

# City of Santa Cruz HOME-ARP Allocation Plan

**Participating Jurisdiction:** City of Santa Cruz

**Date:** March 9, 2023

## Introduction

On April 8, 2021, the Department of Housing and Urban Development (HUD) allocated the City of Santa Cruz \$1,434,354 in Home Investment Partnership (HOME) Program funds through the American Rescue Plan Act HOME Supplemental Allocations (ARP). The HOME-ARP funds are intended to primarily serve people experiencing homelessness or at risk of homelessness, or in other vulnerable populations. Funds can be used on a range of activities to support this population with housing stability. This may include rental assistance, non-congregate shelter, affordable housing development, and supportive services.

This allocation plan has been prepared by the Housing Division of the City of Santa Cruz's Economic Development Department. The City has sought a range of stakeholder input and compiled community data in development of this plan.

## Consultation

*Before developing this plan, a Participating Jurisdiction, (PJ), like the City of Santa Cruz, must consult with the regional Continuum of Care (CoC), which is a regional or local planning body that coordinates housing and services funding for homeless families and individuals. For the City of Santa Cruz the CoC consists of all jurisdictions within Santa Cruz County, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities, at a minimum. State PJs are not required to consult with every PHA or CoC within the state's boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction. The City has met these obligations.*

### **Summarize the consultation process:**

The City of Santa Cruz developed an online survey tool available through the City's website [www.cityofsantacruz.com/hudprograms](http://www.cityofsantacruz.com/hudprograms) to gather input on the priorities of various stakeholders and community members for the HOME-ARP funds allocated to Santa Cruz. The survey included a description of the funding opportunity and asked for input on prioritization of possible project types and corresponding funding allocation. The survey also allowed for open-ended input on the funding and needs surrounding homelessness and housing needs in Santa Cruz. This survey was distributed widely to community groups including the following: CoC membership agencies, domestic violence task force agencies, homeless veteran working group agencies, public housing authorities, and social services and affordable housing agencies. The survey tool was posted on

social media and listed in the City Manager's Weekly Update by the City of Santa Cruz. In-person feedback was gathered on QPs 3 & 4, in addition to the survey questions that included QPs 1 & 2.

In addition to the survey, City staff held virtual and in-person meetings with: CoC leadership, domestic violence provider agencies, public housing authority leadership, homeless provider agencies, and a range of housing stakeholders to discuss their priorities for the funding. A draft budget for use of the HOME-ARP funds was developed based on stakeholder feedback and community homeless strategic plan priorities. This draft budget was shared with the City Council, the key stakeholders listed above to gather input on the draft recommendation during the 15 day comment period.

The City directly engaged with the County (CoC leadership) on multiple topics including: current gaps in the City and County for homeless individuals and domestic violence needs and gaps through email. Members of the City leadership team (Homelessness Response Manager, Deputy City Manager and City Manager) regularly meet with the County's Health Department Team (including staff involved in the CoC leadership) on coordination efforts related to homelessness. The City also attended the County's Housing For Health Partnership (H4HP) community meetings on March 30, 2022 and April 20, 2022 to request attendees to complete the HOME-ARP survey and participate in the group sessions about the County's new approach to Coordinated Entry.

The City directly engaged with the Walnut Avenue Family and Women's Center which is a non-profit which is dedicated to improving the quality of life for women, children, and families in Santa Cruz County. They have been in operations for 85 years and is a strength-based family center. The Center seeks to improve the economic, physical, and emotional well-being of the individuals and families they serve. Service providing programs include: Early Education Center, Services for Children & Youth, Services for Survivors of Domestic Violence, Family Support Services, and Community Engagement. Many of the families participating in Walnut Avenue programs are from under-served populations due to poverty, early pregnancy, homelessness, and/or domestic violence. The City requested the Center and their clients' input on the publicly released survey and for information of current gaps in meeting the needs of those at risk of or fleeing domestic violence.

Housing staff also reached out to the Homelessness Response Manager from the City Manager's Office. During one consultation meeting, the Homelessness Response Manager discussed \$14 million in State funds received and the potential uses which include operational costs, such as additional city staff working on homelessness, expanded programs, and operating the Armory winter shelter which the CoC ceased to fund in Fiscal Year 2022 (FY22). Additional funding will go towards hygiene and other infrastructure related to homelessness. There is a gap for affordable and permanent supportive housing development. Therefore, feedback was received that HOME-ARP funding could meet that gap.

Housing staff elicited feedback from the Housing Authority of the County of Santa Cruz (Housing Authority) related to the use of the funds as well as to the state of Housing Choice Vouchers in the City and County. During the consultation process, it was repeatedly mentioned the largest need in the City is permanent supportive housing when looking to house the homeless. In the last two years, the County has begun shifting funding away from shelter services to permanent supportive housing and has allocated a large portion of its budget to

making additional vouchers available through the Housing Authority; though, it was shared in several recent CoC meetings that it has been difficult utilizing the vouchers due to a lack of rental housing and landlords willing to accept these targeted vouchers. Because of this persistent challenge to find landlords willing to accept vouchers, funding and developing units guaranteed to accept homeless voucher holders was a welcomed idea. The HA has been the only PHA providing Public Housing in the City.

