



Housing & Community Development 2010-2015 Consolidated Plan & 2010-2011 Action Plan



**City of Santa Cruz
May 2010**

May 2010

**City of Santa Cruz
2010-2015 Consolidated Plan
2010-2011 Action Plan**

DUNS No. 050515881

City Council:

Mike Rotkin, Mayor
Ryan Coonerty, Vice Mayor
Katherine Beiers
Don Lane
Tony Madrigal
Cynthia Matthews
Lynn Robinson

City Manager:

Richard C. Wilson

Economic Development and Redevelopment Department

Bonnie Lipscomb, Director
Carol Berg, Housing and Community Development Manager
Norm Daly, HOME Program Coordinator

TABLE OF CONTENTS	PAGE
EXECUTIVE SUMMARY	
SECTION 1. INTRODUCTION	
1.01 Purpose of the Consolidated Plan	1-1
1.02 Lead Agency	1-2
1.03 Organization of Report	1-3
SECTION 2. COMMUNITY PROFILE	
2.01 Population and Resident Characteristics	2-1
2.02 Housing Characteristics	2-4
2.03 Economic Characteristics	2-5
SECTION 3. HOUSING MARKET ANALYSIS	
3.01 Housing Supply	3-1
3.02 Housing Conditions	3-3
3.03 Housing Affordability	3-5
3.04 Quantifying Housing Needs	3-11
3.05 Establishing Housing Priorities	3-12
SECTION 4. SPECIAL NEEDS POPULATIONS	
4.01 Extremely Low Income Populations	4-1
4.02 Elderly and Frail Elderly	4-3
4.03 Persons with Disabilities	4-6
4.04 Persons with AIDS	4-9
4.05 Priority Needs of Special Needs Populations	4-11
SECTION 5. HOMELESSNESS	
5.01 Homeless Population and Characteristics	5-1
5.02 Homeless Resources	5-4
5.03 Countywide Homeless Strategic Plan	5-8
5.04 Ending ` Homelessness	5-10
5.05 Creating Effective Institutional Response to Homelessness	5-13
5.06 Discharge Coordination Planning and Policies	5-14
5.07 Priority Homeless Needs	5-16
SECTION 6. PLANNING PROCESS AND PUBLIC INPUT	
6.01 The Planning and Community Participation Process	6-1
6.02 Community Outreach	6-3
6.03 Institutional Structure to Implement Consolidated Plan	6-5
6.04 Strengths and Gaps in Delivery	6-8
SECTION 7. 5 YEAR STRATEGIC PLAN& 2010 ACTION PLAN	
7.01 Geographic Areas	7-1
7.02 Obstacles to Meeting Underserved Needs	7-3
7.03 Antipoverty Strategies	7-4
7.04 Goals, Objectives, Strategies, & 2010 Action Plan Activities	7-5
7.05 Neighborhood Revitalization Strategy Area Expansion	7-16
SECTION 8. 2010-2011 ACTION PLAN	
8.01 Evaluation of Prior Year's Accomplishments Description of Programs	8-1
8.02 Project/Program Descriptions and Funding	8-2
8.03 Geographic Location of 2010-2011 Projects and Programs	8-7
8.04 Addressing Obstacles to Underserved Needs	8-9
8.05 Use of Federal, State, and Local Public/Private Resources	8-10
8.06 Managing the Process for the 2010-2011 Action Plan	8-11
8.07 Monitoring	8-12
8.08 Barriers to Housing Development	8-1

