</b>	City wide
	<b>Goals Supported</b>	Create/Increase Affordable Housing
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	\$1,800,000

<b>Description</b>	<p>This funding is intended to be awarded to the Pacific Station North project which will have ~127 affordable units. This multi-use project will have commercial space, affordable units and house the new facility for the Metro Transportation Center. At least 32 units are designated for the homeless and at risk of homeless and will receive project-based vouchers. The units are a mix of 1 to 3 bedrooms.</p> <p>Matrix Code: 12 Construction of Housing</p>
<b>Target Date</b>	6/30/2026
<b>Estimate the number and type of families that will benefit from the proposed activities</b>	127 households of very low and extremely low income will benefit
<b>Location Description</b>	902-920 Pacific Ave, Santa Cruz
<b>Planned Activities</b>	Affordable housing demolition, acquisition, construction, pre-development activities as permitted, subsidy layering reviews, environmental reviews and other costs as permitted for HOME Affordable Housing creation.



## AP-50 Geographic Distribution – 91.220(f)

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

The City of Santa Cruz has only one geographic based target area as follows.

**Level 1 Target Area:** Neighborhood Revitalization Strategy Area (NRSA): Concurrent with the approval of the 2017-2018 Action Plan, the Lower Ocean/Downtown/River Neighborhood Revitalization Strategy Area (NRSA) was established effective from 2017-2022. The City of Santa Cruz was granted a 1-year extension of the plan, with the next NRSA plan due to be submitted for PY23-24 and to run through the end of the current 2020-2025 Consolidated Plan bringing the plans into alignment. The neighborhoods within the NRSA have the lowest incomes in the City with several of the block groups being at or over 90% LowMod. According to the U.S. Census Bureau, over 40% of NRSA households are at or below poverty level, which is about twice as high the City as a whole, and over 75% of the area meets the HUD definition of Low-mod. The NRSA is also home to highest concentration of Hispanic residents (40% versus 21% City-wide).

### Geographic Distribution

Target Area	Percentage of Funds
2017 Lower Ocean- Beach/South of Laurel Neighborhood Revitalization Strategy Area	29

Table 6 - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

The rationale for prioritizing or focusing programs, projects, and services in the NRSA is that they can better serve as a catalyst for change by locating and supporting services closer to the highest areas of need. Projects or programs located in or adjacent to a Target Area are given more consideration even when their services are provided city-wide since the service, program or project is likely to be more easily accessible to low-income households. Also, the potential infusion of money into an area is an added benefit.

### Discussion

Activities located within the NRSA included in the Percentage of Funds shown above include Nueva Vista and Beach Flats Community Center at \$100,000, Depot Park Renovation at \$62,000 and funding for the Teen Center at \$35,000. While not included in the calculation above, funding of \$25,000 for Food Banks in the area provided to Second Harvest Food Bank largely benefit the NRSA as a majority of the distribution locations are located in the NRSA through community partners.

# Affordable Housing

## AP-55 Affordable Housing – 91.220(g)

### Introduction

Due to the limited amount of HOME and CDBG funds that the City receives, it is difficult to fund larger housing developments. However, HOME funds can be leveraged with other City housing trust funds and state and private loans and grants to make projects more feasible. The City plans to utilize HOME funds to support its authorized housing activities, including the Security Deposit Program and to fund a small portion of larger housing projects such as Pacific Station North with \$1,800,000 of HOME funding towards a project of over \$100 million. Also, in support of housing programs, CDBG funds will be used to provide program delivery costs for the Security Deposit Program and the City’s Unified Housing Rehabilitation Program (UHRP). HOME funding will also be used for emergency eviction prevention TBRA funding. Relocation Funds that were available for reallocation are also available to fund TBRA programs, and about \$200,000 will be available over the next two years.