***List the organizations consulted, and summarize the feedback received from these entities.***

<b>Agency/Org Consulted</b>	<b>Type of Agency/Org</b>	<b>Method of Consultation</b>	<b>Feedback</b>
Housing for a Healthy Santa Cruz County formerly HAP (Homeless Action Partnership)	CoC lead agency  QPs represented: 1, 2, 3 & 4	Email/Survey and Meetings	Key need for permanent supportive housing; emphasized in County new 3 year plan and prior “All-In” plan. Consulted regarding Domestic Violence gaps and current needs.
Abode Services	Nonprofit Homeless Services Provider & Affordable Housing Developer  QPs represented: Primarily 1 & also serves 3	Email/Survey and Meeting	Affordable housing without supportive services & Tenant Based Rental Assistance as top 2 choices; whatever HOME-ARP funds can be used for creation of housing stock is critical.
CAB (Community Action Board)	Nonprofit Homeless Services Provider  QPs represented: 2 & 4	Email/Survey and Meeting	Tenant Based Rental Assistance & Supportive services as top 2 choices.
Housing Matters	Nonprofit Homeless Services Provider & Organization That Serves Homeless Veterans	Email/Survey and Meeting	Permanent Supportive Housing & Supportive services as top 2 choices; advise spending in alignment with County 5 year plan.

	QPs represented: Primarily 1 & also serves 3		
Pajaro Valley Shelter Services	Nonprofit Homeless Services Provider  QPs represented: Primarily 1 & also serves 3	Email/Survey and Meeting	Permanent supportive affordable housing & affordable housing without supportive services as top 2 choices; More affordable housing needed.
Walnut Avenue Women & Family Center	Nonprofit Homeless Services Provider & Domestic Violence Service Provider  QPs represented: Primarily 3	Email/Survey	Housing & services are important; a need for administrative funding to support case managers or housing navigators due to high cost of living.
Association of Faith Communities	Faith-Based Organizations  QPs represented: 1, 2, 3 & 4	Email/Survey and Meeting	Affordable housing without supportive services & Tenant Based Rental Assistance as top 2 choices; Advises for counseling for homeless transitioning into living in housing again.
United Way of Santa Cruz County	Advocate  QPs represented: 1, 2, 3 & 4	Email/Survey and Meeting	No comments provided
Housing Authority of the County of Santa Cruz	Member of CoC, PHA and an Affordable Housing Provider  QPs represented: 1, 2, 3 & 4	One-on-one meeting, Email/Survey and Meeting	Biggest need is permanent supportive housing; hard to find landlords who will accept those with vouchers; NRSA need is overcrowding & substandard housing.
County of Santa Cruz Office of	School District	Email/Survey and Meeting	Permanent supportive affordable housing & Non-congregate emergency shelter as top 2

Education, Homeless Program	QPs represented: primarily 1		choices; States there is a need for permanent housing and emergency shelters.
County of Santa Cruz Human Services Department	CoC member and administrator for the CoC lead agency  QPs represented: 1, 2, 3 & 4	Email/Survey and Meeting	Permanent supportive affordable housing & affordable housing without supportive services as top 2 choices; City needs more affordable housing choices.
Central California Alliance for Health	CoC member  QPs represented: 1, 2, 3 & 4	Meeting	Appreciates that this funding can be used to invest in housing construction as there are funds available for supportive services, but not for the housing to go along with it.
County of Santa Cruz Board of Supervisors – Supervisor Koenig	Elected Official & CoC member  No QPs specifically represented directly	Public Meeting	Interest in pallet shelters and collaboration between City & County to use City funds in unincorporated area (and combine with anticipated County HOME-ARP award from the State)
Central Coast Center for Independent Living	Nonprofit Homeless Services Provider (including those with disabilities)  QPs represented: primarily 2 & 4	Email/Survey and Meeting	No specific feedback was provided.
Heather Rogers – Public Defender, County of Santa Cruz	Advocate (Civil Rights and Fair Housing among others)  No QPs specifically represented directly	Email/Survey and Meeting	No specific feedback was provided.

Human Care Alliance	Advocacy Organization  QPs represented indirectly: 1, 2, 3 & 4	Public Meeting	No specific feedback was provided.
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**Public Participation**

*Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:*

- **Public comment period:** start date – 4/25/2022 end date – 5/10/2022
- **Public hearing:** 5/10/2022

The public comment period began on April 25, 2022, with publication of notice of public comment period in the Santa Cruz Sentinel on April 10, 2022. The comment period was open until May 10, 2022. During this time, a public survey was open to all community members and shared with key stakeholders as described above. The public survey was published on the main City of Santa Cruz website. In addition to direct stakeholder notification, the survey was promoted on social media to a broad audience and was included in the City Manager’s weekly update on the following date: March 9, 2022. The survey was promoted at the CoC’s public meeting on March 30, 2022 in which staff gave a brief summary of HOME-ARP funds and requested participation of those in attendance at the meeting. The link to the survey was provided 2 times during the meeting and was also included in an article in the Santa Cruz Sentinel newspaper on April 1, 2022.

Adding to the survey tool engagement, the City attended two CoC public meetings and hosted one public hearing. A public Housing for a Healthy Santa Cruz meeting was held on: March 30, 2022 at 2:30 pm virtually with over 70 attendees and a second meeting was held on April 20, 2022, at 4:00 p.m. virtually with over 26 attendees. The Santa Cruz City Council Public Hearing was held May 10, 2022, at 2:00 p.m. at City Council Chambers in a hybrid format via Zoom teleconference and in the City Council Chambers with the City Council present.

*Describe any efforts to broaden public participation:*

The City of Santa Cruz does not discriminate against persons with disabilities and the Council Chambers is an accessible facility. Members or the public who wish to attend the public meeting(s) and require special assistance or devices are able to call the Office of the City Clerk at least three days in advance to make arrangements for assistance. The City has accommodations available for those who require translation services and are hearing impaired. In addition to efforts described above, the survey and all public notices were made available in Spanish.

