



CITY OF SANTA CRUZ 2023-2024 ACTION PLAN



Pacific South Station Groundbreaking Event 2022



Nueva Vista Community Center Homework Club & Affordable Housing Bike Tour 2021

HOUSING & COMMUNITY DEVELOPMENT DIVISION
ECONOMIC DEVELOPMENT & HOUSING DEPARTMENT



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 2023-2024 Action Plan for the City of Santa Cruz, covering the Program Year (PY) beginning July 1, 2023, and ending June 30, 2024. The HUD Action Plan PY 2023 is equivalent to the City's fiscal year 2024 (FY24). This is the fourth 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) eCon Planning Suite.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The City's objectives for activities included in the 2023-2024 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.
 - CDBG funds will be used for a low interest loan for renovations to the Monarch Services Mariposa house low-income housing for low-income community members escaping domestic violence, sexual assault, and human trafficking.
3. Revitalize: community facilities & infrastructure.
 - CDBG funds will also be used towards renovations and improvements to the Civic Auditorium for improved ADA access.
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 2022-2023 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 2023. The following is a summary of activities that were completed, progressed, supported as on-going programs, or initiated in the 2022-2023 PY.

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

Summary from citizen participation section of plan.

- City staff work directly with housing and service providers to develop eligible activities and projects that meet the needs of the community.
- Staff are 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 completed a NOFA and evaluation process in FY23 and is expected to last for a 3-year period.
- 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

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

February 16, 2023, 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 2023 Program Year. The CPC asked some questions about applications and staff responded to their questions. There were no comments from members of the public. The CPC recommended funding allocations were provided to the full City Council at the 1st Public Hearing in March.

March 14, 2023, Public Hearing: At the first Public Hearing, staff provided a presentation to the full City Council summarizing recommendations from the CPC for CDBG and HOME funds for the 2023 program year. There were no questions from the City Council, just comments of support for the presentation. There were some comments supporting the recommendations and suggestion for future program operation changes.

April 25, 2023, Public Hearing: At the second Public Hearing, there were no comments. There were two written comments received, both in support of funding one of the CDBG projects.

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 2023-2024 PY the City will receive an allocation from HUD of \$568,725 in CDBG funds and \$499,440 in HOME Program funds.

In addition to the 2023-2024 PY CDBG Entitlement Grant, the City expects there will be about \$50,000 in CDBG Program Income (PI) from repayment of previous loans and \$100,000 in unspent funds from prior years that will be available for reprogramming. The total estimated CDBG Budget for the 2023-2024 PY is \$718,725.

For the HOME Program, the City expects to receive about \$100,000 in HOME PI and \$516,900 in prior years' funding available for reprogramming. When combined with the HUD HOME Program grant for the 2023-2024 PY, a total of \$1,056,396 in HOME funds is available for allocation in this program year budget.

When CDBG and HOME Program budgets from the Action Plan are adopted by the City Council, they are then incorporated into the City's annual budget. CDBG is slightly higher than last year, and with the applications received for the projects and programs sections, the City was able to award all applicants their full ask or above. The Public Services were also budgeted below the 15% cap before final allocations were awarded. Therefore, the City will be meeting all HUD formula maximums and set-aside limits.

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 and Housing Department
HOME Administrator	SANTA CRUZ	Economic Development and Housing Department

Table 1 – Responsible Agencies

Narrative (optional)

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

Consolidated Plan Public Contact Information

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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. As per HUD's 2022 Annual Homeless Assessment Report, California is listed as having the highest rate of homelessness per 10,000 residents in the United States. The County of Santa Cruz has seen an increase of 6% from 2019 in the total number of persons experiencing homelessness, with a total of 2,299 persons experiencing homelessness as of the 2022 Point In Time Count (PIT). Slightly more than ¾ (77%) experiencing homelessness were unsheltered, which is nearly the same rate as in 2019. With a disproportionate number of homeless services being offered within the City of Santa Cruz, the number of those experiencing homelessness has increased by 20% within the City limits since 2019.

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.
- EDH Department staff are active in local and regional boards, committees, and coordination efforts.
- HCD staff have established strong working relationships with local housing and service providers and regularly discuss housing and human service needs and collaborate to develop strategies addressing 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.

In PY 2023-2024, the City of Santa Cruz will continue coordinating closely with the Santa Cruz County's Continuum of Care (CoC) known locally as the Housing for Health Partnership (H4HP).