LIST OF EXHIBITS	PAGE
SECTION 2. COMMUNITY PROFILE	
Exhibit 2-A. Age Characteristics and Trends	2-1
Exhibit 2-B. Race and Ethnicity Trends	2-2
Exhibit 2-C. Education Level	2-31
Exhibit 2-D. Household Characteristics and Trends	2-3
Exhibit 2-E. Housing Characteristics and Trends	2-4
Exhibit 2-F. Housing Age	2-4
Exhibit 2-G. 2008 Labor Force Status for Population 16 and Over	2-5
Exhibit 2-H. Household Median Income by Race & Ethnicity	2-5
Exhibit 2-I. Household Income Distribution	2-6
Exhibit 2-J. Income Categories by Tenure	2-6
Exhibit 2-K. Map of Low Income Household Areas	2-7
Exhibit 2-L. Poverty Status in Last 12 Months	2-8
Exhibit 2-M. Poverty Status by Family Type	2-8
SECTION 3. HOUSING MARKET ANALYSIS	
Exhibit 3-A. Housing Growth by Type of Unit	3-1
Exhibit 3-B. Trends in Housing Tenure and Vacancy Rates	3-2
Exhibit 3-C. Trends in Homeowners by Age	3-3
Exhibit 3-D. Selected Conditions by Tenure, 2008	3-4
Exhibit 3-E. Home Prices in Santa Cruz, 2009	3-6
Exhibit 3-F. Average 2008 Rents	3-6
Exhibit 3-G. County Income Categories & Levels (2009)	3-7
Exhibit 3-H. Affordable Rents & Home Prices by Income Range, 2008	3-8
Exhibit 3-I. Rental Gaps Analysis, 2008	3-9
Exhibit 3-J. Renters and Owners Who are Cost Burdened	3-10
Exhibit 3-K. Primary Housing Needs	3-11
Exhibit 3-L. Affordable Housing Projects Risk Levels	3-12
SECTION 4. SPECIAL NEEDS POPULATIONS	
Exhibit 4-A. Low Income Households with Housing Problems, 2000	4-1
Exhibit 4-B. Low Income Renters with Housing Problems, 2000	4-2
Exhibit 4-C. Low Income Homeowners with Housing Problems, 2000	4-2
Exhibit 4-D. Subsidized Senior Housing Units	4-5
Exhibit 4-E. Disability by Age Cohort Population Age 5 and Over	4-6
Exhibit 4-F. Type of Disability	4-7
SECTION 5. HOMELESSNESS	
Exhibit 5-A. Emergency Shelter Resources	5-4
Exhibit 5-B. Transitional Housing Resources	5-5
Exhibit 5-C. Homeless Targeted Permanent Supportive Housing	5-6
Exhibit 5-D. Prevention & Supportive Services Programs	5-7
SECTION 6. PLANNING PROCESS AND PUBLIC INPUT	
Exhibit 6-A. Beach Flats Survey Summary	6-3
SECTION 7. 5 YEAR STRATEGIC PLAN& 2010 ACTION PLAN	
Exhibit 7-A. Geographic Target Areas and NRSA	7-2
Exhibit 7-B. Income and Census Maps of Current NRSA	7-17
Exhibit 7.C. Beach/South of Laurel NRSA Strategies	7-18
SECTION 8. 2010-2011 ACTION PLAN	
Exhibit 8-A. Locations of CDBG Programs & Projects/HOME Projects	8-8

APPENDIX

APPENDIX A

SF-424 Form

Consolidated Plan Certifications

APPENDIX B

1010-2011 Action Plan Budget Worksheets

APPENDIX C

HUD Needs Tables

HUD Project Forms

EXECUTIVE SUMMARIES

2010-2015 CONSOLIDATED PLAN

2010-2011 ACTION PLAN

2010-2015 Consolidated Plan Executive Summary

Annually, the City of Santa Cruz (City) is eligible to receive approximately \$650,000 in federal Community Development Block Grant (CDBG) funds and about \$600,000 in Home Investment Partnership Program (HOME) funds from U. S Department of Housing and Urban Development (HUD). In order to receive these funds, the City must complete a document every five years called the Consolidated Plan. The Five-Year Consolidated Plan provides strategic direction for housing and community development activities carried out in the City of Santa Cruz.

The Consolidated Plan:

1. Identifies housing and community development needs, priorities, goals and strategies.
2. Directs how funds should be allocated to housing and community development activities.

In addition to the Consolidated Plan, the City is required to complete two reports annually, which specify how the City proposes (Annual Action Plan) and has spent (Consolidated Annual Performance and Evaluation Report) its CDBG and HOME funds. Finally, the City is required to examine barriers to fair housing choice and develop a plan to mitigate such barriers. This last plan is completed every five years in conjunction with the City's Housing Element.