*Summarize the comments and recommendations received through the public participation process:*

Below is a table summarizing the comments and recommendations received through the public online survey (distributed to both CoC members and the public at large):

<b>Survey Results - Summary</b>	
<b>Q1: The awarded funding must be spent in one or more of the categories below. Please indicate which of the following needs is the *most* important for those who are homeless and at risk of homelessness (choose one only):</b>	
Category	%
Affordable Housing Development* <i>*46% of respondents supported affordable housing with supportive services.</i>	61%
Non-congregate emergency shelter (shelter in private rooms such as motels and shelters with private rooms)	21%
Tenant based rental assistance (temporary assistance with security deposit and paying a portion of the rent)	8%
Supportive services such as case management, homelessness prevention services and housing counseling	10%
<b>Q2: The awarded funding must be spent in one or more of the categories below. Please indicate which of the following needs is the *second* most important for those who are homeless and at risk of homelessness (choose one only):</b>	
Affordable Housing Development* <i>*28% of respondents supported affordable housing without supportive services.</i>	52%
Non-congregate emergency shelter (shelter in private rooms such as motels and shelters with private rooms)	18%
Tenant based rental assistance (temporary assistance with security deposit and paying a portion of the rent)	15%
Supportive services such as case management, homelessness prevention services and housing counseling	15%
<b>Q3: Do you have first-hand experience of being homeless?</b>	
Yes	22%
No	78%
<b>Q4: Please indicate if you currently work or volunteer for any organizations providing services for the homeless, list the organization and briefly describe your role. Or let us know if it is not applicable.</b>	
Summary: There were a variety of responses; there were many representatives of the CoC members as well as community members and service providers not part of the CoC.	
<b>Q5: Is there anything else you would like to say about the needs of the unhoused or the use of the HOME-ARP funds?</b>	

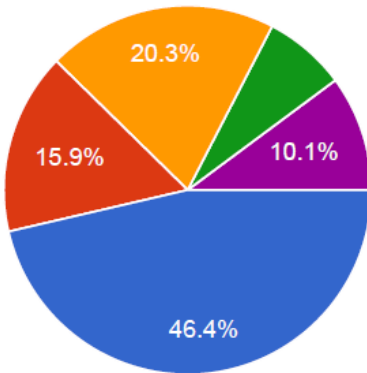
Summary: Many comments in support of developing new units, services to support those experiencing homelessness and coming out of homelessness and long-term solutions needed.

Approximately 69 people responded to the survey.

A visual representation of the survey results is available on the following page:

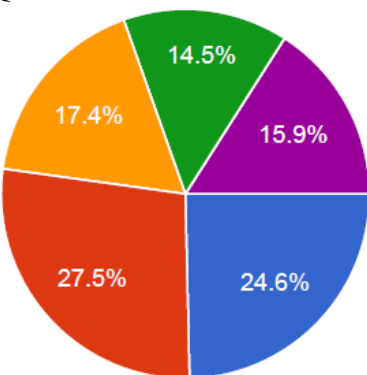


Q1:



- A. Permanent supportive affordable housing for families and individuals
- B. Affordable housing for families and individuals without supportive services
- C. Non-congregate emergency shelter (shelter in private rooms such as motels and shelters with private rooms)
- D. Tenant based rental assistance (temporary assistance with security deposit and paying a portion of the rent)
- E. Supportive services such as case management, homelessness prevention services and housing counseling

Q2:



- A. Permanent supportive affordable housing for families and individuals
- B. Affordable housing for families and individuals without supportive services
- C. Non-congregate emergency shelter (shelter in private rooms such as motels and shelters with private rooms)
- D. Tenant based rental assistance (temporary assistance with security deposit and paying a portion of the rent)
- E. Supportive services such as case management, homelessness prevention services and housing counseling

The City did not receive any written public comments during the review period.

At the public hearing held as a hybrid meeting both online and in person on May 10, 2022, there were no members of the public that spoke on the Plan.

***Summarize any comments or recommendations not accepted and state the reasons why:***

The City did not receive any public comments or recommendations that were not accepted.

## Needs Assessment and Gaps Analysis

### Housing Needs Inventory and Gap Analysis Table

Non-Homeless			
	Current Inventory	Level of Need	Gap Analysis
	# of Units	# of Households	# of Households
Total Housing Units <sup>1</sup> (includes rental and for sale)	24,450		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness) <sup>2</sup>	930		
Rental Units Affordable to HH at 50% AMI (Other Populations) <sup>2</sup>	1,596		
0%-30% AMI HH w/ 1 or more severe housing problems (At-Risk of Homelessness) <sup>3</sup>		3,195	
30%-50% AMI HH w/ 1 or more severe housing problems (Other Populations) <sup>3</sup>		1,715	
<b>Current Gaps</b>			11,830

**Data Sources:** 1. American Community Survey (ACS) 2020; 2. 2010 ACS 5-Year Estimates DP04 Selected Housing Characteristics 3. Comprehensive Housing Affordability Strategy (CHAS) data 2014-2018.

*Describe the size and demographic composition of qualifying populations within the PJ's boundaries:*

#### (1) Homeless Populations

A Point in Time Count (PIT) was recently completed in 2022, however, data will not be available until July 2022, and therefore data from the most recent prior PIT has been used for this section. The 2019 PIT for Santa Cruz County is available online. During the 2019 PIT Count, 467 sheltered and 1,700 unsheltered people experiencing homelessness were identified. Anecdotally, during the pandemic and after the CZU fires, homeless encampments and the need for trash collection grew noticeably so it is anticipated that these numbers will be much higher in the more recent PIT. Approximately 64% of the individuals surveyed had been experiencing homelessness for 1 year or more, 31% for 1-11 months and 5% for 30 days or less. 403 people were experiencing chronic homelessness with 49 of these individuals being part of a family experiencing homelessness.