The City of Santa Cruz takes a leadership position in the CoC through membership in the H4HP 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. City staff will also participate in rating and ranking of CoC Emergency Solutions Grant (ESG) projects and in H4HP operational committees, which focus on issues such as policies, standards, performance measurement, and oversight for the local Coordinated Entry System (CES), HMIS, sheltering and interim housing, housing problem solving, rapid rehousing (RRH) and prevention, permanent supportive housing (PSH), and a range of other supportive services. Finally, City elected officials and staff will continue to regularly meet and collaborate with their County of Santa Cruz counterparts to coordinate on issues such as funding, outreach, sheltering and temporary housing, and PSH solutions.

The City of Santa Cruz together with H4HP and and County staff will continue working to address the needs of persons experiencing chronic homelessness, families, veterans, and unaccompanied youth, and persons at risk of homelessness. This includes, for instance:

- Funding for outreach, mental health liaisons, sheltering, and supportive health services for persons experiencing unsheltered chronic homelessness, and implementing a \$2.37 million State Encampment Resolution Grant addressing encampments along the San Lorenzo Creek.
- A Master Plan for the Coral Street area and funding to provide new and expanded facilities for a navigation center, housing, and services for all populations experiencing homelessness.
- A Rehousing Wave using Emergency Housing Vouchers and RRH resources to permanently re-house 295 family and individual households experiencing homelessness.
- HUD-funded Youth Homelessness Demonstration Program (YHDP) initiative
- Funding for eviction prevention, including Community Action Board's (CAB) rental assistance program, Housing Authority Security Deposit Program, and various housing counseling and legal services.
- Funding of the 120-unit Harvey West Studios PSH project in the City.

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, agencies in the city and county compete annually for funds through a State of California administered ESG program. The H4HP Policy Board is responsible to the State 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 every-other-month meetings of the H4HP Policy Board. Non-conflicted City representatives on the H4HP 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 will also work with the H4HP on developing and evaluating performance measures for ESG funded programs in the County of Santa Cruz. Each year, City representatives, as members of the H4HP Policy Board, participate in the evaluation of all ESG (and CoC) funding applications based in part on specific performance measures and program standards set by the Board. The performance metrics for each project type are set forth in 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. The H4HP, with City participation, is currently finalizing revised emergency shelter operational standards and performance criteria that will apply to ESG grants.

The City will participate with the H4HP in all aspects of HMIS administration and operation, including oversight of the HMIS vendor, BitFocus, 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 2022-23, the H4HP completed new HMIS policies and procedures, and started a monthly HMIS working group as a forum for training and policy discussions.

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.

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	City of Santa Cruz
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Meeting with City Department Heads and Planning to coordinate on RHNA goals and affordable housing projects.
2	Agency/Group/Organization	County of Santa Cruz Planning Department
	Agency/Group/Organization Type	Other government - County
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations were done in meetings and telephone conference calls (special needs/housing). City staff participates in the County’s Housing Advisory Committee and H4HP. County participated as a lead agency in the H4HP strategic planning efforts. The outcome is better coordination, sharing of data and resources.
3	Agency/Group/Organization	Nueva Vista Family Resource Center
	Agency/Group/Organization Type	Service Provider for the Latinx Community and Youth Services

	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Anti-poverty Strategy Latinx Community & NRSA needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations by telephone, email and Zoom. The outcome is an improved link with Latinx community's needs. Center is also an active part of the City's Community Programs and attended Community Program public meetings. Center was consulted as part of the City's Housing Element update for 2023.
4	Agency/Group/Organization	Housing Matters
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Meetings (H4HP and strategic planning process) and telephone 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	Agency/Group/Organization	Encompass Community Services
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Non-Homeless Special Needs

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	SENIOR NETWORK SERVICES
	Agency/Group/Organization Type	Services-Elderly Persons
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations by email regarding senior issues. Outcome is greater awareness of and inclusion of key issues affecting seniors regarding housing.
7	Agency/Group/Organization	HABITAT FOR HUMANITY MONTEREY BAY
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Housing
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations in meetings regarding affordable housing and future funding opportunities. Outcome is successful program, My House My Home, to help vulnerable seniors at risk of homelessness that also creates additional rental housing through an ADU program. Also, discussions of future partnership opportunities for affordable housing in Santa Cruz.
8	Agency/Group/Organization	MidPen Housing
	Agency/Group/Organization Type	Housing Homelessness

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	COMMUNITY ACTION BOARD OF SANTA CRUZ
	Agency/Group/Organization Type	Housing Tenant Based Rental Assistance
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Housing
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation in meetings and conference calls regarding tenant based rental assistance. Outcome is the continuation of the TBRA program and continuing to work as a partner through the 2023-2024 Program Year.
10	Agency/Group/Organization	Eden Housing/Eden South County
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Housing
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultations in meetings regarding affordable housing. City is partnering with Eden Housing and For the Future Housing on City-led 100% affordable housing project in downtown.