One Year Goals for the Number of Households to be Supported	
Homeless	5
Non-Homeless	35
Special-Needs	0
Total	40

**Table 7 - One Year Goals for Affordable Housing by Support Requirement**

One Year Goals for the Number of Households Supported Through	
Rental Assistance	40
The Production of New Units	
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	40

**Table 8 - One Year Goals for Affordable Housing by Support Type**

### Discussion

Although several years of HOME funding is being reserved for the Pacific Station North Project, the goals above do not reflect the housing that will be provided from this project. It will be a multi-year project not expected to come online until at least 2025. Numbers above reflect only HOME funded security deposits.

## **AP-60 Public Housing – 91.220(h)**

### **Introduction**

The Housing Authority of Santa Cruz County (HACSC) is not a department of the City of Santa Cruz. However, 3 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 HACSC. HACSC received 234 Section 8 tenant-based vouchers, which were issued to all the existing residents of the former public housing 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.

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

Although no HOME or CDBG funds have been allocated to the HACSC for Public Housing, City staff will continue to interface with the HACSC regarding the development of affordable housing. The HACSC, which oversees all Public Housing in the County, completed the Section 22 Streamlined Voluntary Conversion (SVC) of Public Housing to Tenant Protection Vouchers (TPV). The conversion benefited the tenants, the HACSC and the community. The tenants benefited by both stability and mobility: they could remain in their units with affordable rent or move with the voucher to an area of their choice. The community benefits by the retention of affordable housing units with a more appropriate funding stream. The current Capital Fund Program (CFP) is the only funding for public housing agencies to rehabilitate the aging public housing stock, and generally doesn't provide adequate funding for this goal. SVC and the resulting TPV funding helped to solve this.

The current focus of the Housing Authority is to expand its affordable housing and expand the project-based voucher (PBV) portfolio. The award of PBV units to affordable developments is essential to the financial viability of the projects. HACSC has an open Request for Proposals posted on their website to support their goal of expanding the supply of affordable housing through expansion of the PBV portfolio. The Housing Authority has already project-based a total of 310 units, 96 of which are at five different projects within the City of Santa Cruz. HACSC has conditionally approved an additional 596 units, of which 260 are at six affordable projects within the City Limits of Santa Cruz.

The Housing Authority 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 a Housing Choice Voucher (HCV) tenant vacates a unit. This risk-mitigation program proactively addresses landlord fears they might be left with greater expenses from voucher-assisted tenants. This program is funded through the Affordable Housing Trust Fund.

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

Now that all public housing units have been converted to Housing Choice Vouchers, there are no public housing

residents in the City. Housing Choice Voucher residents are encouraged to become more involved through the HACSC Resident Advisory Board, or through the Board of Commissioners (which includes two Housing Choice Voucher residents).

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

Not applicable to the City of Santa Cruz, as the PHA is categorized as a high performer.

**Discussion**

HACSC provides the Family Self-Sufficiency Program (FSS) which incentivizes families with HCV or public housing to increase their income and develop financial security. Called Housing Plus, the program is designed to help families gain job skills, education, better employment and financial education. Participants develop a Contract of Participation with the Housing Authority that outlines their goals and plans toward self-sufficiency. As the family's income increases, their share of rent increases, and the Housing Authority sets aside funds in an account for the family. The family has five years to complete their plan and receive their funds. Graduating and receiving their money doesn't mean families have to give-up their rental assistance. Graduation occurs when the head of household has met the contract goals, is employed or actively seeking employment, and the entire family is welfare-free for 12 months.

HACSC also partners with countywide agencies to provide special voucher programs to target homelessness prevention and supported housing programs.

HACSC continues to maintain high performer status on the Section Eight Management Assessment Program (SEMAP).

The most immediate need for residents holding housing choice vouchers is for market rate rents to stabilize. Currently rental rates in Santa Cruz County are rising at such a degree that some tenants are losing their housing because of rent increases. For those searching for housing, it is difficult to find available units that fit the limits of the Housing Choice Voucher.