The 2019 PIT Count identified 151 veterans experiencing homelessness. Approximately 67% of veterans experiencing homelessness were connected to some form of government assistance, with the most frequently used benefit being food stamps, followed by Veterans Affairs Benefits (VA) and Social Security benefits. There were 122 families with 419 individuals experiencing homelessness identified during the 2019 PIT Count. The majority of homeless families with children were unsheltered during the 2019 PIT Count. There were also 51 unaccompanied children under the age of 18 and 569 transition-aged (ages 18 – 25) youth experiencing homelessness during the 2019 PIT Count. The types of assistance which might help obtain permanent housing cited by both groups was rental assistance, followed by more affordable housing.

Approximately 59% of people experiencing homelessness in Santa Cruz were 25 years or older. Males accounted for 67% of the total homeless count. 33% of people experiencing homelessness were Hispanic, 67% of total individuals experiencing homelessness were White, and 8% were Black. 14% of the total count were multi-racial, and 10% American Indian or Alaskan Native.

## **(2) Individuals and Families at Risk of Homelessness**

Based on 2014-2018 federal CHAS data, there are a total of 3,970 renter households at or below 30% Area Median Income (AMI). Of the 30% AMI renter households, 3,195 have at least 1 of 4 housing problems as defined by HUD, with 3,130 households facing a cost burden of 30% or more. The cost-burden means that households are paying more than 30% of their income on rent. In addition, Santa Cruz has 1,875 renter households between 30% and 50% AMI, with 1,715 of these having one or more housing problems, with 1,670 households facing a cost burden of 30% or more. CHAS data means custom tabulations of American Community Survey (ACS) data from the U.S. Census Bureau to demonstrate the extent of housing problems and housing needs in an area.

Demographic information (such as race, ethnicity, age and gender) is not readily available for this QP.

## **(3) Those Fleeing or Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking or Human Trafficking**

In the 2019 PIT Count, approximately 11% of those experiencing chronic homelessness and 9% of non-chronically homeless stated the primary cause of homelessness was family/domestic violence. While this group is a smaller subsection of the HUD Qualifying Population #3, the data reflected in this section relates to estimates under the expanded HUD definition which includes those fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking.

Estimates of instances of domestic violence locally have been pulled together from multiple sources, none of which is comprehensive, but each adds to the overall understanding. The California Department of Justice (DOJ) Criminal Justice Statistics Center (CJSC) collects information on Domestic Violence Related Calls for Service (DVRCS). The DVRCS data is collected from various Law Enforcement Entities in the state on a monthly basis. In 2020, the City of Santa Cruz Police Department received 328 calls for assistance related to domestic violence. The Santa Cruz County Sheriff's Department received 420 calls for assistance related to domestic violence. DataShare Santa Cruz County (a County level data sharing site) shows that in 2020, there was an average of 5.5 calls per 1,000 population of 18-69 year olds related to domestic violence. This is lower than the State average of 6.1, but it is higher than the City's rate in 2019 (which was 5.1) and shows a slow upward trend of domestic violence calls. There has been an upward trend since 2011 when the average call level in the City was at 4.4 per 1,000 population. The County's dashboard is based on data from the DOJ.

## **(4) Residents living in housing instability or in unstable housing situations**

As per HUD's Comprehensive Housing Affordability Strategy (CHAS) tool, approximately 43% of households are spending more than 30% of their income on housing for the 2015-2019 census period (based on ACS data). Households spending more than 50% of their income on housing amounts to approximately 26% of total households according to 2015-2019 ACS data. Demographic information (such as race, ethnicity, age and gender) is not available for this QP.

According to the City of Santa Cruz's Housing Element (2015-2023), the City is projected to experience continued household growth throughout the plan period. As of 2015, 59.5% of households earned less than the median income, resulting in a high demand for affordable homes and apartments while supply continues to be tight.

*Describe the unmet housing and service needs of qualifying populations, including but not limited to:*

- *Sheltered and unsheltered homeless populations;*
- *Those currently housed populations at risk of homelessness;*
- *Other families requiring services or housing assistance or to prevent homelessness; and,*
- *Those at greatest risk of housing instability or in unstable housing situations:*

### **(1) Homeless Populations**

In recent analyses conducted by the County of Santa Cruz Housing for Health Partnership (H4HP), a few gaps were identified and formed core goals in the Housing for Health Framework (HHF) as being most important to address. The recommendations of the first core goal in the HHF were to: 1) integrate housing navigation services into existing shelter services, 2) increase the number of diversion programs that could help when persons first become homeless, and 3) the report recommended more services and direct assistance in the way of flexible funding for security deposit assistance, housing application fees, grocery cards, furniture, peer to peer training as well as better data collection in the HMIS system of those exiting to housing.

The second core goal of the HHF was to better distribute shelter locations and increase shelter bed numbers across the County of Santa Cruz, as most are located currently in the City of Santa Cruz and the City of Watsonville. The plan recommends increasing the number of temporary beds from 440 to 600 and the number of Rapid Rehousing Slots from 140 to 490 by 2024. Additionally, the plan aims to increase the Permanent Supportive Housing Slots from 500 to 600. These goals, however, do not indicate the increase that would be needed to provide shelter for even a quarter of the current unhoused population of Santa Cruz County, according to the latest Point-in-Time count.