This report is the 2010–2015 Consolidated Plan for the City of Santa Cruz, covering the period from July 1, 2010 to June 30, 2015. The Consolidated Plan contains an analysis of demographic and economic conditions in the City, a review of housing conditions and affordability, and an analysis of housing and community development needs, which includes the needs of the homeless and other special population groups (i.e., the elderly, handicapped, etc.). Although the focus of the Plan is on the use of CDBG and HOME funds, it also describes how the City will use other resources, such as the General Fund, Affordable Housing Trust Fund, and Redevelopment Agency funds, in addressing these priority needs.

The City of Santa Cruz's 2010-2015 Consolidated Plan was developed with community input from two public hearings as well as a survey of residents in the low-income Beach Flats neighborhood. Public outreach for the Consolidated Plan also included discussions with other jurisdictions, neighborhood organizations, and housing and community development professionals.

The following are the priority needs the Consolidated Plan identified for housing and other community services.

Priority Housing Needs.

1. **Preservation and creation of affordable housing** for low income renters is a high priority need for the City of Santa Cruz. A housing analysis quantifying housing needs (see Section 3.01) indicates affordability is the greatest issue facing low income renters and owners. But renters face the most negative housing conditions, lead by the cost burden of housing. For renters earning less than \$35,000 alone there is a need for over 10,000 additional affordable housing units in the City of Santa Cruz.

Preservation of existing affordable housing is priority to help meet this need, including both the continuation of existing affordable housing agreements and maintenance of existing housing stock through code enforcement.

Removal of barriers to creation of affordable housing is also a priority. This includes working with developers to fund affordable housing through the City's inclusionary housing program, Affordable Housing Trust Fund, and Redevelopment Agency to produce more affordable housing units, seeking additional funding sources for housing, and changing regulations to encourage more affordable housing development when feasible.

2. **Permanent Supportive Housing** is a High Priority for both individuals and families in the regions 10 Year Plan to End Homelessness, developed by the collaborative Homeless Action Partnership (HAP). Permanent housing for homeless individuals is in critical short supply and expansion of the supply is the linchpin for the HAP's plans to end chronic homelessness. Families and individuals also need ongoing services to remain stable after they obtain permanent housing.
3. **Housing for Mentally Disabled** is a priority need for the City since this population represents the largest type of disability in the City. It is estimated that there are between 400 and 550 mentally ill persons (psychiatric disabilities including mentally ill and other types of mental incapacitation) who are either without housing or have a serious need for more appropriate housing.
4. **Senior Housing** is expected to increasingly become a priority need for the future as the City's population ages. Although the City of Santa Cruz has been actively building senior housing over the last 20 years, population trends indicate there will be an increasing need for senior housing.

Priority Community Service Needs.

1. **Implementation of the Neighborhood Revitalization Strategy Area Plan** is a high priority since the Beach/South of Laurel NRSA encompasses the lowest income population of the City as well as an area of minority population concentration. Expansion of the NRSA to include additional low income areas will be considered once the 2010 Census data is available to identify additional areas of need.
2. **Emergency winter shelter** is identified as a medium priority by the HAP based on need but because of the costly winter shelter system is a higher priority for the City and other jurisdiction, both to provide a temporary shelter that could reduce costs immediately and a long term permanent solution to ideally be located in the mid-

county area. The homeless survey also indicates the need to provide more shelter beds, especially in the winter months.

3. **Programs to Help Seniors Age in Place** are becoming a priority with evidence that enabling seniors to remain in their own homes or neighborhoods as long as possible best serves both the seniors and the community. This includes programs that might help seniors retrofit their homes or to build Accessory Dwelling.
4. **Chronic Homeless Needs Priorities** have been identified by the HAP's assessment of needs and priorities, particularly for the chronically homeless population. Based upon this process, the key priority needs for the 337 chronically homeless people in the City of Santa Cruz are
 - Outreach and assessment services.
 - Wraparound health and social services.
 - Mental health and substance abuse treatment.
 - HIV/AIDS services.

To address these needs, the Consolidated Plan includes goals, objectives, and strategies to be implemented over the five-year (2010-2015) Consolidated Plan period. The four basic goals supported by objectives and strategies include:

1. **Affordable Housing Goal:** Provide for retention and production of affordable housing units and projects.

Objective AH.1 -- Preserve affordability of existing affordable housing units.