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

### Introduction

The City of Santa Cruz continues to have a strong commitment to providing services to homeless population as demonstrated by the level of funding provided by the City for homeless services. The priority that is placed on addressing homelessness is also reflected in the 2022-2023 AAP.

The City of Santa Cruz has recently completed a planning process culminating in a new three-year strategic plan, called the “**Homelessness Response Action Plan**” (Action Plan). The Action Plan sets forth robust new City’s goals and anticipated actions for addressing homelessness and its impact on the Santa Cruz community, which build on and complement the CoC’s 3-Year Plan and ongoing City investments in homelessness outreach, sheltering, care, hygiene, permanent housing, and capacity building. Year One of the Action Plan, summarized below, is largely funded through a one-time **\$14 million State of California award** to the City, along with American Rescue Plan (ARPA) funds, and a **\$1.4 million HOME-ARP** allocation to the City. The priority the City places on addressing homelessness is also reflected in the 2022-2023 AAP and its ongoing investments of CDBG, HOME, and other funding sources.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

The City of Santa Cruz will continue to support services at Housing Matters, Salvation Army, Association of Faith Communities Safe Parking Programs, emergency encampment cleanups, hygiene improvements and other homelessness assistance programs, which includes case management of individuals or families to help assess and provide for their needs. In the next year, the City will:

- Maintain the existing **Downtown Outreach Team** that engages homeless individuals in the City’s downtown and connects them to needed resources such as mental health or substance abuse treatment, social services, physical health services, financial benefits, transportation, meals, emergency shelter and longer term housing.
- Add two FTE **Outreach and Shelter Specialists** to conduct citywide outreach and support implementation of the City’s sanctioned shelter and encampment programs.
- Fund two additional community service officers for the **H.E.R.O.: The Homeless Engagement Resources Officers program** linking a total of 4 community service law enforcement officers with the County’s Homeless Outreach, Proactive Engagement Services (HOPES) Team with new mental health specialists, to better engage homeless people on the streets and connect them with appropriate services.
- Work toward expanding the **Downtown Street Team**, which contacts homeless persons and engages them in cleanups, beautification projects, weeding, maintenance, encampment/dumping cleanup across the City and in parks and open space, and support services in public garages as well as public restrooms, and hygiene and storage facilities.
- Manage and operate a network of **transitional sanctioned encampments**, including the existing 30-space sanctioned encampment at 1220 River Street, linked to case management and housing vouchers, the 75-space Armory City Overlook sanction encampment, and move toward opening additional 20-30 space transitional sanctioned encampments.
- Work with the County to implement the \$2.37 million **State Encampment Resolution Grant** centered on pathways to housing for 75 encampment dwellers along the San Lorenzo Creek within the City.

- Provide up to 60 **Safe Parking Program** spaces in tiered format from short-term emergency spaces to longer-term spaces linked to services and establish an **RV waste disposal** program.
- **Build City staff capacity** to implement the Action Plan, including the above and below steps.

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

Temporary COVID-19 funding led to a large increase in shelter capacity across the county 2019 and 2022. With the COVID-19 funds expiring, as of June 2022 the County has eliminated 252 shelter beds, including many within the City. Nevertheless, emergency shelter remains a high priority for the City under the Action Plan. Therefore, the City will fund or support agencies that currently provide 266 year-round shelter beds as follows.

Organization	Beds	Subpopulation
Rebele Family Shelter	90	Families with children
Paul Lee Loft Shelter & Pallets	57	Adult men and women
Recuperative Care center	12	Adult men and women
Rehousing Wave Motel Shelter Extension	24	Adults and families
Rotating Shelter Program	20	Adults and families
Jesus and Mary Joseph	12	Families and terminally ill adults
Paget Center	14	Veteran adults
Mariposa House	21	Families fleeing DV
Sienna House	16	Pregnant Women

In addition, in the next year the City will expand shelter capacity by:

- Work with the County and Housing Matters to add **30 Pallet Shelter Beds** to Housing Matters’ existing adult emergency shelter program, and fund Housing Matters critically needed **Hygiene Bay Remodel Project**.
- **Acquire property** adjacent to Housing Matters Coral Street campus fore used in new construction of a **Navigation Center** (and PSH – see below), and fund **master planning, design, and predevelopment** costs for the site.
- Fund Salvation Army to add **60 Shelter Beds** for unsheltered adults within the National Guard Armory to the 75-space Armory City Overlook sanction encampment referenced above.