### **(2) Individuals and Families at Risk of Homelessness**

Feedback from homeless service providers identified an immediate need for additional homeless prevention resources, such as addressing the housing shortage and lack of policies available to support and protect low income households. With eviction court proceedings now resuming after a pandemic moratorium, as well as rising rent prices and economic uncertainty, providers of homeless prevention services see an increased demand for their services to help relocate families who have been evicted and to help maintain stability for families not yet forced to leave. The State recently passed and signed into law AB 2179 which extends evictions protections through June

30, 2022 for those who applied for state or local rental assistance as of March 31, 2022. This bill provides that any extension, expansion, renewal, reenactment, or new adoption of a measure by the specified local authorities, that occurs between August 19, 2020, and June 30, 2022, has no effect before July 1, 2022, and would make a conforming change. The bill extends the date for which the requirements and limitations described above relating to COVID-19 rental debt repayment periods are determined to August 1, 2022. The bill prohibits any provision by the specified local authorities permitting a tenant to repay COVID-19 rental debt beyond August 31, 2023. While this bill can offer some protections to those with pending rent payment applications, it does not assist those who were unable to submit an application prior to the deadline of March 31, 2022.

Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. The California Housing and Community Development Department (HCD) oversees this process for all regions throughout the state. The statutory objectives of the Regional Housing Needs Assessment (RHNA) process are to ensure jurisdictions have the capacity to (1) increase the housing supply and mix of housing types, affordability in an equitable manner; (2) promote infill development & socio-economic equity, protect environmental and agricultural resources and encourage efficient development patterns; (3) promote improved intraregional jobs-housing relationship including jobs housing fit; (4) balance disproportionate household income distributions; and (5) affirmatively furthering fair housing.

Over the next three years, the HRAP indicates that by issuing the current targeted number of housing permits the City could meet or exceed the required number of low- and very low-income housing units as outlined in the State mandated RHNA for the City of Santa Cruz. Currently, the City is exceeding the number of required units in all categories except for Very Low. There are currently 123 very low-income units needed in order to meet the City’s 2015-2023 5th cycle RHNA. The City’s RHNA for the 6th cycle has not yet been finalized but, statewide, RHNA numbers have increased approximately fourfold. The most recent draft RHNA for the City was 3,736 units total, up from 747 units total in the 5th cycle. The affordability level breakdown of those 3,736 draft units follows, along with the current 5th cycle breakdown:

	<b># of VLI</b>	<b># of LI</b>	<b># of Moderate</b>	<b># of above Moderate</b>	<b>Total</b>
Draft 6 <sup>th</sup> Cycle	857	562	709	1,606	3,736
5 <sup>th</sup> Cycle Requirements	180	118	136	313	747
5 <sup>th</sup> Cycle	57	282	233	605	1,177

(developed to date)					
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The RHNA amount is expected to be finalized this spring by the State Housing and Community Development Department (HCD). Concurrently, the City will be working with a consultant to assist with the development of an update to the Housing Element to show how the City will plan to accommodate the anticipated amount of housing units required under the RHNA.

**(3) Those Fleeing or Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking or Human Trafficking**

Transitional housing for those fleeing or attempting to flee, domestic violence, sexual assault, stalking or human trafficking is a service that is extremely limited in the County of Santa Cruz. While there are a few scattered site locations offered through Monarch Services, Families in Transition and the Walnut Ave Women’s Center, these locations are typically emergency shelter only. The transitional housing available for women as families or individual households is not specifically set-aside for those fleeing domestic violence and so there is often nowhere to exit to from the emergency shelter, as the waitlist for family and individual transitional housing in Santa Cruz can be over a year.

The 2019 PIT Count states that histories of domestic violence and partner abuse are prevalent among persons experiencing homelessness and can be the primary cause of homelessness for many. Five percent (5%) of the 2019 survey respondents reported current experiences of domestic violence or abuse, which was similar to the 2017 PIT (6% of respondents). Thirty-two percent (32%) of survey respondents reported they had experienced domestic violence or abuse in the past, which was a decline from 2017 (39%). Approximately 11% of those experiencing chronic homelessness cited family/domestic violence as their primary cause while 9% of non-chronically homeless cited family/domestic violence as their primary cause. While PIT Count data appears to have a smaller definition than those eligible for assistance under HOME-ARP, the larger HOME-ARP definition will be utilized to assist eligible persons and households.

As part of the City’s outreach to domestic violence service providers, the City received feedback that there are two areas of concern victims of domestic violence face: bad credit and non-centralized access to the community services. In general, participants need to be able to access other community services through a one-stop model. Many will need to access services through a variety of programs and organizations and there is a possibility survivors will become overwhelmed in the process. The Housing First model includes several steps that require close case management or social worker services. This group also requires continued follow up from several agencies.

**(4) Residents Living in Housing Instability or in Unstable Housing Situations**

One of the most critical gaps for those living in conditions of housing instability or unstable housing situations is affordable housing. Even after years of waiting on Housing Authority lists, once households obtain vouchers, it is difficult for them to find landlords willing to accept those vouchers. The U.S. Department of Housing and Urban Development (HUD) Office of Policy Development and Research conducted a Comprehensive Housing Market Analysis in 2019 of Santa Cruz-Watsonville, California. This report supports the Housing Element’s projection of a

tight housing market. Despite slowing job growth and net out-migration since 2015, historically sluggish home construction activity has resulted in extremely tight home sales market conditions. The HUD report forecasted a need of approximately 730 new sales units during the following 3 years (2020, 2021 & 2022), while at the time of the report only 60 units were actively under construction.

Aside from the need for affordable housing units, there is also a need for rent assistance that would allow those households at risk of homelessness due to temporary financial setbacks. There are a limited number of Eviction Prevention programs County-wide and with some pandemic related housing assistance timing out in March of 2022, there is a gap between the need for such services and those made available County-wide. Community Action Board of Santa Cruz received a renewing 3-year contract from the collaborative County and City of Santa Cruz CORE funding programs of approximately \$800,000 annually for such rental assistance. Though, the current wait for such assistance is several months and then is limited to only 3 months of assistance.

***Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:***

While a cost analysis is currently in process, initial estimates of total costs budgeted and absorbed across all departments is \$13.8 million in FY22, with approximately 73% of that being estimated costs that are absorbed by departments as they participate in homelessness response work such as outreach, calls for service, transportation, clean-up, remediation, hygiene station deployment, and management, enforcement, etc. The City is spending more than originally budgeted on homelessness related activities across almost all departments. Other services funded by the City include Tenant Based Rental Assistance (TBRA) and emergency eviction prevention through State and Red Cross funding, and community supportive programs through Community Development Block Grant (CDBG) funds.

Housing Matters is the largest emergency and transitional shelter site for people experiencing homelessness in Santa Cruz. Housing Matters serves approximately 2,500 people each year, more than 550 of whom have found permanent housing with the support of the programs offered at Housing Matters. The Housing Matters campus currently hosts four emergency and transitional housing beds for nearly 230 people, a medical clinic and a 12 bed medical respite care facility. Housing Matters is currently working with the City on plans to redevelop parts of the campus to provide 121 permanent supportive housing units for those experiencing homelessness. There is also another emergency shelter option provided by The Salvation Army in partnership with the City and County of Santa Cruz.

As noted above, the City is currently funding a TBRA program funded with over \$200,000 in reallocated State relocation funds granted to the City by HCD. This program is managed in partnership with the Housing Authority. It is estimated that over 100 households could be helped with these funds, but demand for the program has been low since the beginning of the pandemic. Per the lower than usual demand for security deposit assistance, it is anticipated that closer to 25 household will be helped through June 30, 2022 with excess relocation funding being transferred to a food program benefitting those eligible for Supplemental Nutrition Assistance Program

(SNAP) benefits as the funds will expires June 30, 2023. The City also partners with Community Action Board (CAB) on an Emergency Eviction Prevention Program (EPPP).

Since the beginning of the COVID-19 pandemic, the City of Santa Cruz has assisted approximately 75 households with emergency rental assistance through the EPPP. This equates to 217 individuals: 13 seniors, 84 children and 120 adults. This program was funded with \$200,000 in HOME and \$30,000 Community Development Block Grant COVID-19 (CDBG-CV) funding, and all funds have been expended. 90% of renters served by EPPP earn under 60% AMI, while 10% can earn up to 80% AMI and are in need of assistance to maintain housing stability. Program participants have experienced a loss or reduction of income due to COVID-19 and have past due rent with no alternative payment methods.

In early 2022, staff from the City of Santa Cruz, County of Santa Cruz and Cities of Watsonville and Capitola met to develop a coordinated plan for addressing local rental assistance needs. Based on these regional conversations, the County committed \$500,000 to CAB for case management and rental assistance activities including: 1. Follow-up with the State and local applicants with pending Housing Is Key applications; 2. Provide support to households to sustain housing after back-rent/utilities are paid; and 3. Work with households and the courts to minimize the number of formal evictions and to maintain stable housing. As part of this collaborative approach, the Cities of Santa Cruz, Capitola and Watsonville agreed to commit funding towards a centralized local rental payment assistance program to be administered by CAB. On April 12, 2022, the Santa Cruz City Council awarded \$150,000 to CAB for tenant based rental assistance similar to the EPPP funded at the beginning of the pandemic. Expansion and continuation of this program will provide much needed flexible financial assistance for those households that were unable or ineligible to access the State's Rent Relief Program.

Throughout the pandemic, the City has continued to promote the State's COVID-19 Rent Relief program since its launch. The program closed to new applications on March 31, 2022. According to the program dashboard, the State has received over 830 complete household applications from those living in the City of Santa Cruz. Over 447 households have been assisted as of April 5, 2022 with average assistance amounts of \$10,000, and totaling over \$4.5 million being paid. Over 65% of applicants are in the Extremely Low Income category (less than 30% AMI) and an additional 21% are in the Very Low Income category (30-50% AMI).

The County of Santa Cruz's Housing for Health Division, Housing Matters, Abode Services, Community Action Board, the Santa Cruz County Veterans Memorial Building Board of Trustees and the Housing Authority are collaborating on the Rehousing Wave program which was developed to help more than 800 people receive shelter, food and critical services during the pandemic by using federal and state funding. This program helps meet the objectives of the County's three-year framework to address homelessness. Highlights of this program include: \$8 million over 2 years to Housing for Health Navigation teams (strength-based care management plus rental assistance funding to Abode Services, Housing Matters and County Housing for Health team); \$1.2 million over two years for a Real Estate Partnership Program (to Abode Services); Community Action Board flexible housing problem solving fund; and an estimated \$9.3 million per year for the Housing Authority for 75 Mainstream COVID-19 Vouchers and 263 Emergency Housing Vouchers.



***Identify any gaps within the current shelter and housing inventory as well as the service delivery system:***

As described above in the service needs section for each population, the following gaps exist in the systems currently serving HOME-ARP qualifying populations:

- Target of 123 Very Low Income units under RHNA 5th Cycle
- Target of 3,736 units at varying levels of affordability under RHNA 6th Cycle
  - 857 Very Low Income units
  - 562 Low Income Units
  - 709 Moderate Income Units
  - 1,606 Above Moderate Income Units

The County's H4HP Strategic Framework from January 2021-2024 (the County's Framework) outlines goals to reduce the number of households experiencing homelessness at a point-in-time by just over 25% between January 2019 and January 2024. It also calls for a 50% reduction in the number of households living "unsheltered" in places such as the streets, parks, cars, and unsafe structures. The California Housing Partnership estimates over 10,000 renter households in Santa Cruz County do not have access to an affordable home and among these households living with the lowest incomes. In the City of Santa Cruz, approximately 72% of households making less than 30% AMI pay more than 50% of their income toward housing according to 2014-2018 CHAS data. This group is the most likely to experience housing instability, overcrowded or unsafe living conditions, and homelessness. Within this group are people living on fixed incomes such as seniors and people with disabilities, as well as, unemployed, underemployed, and employed individuals that cannot afford local housing costs. The 2019 PIT Count showed approximately 31% of those experiencing homelessness had employment at the time of the count. Therefore, employment itself cannot prevent homelessness when wages are insufficient to cover housing costs. The Framework calls for implementing a range of strategies that support reducing housing costs and increasing household incomes. While HOME-ARP funds cannot address increasing incomes, it can work to reduce housing costs by providing more affordable units.