- Strategy AH.1 (a): Continue to work with Riverfront Apartment Associates, providing incentives as needed to preserve 71 units of affordable housing to encourage HUD Section 8 contract renewal. (Contract expires in 2012)
- Strategy AH.1 (b): Continue to monitor the status of all other developments with HUD Section 8 contracts considered to be "at-risk" of losing affordability, providing assistance as needed to achieve extended affordability and/or Section 8 contract renewal, when feasible.
- Strategy AH.1 (c): Establish and implement an Affordable Housing Unit Preservation Program to provide a mechanism to extend the affordability of affordable units that are at-risk of losing affordability through expiration of restrictions, foreclosure, or sale of an affordable housing project.

Objective AH.2 - Promote the creation of affordable rental housing units through development of new affordable housing or rehabilitation of existing units.

- Strategy AH.2 (a): Assist in the development of 40 to 50 units of senior housing with Central Coast Housing as a Community Housing Development Organization (CHDO), if feasible.
- Strategy AH.2 (b): Assist developers with funding and/or technical assistance to create new affordable rental housing units for very low and low income households through new project construction or rehabilitation of existing market rate housing.
- Strategy AH.3 (c): Continue to promote development of accessory dwelling units with a goal of developing of 20-30 accessory dwelling units annually with at least 2-3 units having affordable restrictions for low income households through the City's Fee Waiver Program.

- Strategy AH.3(d): Continue to implement the City's Inclusionary Housing Program to create affordable rental housing in market rate developments.

Objective AH.3 - Encourage repair, improvement, and rehabilitation of existing affordable housing.

- Strategy AH.3 (a): Continue to implement the Unified Housing Rehabilitation Program with an emphasis on multi-family properties that have low income tenants.
- Strategy AH.3 (b): Assist in the rehabilitation of 95 units for extremely low, very low and low-income households at the Neary Lagoon Apartment Complex.
- Strategy AH.3 (c): Assist in the acquisition and rehabilitation of apartments or a larger home to create 4-6 beds of supportive housing for individuals with psychiatric disabilities, if feasible.
- Strategy AH.3 (d): Promote use of the City's Inclusionary Program option that allows developers to meet inclusionary requirements for new developments by rehabilitating and creating off site affordable housing units.
- Strategy AH.3 (e): Consider developing a self-funding pre-sale inspection program of for-sale units in conjunction with code enforcement.

Objective AH.4 - Facilitate homeownership by very low and low -income households.

- Strategy AH.4 (a): Continue to implement the First Time Homebuyer Program, assisting 2-3 low and/or moderate-income households annually to purchase a home.
- Strategy AH.4 (b): Assist Habitat for Humanity with the construction of at least 1 new affordable ownership unit, if feasible.
- Strategy AH.4(c): Continue to implement the City's Inclusionary Housing Program, working with developers to create affordable ownership housing.
- Strategy AH.4(d): Work with 1-2 developers to initiate planning for future development of entry level affordable housing units in the NRSA, through funding or technical assistance, including use of potential zoning incentives.
- Strategy AH.4 (e): Conduct outreach and co-sponsor one first time homebuyer workshop to promote homeownership and the First Time Homebuyer Program in the NRSA.

Objective AH.5- Provide Code Enforcement Program for low-income Target Areas.

- Strategy AH.5 (a): Support two code enforcement officers to administer code enforcement activities in the Target Areas.
- Strategy AH.5 (b): Participate in at least two annual community clean-ups and other community events, when appropriate, to help inform the community about code enforcement.
- Strategy AH.5 (c): Help identify major problem properties and participate with other City departments in a coordinated effort to eradicate major problem areas.
- Strategy AH.5 (d): Provide relocation assistance as needed in connection with code enforcement activities.

Objective AH.6 - Assist in establishing Community Housing Development Organization(s).

- Strategy AH.6 (a): Provide financial and/or technical assistance leading to City certification of a new and/or reactivated CHDO.
- Strategy AH.6 (b): Assist CHDO in the initiation and development of at least 1 housing project.

Objective AH.7 - Participate in the development and implementation of studies and/or plans to promote affordable housing development, development strategies and/or incentives, and fair housing practices that help provide equal access to housing.