11	Agency/Group/Organization	Cruzio Internet
	Agency/Group/Organization Type	Services - Broadband Internet Service Providers
	What section of the Plan was addressed by Consultation?	Broadband Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Economic Development and Housing Department consults with Cruzio several times a year on an annual basis to discuss ongoing and future plans for expanding internet in low-income neighborhoods within Santa Cruz and affordable housing projects in the City. The City of Santa Cruz partners with Cruzio to support the Equal Access Santa Cruz Program which provides affordable internet access to low-income residents.

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

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	County of Santa Cruz	The City of Santa Cruz is a financial partner and participant in the Santa Cruz County CoC. Appropriate goals and strategies from the ALL IN Plan were incorporated into the Consolidated Plan and related goals for PY 2021 and the City will continue to use resources to support the CoC under its new homeless governance framework.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Housing Element	City of Santa Cruz	The Housing Element focuses on the provision of a variety of housing options for all income groups, with special attention for lower and moderate-income households. The Consolidated Plan housing goals and objectives are consistent with the Housing Element as are any housing projects or programs funded under the Action Plan. The Housing Element is currently being updated for the 2023-2031 6 th cycle. It is anticipated State HCD will approve the 6 th cycle HE prior to the end of the 2023 calendar year.
Homelessness Response Action Plan	City of Santa Cruz	The 2022 plan was the result of building on the outreach, research, and findings from the Council’s Homelessness Coordinating Committee, the Community Advisory Committee on Homelessness (CACH), California’s Action Plan for Preventing and Ending Homelessness, and the County’s three-year strategic plan (Housing for a Healthy Santa Cruz: A Strategic Framework for Addressing Homelessness in Santa Cruz County). City staff facilitated a process to identify and prioritize the short-term actions needed to ensure the City’s contributions to the homeless crisis are appropriate, effective, and aligned with mutual priorities between the City and County. The Action Plan commits the City’s homelessness response to balancing individual needs and community impacts from prevention to exit, centering on the values of collaboration, health & safety, economic vitality, fiscal responsibility, practicality, resource stewardship, and transparency. Action areas include: Building Capacity and Partnerships, Permanent Affordable and Supportive Housing, Basic Support Services, Care & Stewardship, and Community Safety.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

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 (RTC). 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/Inclusionary) and manages the City's Security Deposit Program. The Housing Authority manages the Housing Choice Voucher 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:

- The Community Program Committee (CPC) meeting was held on February 16, 2023. 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 14, 2023. Members of the public were able to be present in person or on Zoom and provide comment on the AAP during the public comment period.
- The draft Action Plan was discussed in a noticed and advertised City Council Public Hearing held on April 25, 2023.

The 2023-2024 Action Plan was available for public review during a public comment period from March 26 through April 25. A public notice announcing its availability was published in the Santa Cruz Sentinel on March 24, 2023. A second public hearing on April 25, 2023 was followed by a 15 day public review period beginning on April 30 to May 15. Final submission of the 2023-2024 AAP is on May 15, 2023.

The City of Santa Cruz is planning to continue encouraging citizen participation. In May of 2023, the City is helping MidPen Housing to organize a Groundbreaking Event for 314 Jessie Street Apartments, a site tour of a 50 unit 100% affordable housing project ready to start construction in the Lower Ocean neighborhood of Santa Cruz. This event will be available for members of the public to attend as well as another anticipated Groundbreaking of the Housing Authority's 20 unit 100% affordable SRO project. . A self-guided bike tour map is available to increase citizen engagement and knowledge of existing and upcoming housing projects. Additionally, staff will review opportunities to conduct 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.