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

As mentioned earlier, the City of Santa Cruz is a very active participant in the countywide CoC and holds a leadership position in the CoC governance body, the H4H Policy Board. As such, the City works collaboratively with the County; other Cities, key health, workforce/business/foundation, and education sectors; and agency, community, and lived experience sectors to implement:

- CoC-wide, measurable, actionable goals for reductions in homelessness, reductions in first-time homelessness, reductions in homelessness recidivism, increases in permanent housing placement and retention, and reductions in the average length of time homeless.
- A range plans, strategies, and action steps toward assisting members of all populations experiencing homelessness and chronic homelessness – adults, families, unaccompanied youth, and veterans – to become permanently housed and self-sufficient.

The lack of available, affordable housing is a leading cause of homelessness for all populations in the city, and therefore development of such housing is an extremely high priority. Thus, in PY 2022-23, the City will allocate \$1,800,000 in HOME funds and \$1,219,201 in HOME-ARP funds to the **Pacific Station North** affordable housing development. This project will provide at least **32 units with supportive services (out of ~127 units) targeted to persons experiencing homelessness or at risk of homelessness**. Moreover, CDBG funds will help persons working toward be become of staying permanently housed through the Darwin Santa Cruz AIDS Project (SCAP) housing renovation (\$93,411), Second Harvest Food Banks food aid (\$25,000), California Rural Legal Assistance (CRLA) legal aid (\$25,000), and other Homelessness Infrastructure Projects as described below (at least \$242,589).

The City will also prioritize the following actions under the new Action Plan:

- Complete **land acquisition** in the immediate vicinity of the Coral Street homelessness campus to facilitate the needed expansion of homeless housing and services on the campus.
- Develop a **Master Plan** for the expanded Coral Street campus informed by a **community design charette** process, followed as needed by land use and entitlement changes.
- Investment of \$500,000 **predevelopment funding pool** for low-barrier interim and permanent housing projects.

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

One of the key goals of the CoC’s 3-Year Plan is to prevent homelessness through the use of targeted prevention assistance and early intervention housing problem solving to help individual and families keep or return to housing as quickly as possible. The need for such assistance has become especially acute due to the COVID-19 pandemic, which hit the jobs and incomes of low-wage renters especially hard, rendering them at much greater risk of eviction and homelessness. As a result, the CoC, County, and City have taken decisive steps to keep and stabilize people in their housing, such as a temporary prohibition of evictions (now expired but covered by State law) of persons who cannot pay rent due to the impact of the pandemic and considerably increasing funding for emergency rent assistance to help cover rent.

In PY 2022 – 23, the City will continue supporting a range of prevention efforts in these ways:

- Continue **providing Emergency Housing Assistance funds** for household threatened by eviction to the Community Action Board (CAB) through the countywide CORE funding process. This includes benefiting persons impacted by COVID-19 and fire emergency needs.

- **Coordinate with other jurisdictions** providing emergency housing assistance and **prioritizing** assistance to households with the **highest needs**.
- Publicize local implementation of the **California COVID-19 Rent Relief Program** by a partnership that includes Community Bridges, CAB, Families in Transition, CRLA, and United Way 211.
- Continue supporting CES redesign planning to make better use of **diversion and problem solving**.
- Use the countywide CORE funding approach to fund a broad range of nonprofit organizations that work to meet the **health, social service, employment, and education needs** of low-income residents.
- Participate in CoC strategies helping persons being discharged from institutions without housing. The CoC has taken the lead role in **identifying and coordinating discharge protocols** for key local institutions. These protocols help ensure people are discharged to housing rather than directly to homelessness. CoC members have worked in consultation with the following County Departments/Offices to develop and implement discharge policies and protocols:
  - County of Santa Cruz Families and Children’s Services to prevent **emancipated youth** from becoming homeless up to the age of 21.
  - The County Homeless Persons’ Health Project for people leaving **hospital care**.
  - The County Health Services Agency for discharging patients from the **psychiatric and other behavioral health units**.
  - **Santa Cruz County Jail** discharge for a coordinated system of care for mentally ill inmates, including key justice system, social, and health partners.