- Strategy AH.7 (a): Participate in development of and support implementation of recommendations and/or strategies that promote affordable housing from plans including but not limited to the City's Housing Element, Housing Strategies Study, River/Front and Lower Pacific Design Guidelines and Development Incentives, Ocean Street Corridor Plan, Downtown Recovery Plan, and Beach South of Laurel Plan.
- Strategy AH.7 (b): By the end of 2013, complete an update of the City's Analysis of Impediments to Fair Housing Choice.
- Strategy AH.7 (c): Raise the visibility of fair housing and the complaint process by creating an informational brochure that clarifies what constitutes fair housing violations and provides contact information about where services might be found.

2. Homeless Goal: Assist in providing affordable housing and related social service needs to the homeless population in the City of Santa Cruz.

Objective HO.1 - Support services and organizations that assist homeless individuals and families.

- Strategy HO.1 (a): Continue to provide annual funding for operation of facilities on the Homeless Services Center (HSC) campus including Homeless Resources Center and other facilities operated by HSC and the River Street Shelter operated by the Santa Cruz Community Counseling Center (SCCCC).
- Strategy HO.1 (b): Assist in improving facilities on the HSC campus as needed.
- Strategy HO.1 (c): Continue to work with neighboring jurisdictions and service providers and support the Homeless Action Partnership (HAP) to implement the region's Ten Year Plan to End Homelessness and address homeless needs.

Objective HO.2 - Support development of additional transitional and permanent housing for homeless individuals and families.

- Strategy HO.2 (a): Work with members of the HAP to identify opportunities to create additional facilities for transitional and permanent housing within the City and County of Santa Cruz.
- Strategy HO.2 (b): Work with developers of affordable housing projects, the County, and non-profit service providers to create designated units for permanent housing for formerly homeless.

Objective HO.3 - Assist in establishing a homeless shelter facility in the north/mid-county area.

- Strategy HO.3 (a): In collaboration with HAP members, support an alternative temporary winter shelter facility to replace the Armory and reduce operational costs and provide for an extended period of operation, if feasible.
- Strategy HO.3 (b): In collaboration with HAP members, explore opportunities and support development of another permanent homeless shelter in the north/mid-county area, if feasible.
- Strategy HO.3 (c): In collaboration with HAP members, support development of a recuperative care facility for the north/mid-county area, if feasible.

Objective HO.4 - Provide programs that help in the reduction and the prevention of homelessness.

- Strategy HO.4 (a): Continue to implement an Emergency Rental Assistance Program through the Community Action Board to provide assistance to 20-30 households that are threatened with loss of their housing.
- Strategy HO.4 (b): Continue to implement the Security Deposit Assistance Program through the Housing Authority of Santa Cruz County which provides security deposits to 10-20 households to assist in their transition out of homelessness.
- Strategy HO.4 (c): Provide additional funding for the Emergency Rental Assistance Program and Security Deposit Assistance Program for the Beach Flats and Lower Ocean Street neighborhoods.

3. Special Needs Housing Goal: Assist in the provision of housing and related supportive services for special needs populations, such as persons who are mentally or physically disabled, female heads of households, persons with HIV/AIDS and the elderly.

Objective SP.1 - Provide housing options for special needs populations, including the elderly, female-headed households with children, persons with physical or mental disabilities, and persons with HIV/AIDS.

- Strategy SP.1 (a): Assist in developing 40 to 50 units of senior housing with Central Coast Housing as a Community Housing Development Organization (CHDO), if feasible. (Also see STRATEGY AH.2 (a))
- Strategy SP.1 (b): Continue to provide CDBG funds to Senior Network Services to assist with their programs to provide housing assistance to elderly households.
- Strategy SP.1 (c): Continue to work with non-profit organizations in providing housing options for the special needs populations of elderly, persons with physical disabilities, persons with mental disabilities and persons with HIV/AIDS.

Objective SP.2 - Assist seniors with the option to “age in place”.

- Strategy SP.2 (a): Develop a program to provide assistance to seniors to help retrofit their home for accessibility and other handicap improvements for the purpose of allowing them to remain in their homes.
- Strategy SP.2 (b): Assist seniors or their families to develop an accessory dwelling units through the City’s ADU Program. (Also see STRATEGY AH.3 (c))

4. Community Development Goal: Assist in the implementation of public facility programs and projects which will benefit the greatest number of lower income households and improve needed services.