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	URL (If applicable)
1	Public Meeting	Non-targeted/broad community	A majority of CDBG Applicants attended the meeting on February 16, 2023 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.	https://ecm.cityofsantacruz.com/OnBaseAgendaOnline/Meetings/Search?dropid=4&mtids=107
2	Public Hearing	Non-targeted/broad community	This was a noticed Public Hearing on March 14, 2023 was a hybrid meeting held both in person and via Zoom.	There were comments received regarding support for public service funding, a capital project, a suggestion for security deposit recipients to receive a match amount instead of a full grant.	No comments were not accepted, everyone who wished to speak was able to do so.	https://ecm.cityofsantacruz.com/

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Public Hearing	Non-targeted/broad community	This was a noticed Public Hearing on April 25, 2023, was a hybrid meeting held both in person and via Zoom.	Two written comments received in support of one of the proposed projects. No oral comments were received.	No comments were not accepted.	https://ecm.cityofsantacruz.com/
4	Newspaper Ads	Non-English Speaking - Specify other language: Spanish	Bilingual public notices were posted in November for the NOFA, in February for the first public hearing, in March for the 2nd public hearing and in April for submission of the plan.	No comments have been received.	No comments were not accepted.	

Table 4 – 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 \$568,725 in CDBG funds and \$499,440 in HOME funds for the 2023-2024 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 2023-2024 Program Year is expected to be \$50,000 for the CDBG Program and \$100,000 for the HOME Program. Prior year's funding for reprogramming for CDBG is \$100,000 and prior year's funding for HOME is \$226,972.

This section is intended to describe various resources that are expected to be available to meet the goals of the 2023-2024 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	50,000	100,000	\$718,725	530,000	City receives funds annually from HUD. Used to fund Community Programs; Infrastructure & Facility Improvements; and Housing Development.

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: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	499,440	100,000	226,972	826,412	300,000	City receives funds annually from HUD. Used to fund Housing Development, rehab, and Security Deposit Programs.

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: \$		
General Fund	public - local	Public Services	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: \$		
Housing Trust Fund	public - local	Acquisition Admin and Planning Housing Multifamily rental new construction Multifamily rental rehab	5,200,000	0	0	5,200,000	8,000,000	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 affordable housing projects.

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 - state	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.
Redevelopment Fund	public - local	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 Pacific Station Project(s).

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: \$		
Other	private	TBRA	197,000	0	0	197,000	36,000	Annual allocation of funds from the Red Cross Reconstruction loan repayments is used for the Beach Flats Community Center; Security Deposit Program and Emergency Housing Assistance for the Beach Flats and Lower Ocean Street neighborhoods (as previously approved by the Red Cross).
Other	public - federal	Admin and Planning Public Services Other	0	0	0	0	0	

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: \$		
Other	public - federal	TBRA	600,000	0	0	600,000	1,800,000	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.

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: \$		
Other	public - state	Homebuyer assistance Housing Multifamily rental new construction Multifamily rental rehab	5,411,495	0	0	5,411,495	1,000,000	Source is LHTF 2nd 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.

Table 5 - 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 and been successfully awarded State grants and private grants such as PLHA, LHTF, 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% match with non-federal dollars. Currently, the City 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 currently or soon to be operating in leased City-owned properties include:

- Housing Developments including: Neary Lagoon, Nueva Vista, Sycamore Commons, the Tannery, Gault Street Senior Housing, the Library Affordable Housing project and Pacific Station South and North.
- Beach Flats Community Center.
- Housing Matters.

The City recently acquired another property near Housing Matters and the Tannery for future affordable housing or housing adjacent services and is currently working with the community to gather input for the larger Coral Street area on a long-term visioning plan.

Discussion

See discussions above.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Support County-wide Homeless Strategic Plan
	Goal Description	Annual funding for homeless services allocated in the 2023-2024 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	Goal Name	Increase and preserve affordable housing
	Goal Description	For the 2023-2024 PY, affordable housing projects include the completion and lease-up of a 70-unit affordable rental project (includes manager's unit) for Pacific Station South in collaboration with For the Future Housing, the completion and lease-up of a 65 unit affordable rental project (includes manager's unit) for Cedar St Family Apartments as well as construction planned to start for 128 100% affordable units (includes manager's unit) for Pacific Station North, 50 unit Jessie St affordable apartments (includes manager's unit), 20 unit Natural Bridges affordable SROs and 120 affordable SROs (includes manager's unit) for Harvey West Studios. 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 75 security deposits.
3	Goal Name	Revitalize community facilities & infrastructure.
	Goal Description	2023-2024 Program Year includes: (1) Civic Auditorium ADA and safety improvements and (2) Mariposa House Renovations.
4	Goal Name	Provide community and supportive services.
	Goal Description	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 2023-2024 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, 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.

Projects

AP-35 Projects – 91.220(d)

Introduction

This section includes the projects proposed for the 2023-2024 Program Year.