The County of Santa Cruz conducted a County-wide baseline assessment of homeless services and found some gaps in existing shelters with regards to services for housing re-entry. There was a recommendation to integrate housing navigation services into the existing shelters. There was also a gap identified in number of diversion programs according to the Focus Strategies Santa Cruz Baseline Assessment Report, from August 2019. The report recommended more services and direct assistance in the way of flexible funding for security deposit assistance, housing application fees, grocery cards, furniture, peer to peer training as well as better data collection in the HMIS system of those exiting to housing. The need to alleviate gaps in geographical distribution of shelter locations and number of shelter beds and seasonal shelter availability led to the recommendation to build shelter capacity, and this forms the second core goal of the Housing for Health Framework. The plan recommends increasing the number of temporary beds from 440 to 600 and the number of Rapid Rehousing Slots from 140 to 490 by 2024. Additionally, the plan aims to increase the Permanent Supportive Housing Slots from 500 to 600. But, with the latest Point in Time (PIT) count of 2,299 on February 28, 2022 these targets wouldn't provide enough shelter beds for even a fourth of those identified as homeless. The current goals likely will not provide enough shelter,

rehousing or Permanent Supportive Housing even when attained. Whether they will help to lower the number of those experiencing homeless overall remains to be seen.

One of the core goals of the County’s Framework is to improve the effectiveness of all programs in helping people secure housing. The County’s Housing for Health Division (H4H) is looking at strategies such as shortening the time people remain unhoused or in programs prior to securing housing, increasing the rate at which people find housing, and decreasing the number of people that become homeless. Interim benchmarks for these focus areas have been established for each year and progress will be regularly assessed to allow for adjustments to be made as needed to maximize results. By the end of 2023, H4H is looking to reduce the length of stay in Emergency Shelters, Transitional Housing, Rapid Rehousing and Permanent Supportive Housing and increase rehousing rates across all types of shelter and housing by approximately 15%.

***Identify the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions in its definition of “other populations” as established in the HOME-ARP Notice:***

The City of Santa Cruz will use HOME-ARP funds to serve all qualifying populations. In addition to the HOME-ARP funding, the City will also use other fund sources to meet the needs of households that qualify under the HOME-ARP qualifying populations. The City will not include any conditions in its definition of “other populations”.

***Identify priority needs for qualifying populations:***

Based on the extensive outreach and consultations and among the various needs and gaps outlined above, the following is considered the highest or most immediate priority to serve the most vulnerable members of the community:

- Affordable housing for families and individuals

***Explain how the level of need and gaps in its shelter and housing inventory and service delivery systems based on the data presented in the plan were determined:***

The City of Santa Cruz used a variety of data sources to determine the level of need and gaps in the housing and shelter system. Data analysis to inform the community needs comes from the Point in Time Count, the County of Santa Cruz Housing Market Gap Analysis, and other local sources. Reports include the community Homelessness Response Action Plan, the County of Santa Cruz’s Housing for a Healthy Santa Cruz most recent updates to the County of Santa Cruz Board of Directors on March 22, 2022 and April 20, 2022. Each of the studies was based on its own data but also robust community engagement of stakeholders and people with lived experience of homelessness, housing instability, or domestic violence. Consultation with stakeholders and providers also shaped the prioritization of needs seen in the community in the face of the COVID-19 pandemic and the recent CZU Fire (August 2020) which resulted in a loss of approximately 900 units in the County.

## **HOME-ARP Activities**

***Describe the method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly:***

The City of Santa Cruz will allocate funds to eligible affordable housing projects and developers that have applied through the City’s established procurement process through a Notice of Funds Available (NOFA). The City prioritizes organizations that partner with other community groups (e.g. nonprofits, public housing authorities, medical providers, transit agencies, etc.) in order to leverage funding and better serve residents. NOFA responses are scored by a panel of City staff and partners from other organizations with no financial interest in the NOFA. Priority is given to organizations able to blend funding sources to execute a project to develop 80-100 new units of affordable housing with a minimum of 25% of the total units being set-aside for permanent supportive housing.

There are currently five projects in the City of Santa Cruz that are proposing to include permanent supportive housing units, four of which have already received City Council approval and are at different stages of pre-development. Two projects have already procured the necessary funding, but there are three projects working to close funding gaps, however only one could be filled by HOME-ARP funding which could accelerate project development, therefore the City is recommending allocating the HOME-ARP funding to the Pacific State North project with 95 affordable rental apartments.

***If any portion of the PJ’s HOME-ARP administrative funds were provided to a subrecipient or contractor prior to HUD’s acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ’s entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ’s HOME-ARP program:***

Not applicable, the City of Santa Cruz will directly administer HOME-ARP activities.