Objective CD.1 Continue to assist organizations in the provision of community services for low income households.

- Strategy CD.1 (a): Assist other City Departments, non-profit organizations, and neighborhoods in providing services and community building activities.
- Strategy CD.1 (b): Support improvements, rehabilitation, and/or construction of facilities for organizations that provide services to low income households with priority given to facilities located in or adjacent to the NRSA.

Objective CD.2 - Continue to provide and improve needed community facilities in low income neighborhoods or for low income households.

- Strategy CD.2 (a): Assist in constructing improvements for Beach Flats Park.

- Strategy CD.2 (b): Assist in developing and improving the Teen Center.
- Strategy CD.2 (c): Assist in improving the Loudon Nelson Center.
- Strategy CD.2 (d): Assist with other park development or community facility improvements as needed, with a priority given to those located in or adjacent to the NRSA.

Objective CD.3 - Construct infrastructure improvements within the NRSA and other low income areas to enhance quality of life and community safety.

- Strategy CD.3 (a): In conjunction with the City's Capital Improvement Program, help fund street and sidewalk improvement projects within or adjacent to the NRSA.
- Strategy CD.3 (b): In conjunction with the City's Capital Improvement Program help fund street lighting and other infrastructure improvements that will enhance community safety.

Objective CD.4 - Continue to promote NRSA activities and expand boundaries to other very low income neighborhoods.

- Strategy CD.4 (a): Complete Beach/South of Laurel NRSA goals for years 3 through 5 by the end of June 30, 2013.
- Strategy CD.4 (b): By the end of 2012, develop an expanded NRSA plan that includes the Lower Ocean Street neighborhood.

Objective CD.5 - Encourage implementation of programs and projects that provide increased job opportunities for residents within the NRSA.

- Strategy CD.5 (a): Support the Beach Flats Community Center to provide information on job opportunities for NRSA residents.
- Strategy CD.5 (b): Develop a program to encourage local employers & contractors working within the NRSA to hire NRSA residents when feasible.
- Strategy CD.5 (c): Continue to sponsor the annual Teen Job Fair, when feasible, encouraging participation of NRSA employers.

Objective CD.6 - Support efforts to maintain and grow businesses that employ local residents within the NRSA.

- Strategy CD.6 (a): Continue to provide the Façade Improvement Program.
- Strategy CD.6 (b): Continue to work with businesses on the City owned Wharf to help ensure their success.
- Strategy CD.6 (c): Initiate the creation of parking solutions and zoning changes in the Lower Pacific Avenue area that support redevelopment.

2010-2011 Action Plan Executive Summary

HUD requires that an annual Action Plan be developed each year to lay out the activities that will be undertaken in the coming year in pursuit of Consolidated Plan goals and objectives. This includes allocating CDBG and HOME funds to be received in that Plan Year. Specific activities which will be undertaken in the 2010 - 2011 Plan Year along with their funding sources are identified.

Section 7.04 of this Report includes the portion of the Action Plan that lists all objectives and strategies as well as the activities that will be under taken during the Plan Year in furtherance of the Consolidated Plan goals. Section 8 describes those activities that are

funded with CDBG or HOME funds as well as providing rationale for geographic location of funding, an evaluation of prior year's accomplishments and information on barriers to housing development, monitoring, the lead-based paint program, fair housing activities, and public housing.

For the 2010 - 2011 Program Year, the City's entitlements are \$659,462 in new CDBG funding and \$600,086 in new HOME funding. With the anticipated program income of \$15,600 in CDBG funds and \$46,000 in CDBG funds for reprogramming, the total available for new activities would be \$721,062 in CDBG funds and \$600,086 in HOME funds. The 2010-2011 Action Plan was prepared based upon action taken by the Council at a public hearing on March 23, 2010 and adopted at a public hearing on April 27, 2010 following a 30 day review.

HUD requires that CDBG funds must:

- Benefit low- and moderate-income persons;
- Aid in the prevention of slum or blight; or
- Meet a particularly urgent community development need.

And HOME funds must:

- Benefit low- and very-low income persons with affordable housing.