Projects

#	Project Name
1	2023PY HOME Program Administration
2	2023PY Second Harvest Food Bank
3	2023PY Nueva Vista Community Resources
4	2023PY Teen Center
5	2023 PY Mariposa House Renovations
6	2023PY Rehabilitation Program Delivery Costs
7	2023PY CDBG Program Administration
8	2023PY Civic Auditorium ADA Improvements
9	2023PY HOME Security Deposit Program Administration
10	2023PY HOME Security Deposit Program
11	2023PY Metro Pacific Station North Project

Table 7 - 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 of the community has been seriously compromised.

AP-38 Project Summary
Project Summary Information

1	Project Name	2023PY HOME Program Administration
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	HOME: \$59,944
	Description	Administration funding would partially support 4 staff persons, training and other expenses incurred for operation of the HOME Program.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	337 Locust St. and 809 Center St. Santa Cruz, CA 95060
	Planned Activities	Administration of HOME Program.
2	Project Name	2023 PY Second Harvest Food Bank
	Target Area	Neighborhood Revitalization Strategy Area
	Goals Supported	Provide community and supportive services.
	Needs Addressed	Community Services and Youth Programs
	Funding	CDBG: \$35,000
	Description	Since March 2020, Second Harvest Food Bank has recognized the rippling impact of COVID-19 and the demand for food in Santa Cruz. The demand for food exceeds pre-pandemic numbers, and there continues to be a significant increase in costs of personnel and operations. These distributions are serving roughly 32,000 people needing food assistance county-wide with a large portion residing within the City of Santa Cruz. National Objective: LMA; Matrix Code: 5W Food Banks; Presumed benefit: No
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	25,000 low-income persons

	Location Description	Beach flats food pickup as main distribution and citywide in food pantries all over the City.
	Planned Activities	Food distribution at location within NRSA and at foodbanks throughout the City of Santa Cruz.
3	Project Name	2023PY Nueva Vista Community Resources
	Target Area	Neighborhood Revitalization Strategy Area
	Goals Supported	Provide community and supportive services.
	Needs Addressed	Community Services and Youth Programs
	Funding	CDBG: \$125,000 Red Cross and State Funding: \$25,000
	Description	Activity provides for operating expenses for Nueva Vista Resources, which includes the Nueva Vista Resource 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. Matrix Code: 5D and 5Z; Eligible Activity: Youth Services National Objective: LMC- Low/Mod Limited Clientele Presumed Benefit: No
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Statistically, there are about 6,800 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 2,700 individuals will benefit from program services. The NRSA neighborhood has the largest minority (Latinx) populations in the City. About 44% are Latinx versus 21% City-wide.
	Location Description	Neighborhood Revitalization Strategy Area

	Planned Activities	Nueva Vista Resource Center has two programs assisted with CDBG funding. The first program is Client Services which assists families through advocacy, crisis support, mental health support, and emergency food and preparedness, support with housing application assistance, vaccine helpline outreach and promotion , and help with enrollment into government programs including Social Security, CA Rental Assistance program, CalFresh, MediCal and Covered CA. The second program provides youth programs and activities, including academic tutoring, a recreational summer camp and spring break camo to foster youth development, as well as serving as a community center for the neighborhood.
4	Project Name	2023PY Teen Center
	Target Area	Neighborhood Revitalization Strategy Area
	Goals Supported	Provide community and supportive services.
	Needs Addressed	Community Services and Youth Programs
	Funding	CDBG: \$45,000 General Fund: \$356,193
	Description	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: 5DEligible Activity: Youth Services National Objective: LMC- Low/Mod Limited Clientele Regulatory Citation: 570.208(a)(2); Presumed Benefit: No
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that about 150 Teens participate in the program throughout the year. About 45% are from households that are at or below 30% of Area Median Income (AMI) with almost 79% being below 50% AMI.
Location Description	Low-income target area within the NRSA	

	Planned Activities	The Teen Center has daily activities including a healthy eating program, an outdoor garden, homework assistance with access to 4 computers and free WiFi, games such as foosball and a pool table, and direct access to Laurel Park. The computer stations include 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.
5	Project Name	2023PY Mariposa House Renovations
	Target Area	N/A
	Goals Supported	Support County-wide Homeless Strategic Plan Revitalize community facilities & infrastructure.
	Needs Addressed	Homeless Assistance Programs Community Infrastructure Improvements
	Funding	CDBG: \$55,648
	Description	Rehabilitation of lighting and electrical systems, HVAC, plumbing and fixtures. National Objective: LMC- presumed benefit Matrix Code: 3C Homeless Facilities (not operating costs)
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	4 very low income, extremely low income, and low-income persons
	Location Description	Mariposa House in Santa Cruz
Planned Activities	Rehab of building.	
6	Project Name	2023PY Rehabilitation Program Delivery Costs
	Target Area	N/A
	Goals Supported	Increase and preserve affordable housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$5,000