<b>Discussion</b>
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Due to character count restrictions, the additional City activities to prevent and end homelessness could not be added above.

Working with the County and CoC, the City will support and/or contribute resources to the following:

- Attend all meetings of the **H4H Policy Board** and commit staff to attend key **H4H committees and working groups**.
- Participate in **allocating CoC, ESG, and State funding** sources toward their best uses in helping members of all populations to become permanently housing and independent; this includes **prioritizing PSH and RRH** for significant funding.
- Collaborate with the County and other Cities in **funding a share of costs** for CoC consulting, the annual point-in-time study of homelessness, HMIS costs, CES costs, and strategic planning costs.
- Take part in **CES redesign** to promote faster access to housing assistance.
- Support Housing Authority efforts to **increase long-term rental assistance** resources through incremental Housing Choice Vouchers, HUD VASH, Mainstream Vouchers, and Emergency Housing Vouchers, and to maintain existing preferences for Disabled and Medically Vulnerable (DMV) persons.
- Aid the County’s **Rehousing Wave** that uses Emergency Housing Vouchers and RRH resources to re-house 315 *families and individuals* experiencing homelessness, impacted by COVID-19, and living in congregate and non-congregate shelters.
- Participate in **updating of HMIS plans, policies, and procedures** to promote greater HMIS participation, more data sharing, improved data quality, and better use of HMIS to **measure outcome goals**, such reductions in homelessness, reductions in first-time homelessness, reductions in



homelessness recidivism, increases in permanent housing placement and retention, and reductions in the average length of time homeless across key program types.

- Support countywide efforts to achieve the **Regional Housing Needs Assessment (RHNA) goal of 734 new units** of housing affordable to very low-income households.
- Assist the County on planning for **Cal AIM reforms**, including enhanced care management and community supports for persons experiencing homelessness, and related capacity building.
- Work with the County to **increase PSH, RRH, and housing navigation** through expanded access to federal and state funding.
- Continue supporting the CoC's previously set goals of "**functional zero**" for **families and veterans** and assist the County to apply for a State **Family Challenge Grant**.
- Promote reducing **unaccompanied youth** homelessness through the **YHDP Initiative** and other funding.

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

## Introduction:

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

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

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

**Lack of Affordable Housing Funding and Cost of Development:** The City has several dedicated sources of funding for affordable housing including affordable housing set-aside funds remaining under the Successor Agency (Housing) following the closure of the City's Redevelopment Agency, the annual HOME Program grant, and in lieu funds which are deposited into the City's Affordable Housing Trust Fund. These funds are limited and cannot provide the amount of affordable housing that is needed in the community, so they must be heavily leveraged. Without the ability to significantly increase these funding sources, the City strategy to address this barrier is to encourage development of housing through development incentives or developer requirements to provide affordable inclusionary housing. The following activities will be pursued or continued under the 2022-2023 Action Plan.

- Enforce affordable housing development requirements under the City's inclusionary and density bonus ordinances as well as State Density Bonus law.
- Encourage the utilization of State legislative bills that help streamline the permitting process for affordable housing so supply can increase faster.
- Encourage smaller units and higher densities to lower developer and housing costs. During the 2022-2023 Program Year, the City will be revising the zoning ordinance to allow higher densities through the Downtown Plan Expansion (see project description in AP-85).
- In order to streamline and facilitate ADU creation, the City has created a legalization program to allow conversion to permitted status and is reviewing the ADU Fee Waiver program to analyze prevailing wage concerns preventing landlords from making the ADUs affordable by deed restriction.