**Use of HOME-ARP Funding**

	<b>Funding Amount</b>	<b>Percent of the Grant</b>	<b>Statutory Limit</b>
Supportive Services	\$ 0		
Acquisition and Development of Non-Congregate Shelters	\$ 0		
Tenant Based Rental Assistance (TBRA)	\$ 0		
Development of Affordable Rental Housing	\$ 1,219,200.90		
Non-Profit Operating	\$ 0	0%	5%
Non-Profit Capacity Building	\$ 0	0%	5%
Administration and Planning	\$ 215,153.10	15%	15%
<b>Total HOME ARP Allocation</b>	<b>\$1,434,354</b>		

***Additional narrative, if applicable:***

Not applicable.

***Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:***

One of the key principles identified in the Homelessness Response Action Plan and the Housing Market Gap Analysis is the development of new units, including those of permanent supportive housing. Given the community's unsheltered and chronically homeless population, this intervention need is a priority for the City. The HOME-ARP allocation plan allocates funding for the development of affordable housing units and a minimum of 25% permanent supportive housing units.

The number of units needed to ensure that every ELI household in the County has access to a housing unit that matches the affordability standard of paying 30% of income for rent totals 8,660, however, the County's Housing Market Gap Analysis does not require that the gap needs to be fully closed to reduce homelessness. Most ELI households rent units at higher affordability levels (by sharing units, assuming a high rent burden, or by using a rental subsidy). Overall, developing more ELI housing will help improve the system's ability to provide affordable units for people who are experiencing homelessness or who are at-risk of homelessness. Steadily increasing the supply of deeply affordable housing is a critical strategy that improves community stability and well-being and would reduce poverty and homelessness in the City and County.

Marshalling resources to scale up production of housing for ELI households will be critical to the success of the City and County's efforts to reduce homelessness and to address equity in access to affordable housing. The County has established goals of targeting a 50% reduction of households experiencing unsheltered homelessness and a 26% reduction in the total number of households experiencing homelessness. Their adopted model also includes increasing the rate at which households exit the homeless system to permanent housing and calls for approximately 1,500 housing exits annually from shelter and rapid rehousing. Only some of these exits may be achieved by providing services and rental assistance to support people experiencing homelessness to secure units in the existing market. The County's Housing Market Gap Analysis states that relying solely on the inventory of affordable units currently available in the City and County will not be sufficient to solve homelessness; additional units are needed. New ELI housing units will promote neighborhood and household stabilization, prevent and end homelessness, and can be part of addressing racial and gender disparities in access to safe and affordable housing.

### **HOME-ARP Production Housing Goals**

***Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:***

The City of Santa Cruz estimates producing approximately 6 units of supportive housing depending on the number of bedrooms per unit, this number may change. Though, this will close the funding gap for a project providing over 90 units of affordable housing and will support the overall project's financial viability.

***Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs:***

Using HOME-ARP funds, the City has a goal of producing 6 units of supportive housing depending on the number of bedrooms per unit, this number may change. This will make progress

toward the City’s goal of creating 123 new Very Low Income units to meet the 5th Cycle RHNA requirement.

## **Preferences**

***Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:***

The City of Santa Cruz will not prioritize one or more qualifying populations over another. The City will collaborate with the County of Santa Cruz Housing Authority and Housing for a Healthy Santa Cruz to house those who have been waiting on assistance lists as long as they meet HUD definitions of qualified populations. The Housing Authority waitlist has been closed since July 11, 2011 and currently has approximately 12,000 households on the list. When the waitlist first closed, there were over 15,000 families on the list. The City of Santa Cruz would propose to help households eligible for HOME-ARP assistance that are currently on the waiting list and to open a new list for the HOME-ARP units once the existing list is exhausted. In that way, HOME-ARP eligible households that have been waiting for over 12 years would be considered for the units first. This would be done through a questionnaire completed by households that are near the top of the existing list with no preference given to any of the different HOME-ARP qualified populations. While there will likely only be at most 6 HOME-ARP units based on the amount of available HOME-ARP funding and the HOME maximum subsidy limits, there are likely hundreds of HOME-ARP eligible households on the list.

***If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ’s needs assessment and gap analysis:***

Not applicable

***If a preference was identified, describe how the PJ will use HOME-ARP funds to address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the preference:***

Not applicable

## **HOME-ARP Refinancing Guidelines**

The City of Santa Cruz does not intend to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds.

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with 24 CFR 92.206(b). The guidelines must describe the conditions under which the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ration between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity.***  
Not applicable
- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***  
Not applicable
- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***  
Not applicable
- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***  
Not applicable
- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.***  
Not applicable
- ***Other requirements in the PJ's guidelines, if applicable.***  
Not applicable

## Glossary of Acronyms Used

ACS	American Community Survey
AMI	Area Median Income
CAB	Community Action Board
CDBG	Community Development Block Grant
CDBG-CV	Community Development Block Grant COVID-19
CHAS	Comprehensive Housing Affordability Strategy
CJSC	Criminal Justice Statistics Center
CoC	Continuum of Care
DOJ	California Department of Justice
DVRCS	Domestic Violence Related Calls for Service
EEPP	Emergency Eviction Prevention Program
ELI	Extremely Low Income
H4H	Housing For Health Division at the County of Santa Cruz
H4HP	Housing For Health Partnership
Housing Authority	Housing Authority of the County of Santa Cruz
HCD	California Housing and Community Development Department
HH	Household
HOME	HOME Investment Partnership
HOME-ARP	HOME Investment Partnership American Rescue Plan
HRAP	Homelessness Response Action Plan
HUD	Federal Department of Housing and Urban Development
NOFA	Notice of Funds Available
PHA	Public Housing Agency
PIT	Point In Time Count
PJ	Participating Jurisdiction
RHNA	Regional Housing Needs Allocation
SNAP	Supplemental Nutrition Assistance Program
TBRA	Tenant Based Rental Assistance
VA	Veteran's Affairs Benefits