	Description	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: No
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	All participants in UHRP are low-, very low- or extremely low-income, approximately 1.
	Location Description	UHRP is city-wide
	Planned Activities	Consultant administers existing UHRP loans. Staff oversees and monitors current and past rehabilitation projects and agreements.
7	Project Name	2023PY CDBG Program Administration
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	Planning and Administration
	Funding	CDBG: \$123,745
	Description	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
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Program administration does not require an outcome.
	Location Description	Economic Development and Housing Department offices are located at 337 Locust St. and 809 Center St
	Planned Activities	Administration of CDBG Programs.
8	Project Name	2023PY Civic Auditorium ADA Improvements
	Target Area	N/A

	Goals Supported	Revitalize community facilities & infrastructure.
	Needs Addressed	Community Infrastructure Improvements
	Funding	CDBG: \$322,432
	Description	ADA improvements for a public facility used for public events and during disasters as emergency shelter and for coordinated disaster response. Including but not limited to safety improvements (railings on staircases), ADA accessible bathrooms, etc. Will include architectural assessment of accessibility needs. National Objective: LMC presumed benefit Matrix Code: 303F - Parks, Recreational Facilities
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	1,000 Low to Moderate income
	Location Description	307 Church St
	Planned Activities	See description
9	Project Name	2023PY HOME Security Deposit Program Administration
	Target Area	
	Goals Supported	Increase and preserve affordable housing; Support County-wide Homeless Strategic Plan.
	Needs Addressed	Affordable Housing; Homeless Assistance Programs
	Funding	HOME: \$80,000
	Description	Activity provides funding for the Housing Authority's program delivery costs to administer the Security Deposit Program. National Objective: LMC presumed benefit; Matrix Code: 14J – Housing Services
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	25 households of low, very low and extremely low income will benefit.

	Location Description	City-wide
	Planned Activities	Housing Authority processes applications, inspect units, makes payments to landlords, processes any returns when tenant vacates unit and reports to the City.
10	Project Name	2023PY Security Deposit Program Delivery
	Target Area	N/A
	Goals Supported	Support County-wide Homeless Strategic Plan; Increase and preserve affordable housing
	Needs Addressed	Affordable Housing; Homeless Assistance Programs
	Funding	HOME: \$80,000 CDBG: \$6,900
	Description	This is an on-going program supported by the City to provide security deposit assistance for 25-30 low, very-low, and extremely low income households to enable them to secure rental housing. Security deposit loan funding is provided by HOME Program Funding. CDBG are used for program delivery costs. The Housing Authority of the County of Santa Cruz (HA) administers the Program. The project qualifies for HOME Program funding under 24 CFR, Part 92.205(a) for tenant based rental assistance/security deposits.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	25 households of low, very low and extremely low income will benefit.
	Location Description	City-wide
	Planned Activities	Activities include processing applications, providing loans to qualified applicants for security deposits, distributing funds to landlords, and receiving reimbursements when tenant vacates unit.
11	Project Name	2023PY Metro Pacific Station North Project
	Target Area	N/A
	Goals Supported	Increase and preserve affordable housing
	Needs Addressed	Affordable Housing

Funding	HOME: \$901,408 HOME CHDO: \$74,916
Description	This funding is intended to be awarded to the Pacific Station North project which will have ~128 affordable units (includes manager's unit). 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 homelessness and will receive project-based vouchers. The units are a mix of studios, 1, 2 & 3 bedrooms.
Target Date	6/30/2026
Estimate the number and type of families that will benefit from the proposed activities	128 households of low, very low and extremely low income will benefit
Location Description	902-920 Pacific Ave, Santa Cruz
Planned Activities	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 in PY23 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 86% of households in the NRSA block groups being at or under 80% AMI. According to the U.S. Census Bureau, about 36% of NRSA households are at or below poverty level, which is about twice as high as 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 Latinx residents (44% versus 21% City-wide).

Geographic Distribution

Target Area	Percentage of Funds
Neighborhood Revitalization Strategy Area	24

Table 8 - 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 \$125,000 and funding for the Teen Center at \$45,000. While not included in the calculation above, funding of \$35,000 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 funds and state and private 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 \$976,396 (includes the 2023 CHDO set aside) of HOME funding. 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).