**Planning and Development Fees:** The City continues to re-examine its fee structures to make sure they are in line with other jurisdictions. The City also has a fee Waiver Program for affordable housing development. This Fee Waiver Program will be reviewed and possibly amended during the 2022-2023 Program Year. With the goal of streamlining the City planning and permitting process, the Planning Department has applied for the SB 2 Planning grant funding.

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

## Discussion:

See above.

## AP-85 Other Actions – 91.220(k)

### Introduction:

This section reports additional efforts the City will undertake during the 2022-2023 program year to address residents' housing and community development needs.

### Actions planned to address obstacles to meeting underserved needs

The primary obstacles to meeting underserved needs in the City of Santa Cruz are limited funding and resources. During PY22 the City will allocate over \$9.7 million to its community program partners and to homeless programs and infrastructure projects to help meet the basic unmet needs of residents. This is made possible, in part by a \$14 million one-time funding source from the State for homeless needs. The City is trying to fill the gap in funding provided by the County of Santa Cruz (through the CoC) as the needs of the homeless community of Santa Cruz far exceeds the available ongoing resources.

The City is facing similar obstacles to fill the affordable housing needs of the community. In addition to funding, there is the challenge of limited land supply. This is combined with the need to develop or redevelop in ways that respond to the community's evolving housing needs in a manner that is consistent with community values and priorities. With the dissolution of Redevelopment Agencies in California and reduced State and Federal funding, the City's ability to address the extensive housing needs in the community is seriously compromised. Nevertheless, the City remains committed to annually pursue State, Federal and other funding opportunities to increase the supply of safe, decent, and affordable housing in the City of Santa Cruz for lower-income households. Also, leveraging of the limited funding that is available will be done to the greatest extent possible. Lastly, the City is considering establishing additional revenue sources through a local bond measure.

### Actions planned to foster and maintain affordable housing

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

- **Downtown Library and Affordable Housing Project.** The Santa Cruz City Council approved the development of a new library, childcare facility, 100-125 Very Low-Income affordable housing units, and a parking structure in the Downtown of Santa Cruz. This project will provide the community with a modern library, needed childcare, affordable housing, and parking at a centralized location.
- **Pacific Station North and South Mixed-Use Developments.** Santa Cruz METRO and the City of Santa Cruz are partnering to redesign the transit center at Pacific Station with the potential to develop multi-story, mixed use buildings that would include 197 units of affordable rental housing. Pacific Station South broke ground in May 2022 and will provide a manager's unit and 69 units of housing to households earning 30-60% of Area Median Income with an estimated completion of construction and lease-up in 2024. Pacific Station North will be providing 125 affordable units plus 2 staff units and is still finalizing funding. 25% of the units for both of these projects will be for supportive housing.
- **Downtown Plan Expansion.** The City of Santa Cruz is embarking on a planning study to consider future redevelopment of the area south of Laurel Street. City objectives related to housing development include providing additional affordable and market-rate housing in the downtown.