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

Table 9 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	20
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	20

Table 10 - 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 2026. Numbers above reflect only HOME funded security deposit program.

AP-60 Public Housing – 91.220(h)

Introduction

The Housing Authority of the County of Santa Cruz (HACSC) is not a department of the City of Santa Cruz. 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 for public housing.

City staff will continue to interface with the HACSC regarding the development of affordable housing.

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 already has 310 project-based units, 96 of which are within the City of Santa Cruz. Within the City of Santa Cruz, there is significant new housing development in progress. The Housing Authority has committed PBVs to eight affordable projects in the City of Santa Cruz, with a total of 340 PBV units committed, an increase of 244 over last year. The eight projects supported represent a total of 693 new affordable units, with PBV support for 50% of them.

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 (HCV), there are no public housing residents in the City. HCV residents are encouraged to become more involved through the HACSC Resident Advisory Board, or through the Board of Commissioners (which includes two HCV 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 the homeless population as demonstrated by the level of funding the City allocates for homeless services. The priority that is placed on addressing homelessness is also reflected in the 2023-2024 AAP, which is closely aligned with both the CoC's three year Strategic Framework for Addressing Homelessness (Strategic Framework) and City's three year "Homelessness Response Action Plan" (Action Plan).

Year One of the Action Plan is largely funded through a one-time \$14 million State of California award to the City and a \$1.4 million HOME-ARP allocation to the City.

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 and collaborate with the County, Encompass Community Services, Housing Matters, Salvation Army, Association of Faith Communities around outreach to, assessment of, case management for individuals and those experiencing unsheltered homelessness in the city. Following are related goals set for in the City's Action Plan:

- Work with the County to optimize City-funded mental health response resources.
- Expand City's outreach team to connect unhoused individuals to County's CoC and PSH. Three new City outreach workers (2 FTE) were added in 2022.
- Develop an easy-to-understand, consolidated guide individuals can use to connect to services.
- Partner with nonprofits to create more transitional employment programs.

In PY 2023-24, the City will take the following actions toward meeting these goals:

- Maintain the existing Downtown Outreach Team that engages homeless individuals in the city's downtown and connects them to needed emergency, health, and housing resources.
- Maintain a Santa Cruz Police community policing approach linking a total of 4 community service law enforcement officers with the County's mental health outreach specialists and City Public Works workers.
- Work toward expanding the Downtown Streets 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.

- Work with the County to implement the \$2.37 million State Encampment Resolution Grant centered on pathways to housing for 75 encampment dwellers within the City.

Addressing the emergency shelter and transitional housing needs of homeless persons

The provision of effective care, including basic hygiene, shelter, and storage facilities, will play an integral role in breaking the cycle of homelessness and connecting unhoused residents to the support to work toward permanent housing in PY 2023-24. Key Plan goals are:

- Work with partners plan a navigation center as part of the Coral Street redesign.
- Collaborate with the County and other cities to identify 20 new locations for sheltering.
- Eliminate unsanctioned camps within the City.
- Establish safe parking programs, including one with direct permanent housing linkages.
- Create a proper waste disposal program for recreational vehicle owners.
- Provide storage for unhoused persons, co-located in same space as sheltering.

In PY 2023-24, the City will take the following actions to expand shelter:

- Work with the County and Housing Matters to add 30 Pallet Shelter Beds to Housing Matters' existing adult emergency shelter program. This will be benefitted by the recently completed Hygiene Bay remodel.
- Manage transitional sanctioned encampments, including the existing 27-space encampment at 1220 River Street, linked to case management and housing vouchers, and the 135-tent space Armory City Overlook encampment.
- Continue providing 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.

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 H4HP Policy Board. As such, the City collaborates with the County, other Cities, Housing Authority, 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 of 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.
- \$6.6 million in CoC-funded PSH, rapid rehousing (RRH) and supportive services projects benefiting chronically homeless adults, families, unaccompanied youth and families fleeing domestic violence.

The lack of available, affordable housing is a leading structural cause of homelessness for all populations in the city, and therefore development of such housing is an extremely high priority. Thus, in PY 2023-24, the City will allocate \$976,396 in HOME funds to the Pacific Station North affordable housing development. This project will provide at least 32 units with supportive services (out of 128 units) targeted to persons experiencing homelessness or at risk of homelessness. Moreover, CDBG funds will help persons working toward becoming permanently housed through the Mariposa House renovations (\$55,648) and Second Harvest Food Banks food aid (\$35,000).

In the PY 2023-24, the City will also prioritize the following action under the new Action Plan:

- Develop a Master Plan, including PSH, for the expanded Coral Street campus informed by a community design charette process, followed 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 three year strategic framework is to prevent homelessness by:

- Implementing housing problem solving system wide by integrating this practice with CES.
- Coordinating with local entities to provide targeted prevention assistance for those at severe risk of homelessness.

The need for such assistance is acute due not only to the end of State pandemic related rental assistance and eviction protections, but also to continued high rents in Santa Cruz which render low wage renter at risk of eviction and homelessness.

In PY 2023 – 24, the City will continue supporting a range of prevention efforts in these ways:

- Continue providing rental assistance funds for households threatened by through the countywide CORE funding process.
- Coordinate with other jurisdictions providing emergency housing assistance and prioritizing assistance to households with the highest needs.
- Continue supporting CES integration of diversion and problem solving.
- Use the 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 house persons being discharged from institutional settings, such as jails hospitals, foster care, and mental health programs.

Discussion

See above.

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

Lack of Affordable Housing Funding and Cost of Development: The City has several dedicated sources of funding for affordable housing including affordable housing set-aside funds remaining under the Successor Agency following the dissolution 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 2023-2024 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 to increase supply faster.
- Encourage higher densities to lower developer and housing costs. During the 2023-2024 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).
- To streamline and facilitate ADU creation, the City has 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. For qualifying 100% affordable housing projects, the City provides fee exemptions for its Child Care and Public Safety impact fees. . With the goal of streamlining the City planning and permitting process, the Planning Department applied for and received the SB 2 Planning

grant funding.

Permit and Processing Procedures: The Planning & Community Development Department is continuing to improve and streamline its permitting and processing procedures and recently passed State Bills also help streamline permit processing for qualifying 100% affordable housing projects. Economic Development & Housing 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 2023-24 PY 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 PY23 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 while being consistent with community values and priorities. With the dissolution of Redevelopment Agencies 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 regularly 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. To the greatest extent possible, the City leverages the limited funding that is available. 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, a mix of 124 Extremely-, Very Low- and Low-Income affordable housing units (includes manager's unit), and a parking structure in the Downton 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 to develop multi-story, mixed use buildings that would include 196 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% AMI or below and up to 60% of Area Median Income with an estimated completion of construction and lease-up in 2024. Pacific Station North will be providing 127 affordable units plus 1 staff unit and is still finalizing funding. 25% of the units in both projects will be for supportive housing.

- **Downtown Plan Expansion.** The City of Santa Cruz is working 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 compliance monitoring ensures that affordable rental and ownership housing is retained in the City of Santa Cruz. The City last revised its inclusionary housing ordinance in 2020.
- **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 few years, the City of Santa Cruz has been able to leverage the AHTF to successfully secure two \$5 million grants from the State Housing and Community Development (HCD) Department for affordable housing development.
- **Cedar Street Family Apartments.** This 100% affordable housing development will provide 65 units at affordable rents (includes manager's unit) 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 HACSC is working on 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. This project is expected to break ground this year.
- **Harvey West Studios Project.** This project will provide services and 100% affordable supportive housing for the chronically homeless at the Housing Matters campus. This project will include a recuperative care center, a behavioral clinic, and 120 SRO units for very low-income households (includes manager's unit). This project is expected to break ground this year.
- **Jessie St Apartments.** This project will provide services and 50 units of 100% affordable supportive housing (includes manager's unit). This project is expected to break ground this year.

Actions planned to reduce lead-based paint hazards.

Childhood lead poisoning is one of the major environmental health hazards facing American children today. The dominant route of exposure is from ingestion. Young children are most at risk because they

have more hand-to-mouth activities and absorb more lead than adults. Although the City has not directly allocated CDBG or HOME funds for a Lead-based Paint Program, staff will use administration funds to continue to implement the lead-based paint regulations of 24 CFR Part 92 in all federally assisted City housing programs such as the Unified Housing Rehabilitation Program. The City requires all housing projects or programs receiving federal funds to comply with 24 CFR Part 92.

Actions planned to reduce the number of poverty-level families.

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

The City also 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, childcare for working parents, job seekers, and the homeless.

Actions planned to develop institutional structure.

During 2021-2022, 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 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 Pacific Station North and South mixed use development projects and the Library Affordable Housing project.

In the 2023-2024 Program Year, the City will also continue to prioritize 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.

Discussion:

See above.

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
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	85.00%

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.