- **Inclusionary Housing Ordinance.** Continued application of the Inclusionary Housing Ordinance ensures that new residential developments are providing a percentage of units at affordable rents and sales prices. Also, continued monitoring ensures that affordable housing is retained in the City of Santa Cruz. The ordinance also requires developers of market rate ownership housing to include affordable ownership units. In 2018, the City revised its inclusionary housing ordinance.
- **Affordable Housing Trust Fund.** The City of Santa Cruz created its Affordable Housing Trust Fund (AHTF) in 2003 to help develop and preserve below-market-rate housing. Over the past two years, the City of Santa Cruz has been able to leverage the Affordable Housing Trust Fund to successfully secure two \$5 million grants from the State Housing and Community Development Department to put towards affordable housing development.
- **Cedar Street Family Apartments.** This 100% affordable housing development will provide 65 units at affordable rents with 25% of units set aside for supportive housing. This project also broke ground in May 2022 and is anticipated to complete construction and lease-up in 2024.
- **Housing Authority SRO Project.** The Housing Authority of the County of Santa Cruz is proposing a 20-unit SRO (Single Room Occupancy) project on the west side of Santa Cruz. This project will be 100% affordable and will target Very Low-Income households.
- **Harvey West Studios 100% Permanent Supportive Housing.** This project will provide services and 100% affordable supportive housing for the chronically homeless at the Housing Matters campus (formerly Homeless Services Center). This project will include recuperative care center, a behavioral clinic and 120 SRO (Single Room Occupancy) units for very low-income households.
- **Jessie St Apartments.** This project will provide services and 50 units of 100% affordable supportive housing.

### **Actions planned to reduce lead-based paint hazards**

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

### **Actions planned to develop institutional structure**

At the end of 2021 into the beginning of 2022, the City and County of Santa Cruz worked together to update the funding allocations for the coordinated approach for the County and City to fund safety net services in the community, called CORE. It emphasizes results and evidence-based spending over three years, focusing funding on four priority areas. CORE funding from the City and County will be used to implement practices based on Evidence-Based Practices (EBPs) to improve outcomes for the target populations.

Internally, City Departments use a series of Managed Meetings to promote greater coordination between all City Departments to minimize the duplication and maximize effectiveness of efforts.

### **Actions planned to reduce the number of poverty-level families**

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

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

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

The City will continue to work closely with its nonprofit housing providers and nurture relationships with for profit developers to help meet the affordable housing needs of City residents. This includes work being done on the Library Mixed Use Project, Pacific Station North and South, Cedar St. Apartments and the other housing projects detailed above.

In the 2022-2023 Program Year, the City will also continue to focus CDBG funding on providing services and upgrading infrastructure needs in the Target Areas. The City has a close working relationship with those providers funded both with CDBG and the City General Fund.

As part of H4HP, the City works collaboratively with multiple agencies including the CoC to identify the needs of the homeless population of Santa Cruz and to work towards solutions and identifying possible funding sources. As detailed in AP-65, this will be an ongoing collaboration.

## Program Specific Requirements

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

#### Introduction:

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

#### Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(I)(1)

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

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

#### Other CDBG Requirements

- |   |   |
|---|---|
| 1. The amount of urgent need activities | 0 |
|---|---|

#### HOME Investment Partnership Program (HOME) Reference 24 CFR 91.220(I)(2)

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

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

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

First Time Homebuyer Loan Recapture: Although the City does not currently have a First Time Homebuyer Program (FTH), loans made under the prior FTH Program require principal and contingent interest to be repaid upon sale or transfer of the property under the HOME recapture provisions at 24 CFR 92.254(a)(5)(ii)(A). Article IV(M)(7)(a) of the City's FTH Guidelines defines contingent interest as shared net appreciation. Article IV(M)(9) discusses "net proceeds" and provides the formula for recapturing same.

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

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

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

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

Since the City of Santa Cruz is a relatively small community, City staff work closely with affordable housing providers and developers to determine what projects may be eligible for HOME Program funding. Although the City sometimes solicits HOME Program applications through its annual Notice of Funds Available and handles any applications received as a part of the annual Action Plan process, the City will accept applications for HOME Program funding at any time during a Program Year. Although these are processed on a first come, first serve basis an emphasis is placed on project readiness and consistency with City and Consolidated Plan housing goals.

In addition, since the City receives such a small amount in HOME Program funding, from a practical standpoint Community Housing Development Organizations (CHDOs) are increasingly being given a priority in order to enable the City to combine CHDO set-aside funds with regular HOME Program funds to create a more meaningful contribution to a project. Although the City encourages projects that provide housing to very or extremely low-income populations, the City does not have specific preferences established.