The following is the allocation of CDBG and HOME funds to projects and programs.

Community Development Block Grant (CDBG)

1. **Administration:** CDBG and HOME funds are administered by the Housing and Community Development Division under the City's Economic Development and Redevelopment Agency. HUD allows jurisdictions to allocation up to 20 percent of the annual grant allocation plus program income for administration. \$135,012 has been allocated for administration. In addition \$10,000 was allocated to operate the City's rehabilitation program.
2. **Community Services:** Use of CDBG funds for community services is typically limited to 15% of the total CDBG allocation and program income for the program year. However, because the City has established a Neighborhood Revitalization Strategy Area, this limit is lifted for qualified social service providers that serve this area. For the 2010 - 2011 program year, \$161,051 has been allocated to social service providers. Of this amount \$99,880 has been allocated to non CBDO providers and \$61,170 is allocated to the CBDO provider that serves the NRSA (Familia Center). The non-CBDO service providers receiving funding include the Beach Flats Community Center/Community Bridges, the Homeless Services Center, the River Street Shelter/Santa Cruz Community Counseling Center, and Senior Network Services.
3. **Community Programs/Projects:** For the 2010-2011 program year, \$415,000 is allocated for special programs or projects, including:
 - **Homeless Community Resource Center Improvement Project (\$210,000):** This project was originally approved in 2004 as the Homeless Community

Resources Center (HCRC) Hygiene Center Project and in 2006 was expanded to include a new 46 bed shelter. At that time, total costs for the project exceeded available funding so in January 2007 HUD allowed the City to pre-incur costs for the project. The allocation in the 2010-2011 is the final payment for a City loan for the project.

- **River Street Shelter Roof Repair (\$12,000):** The River Street Shelter provides 32 beds for the homeless and is operated by the Santa Cruz Community Counseling Center but owned by the City of Santa Cruz. This activity would repair a leaking roof.
- **Teen Center Improvements (\$13,000):** As a cost savings measure, the Teen Center has been relocated to the City owned Loudon Nelson Community Center. These funds would help improve the outdoor area to be used by the Teen Center.
- **Code Enforcement (\$180,000):** The City's Code Enforcement Program in expanded Target Areas is partially funded from CDBG with \$180,000 allocated to this Program.

Home Investment Partnerships Program (HOME)

1. **Administration:** HUD allows jurisdictions to allocation up to 10 percent of the annual grant allocation plus program income for administration. \$60,009 has been allocated for administration.
2. **Community Housing Development Organization (CHDO) projects:** HUD requires that fifteen percent of HOME funds are spent on CHDO projects. A CHDO is a private non-profit organization that meets a series of qualifications prescribed in the HOME regulations and is designated as a CHDO by the City. The following is the CHDO project allocated funding under this Action Plan:
 - **Holy Cross Senior Housing Predevelopment Assistance (\$128,000):** Mercy Housing California with Central Coast Housing will rehabilitate a school building on Holy Cross Church property to provide 40-50 units of senior housing. HOME funds would be used for predevelopment costs.
3. **Non-CHDO Projects:** The following projects have also been allocated HOME funds
 - **Frederick Street Ownership Housing Unit (\$16,000):** Habitat for Humanity will build a home for a very-low income household, who will be contributing 500 hours of sweat equity as a part of the purchase agreement.
 - **First Time Homebuyer Program (\$210,000):** This Program provides silent second mortgages to qualified low income first time homebuyers.
 - **Home Housing Services Program (\$186,077):** This Program provides funding for housing programs, such as the Unified Housing Rehabilitation Program.

SECTION 1. INTRODUCTION

The following Section provides an overview of U. S Department of Housing and Urban Development reporting requirements for Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) entitlement funding as well as an outline of the Report contents.

1.01 Purpose of the Consolidated Plan

In order to qualify for Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) entitlement funding from U. S Department of Housing and Urban Development (HUD), the City of Santa Cruz is required to develop and adopt a five-year consolidated plan. This report is the 2010-2015 Consolidated Plan ("Plan") for the City of Santa Cruz and will be effective for a five-year period beginning on July 1, 2010 and terminating on June 30, 2015.

The Plan contains an assessment of housing and homeless issues and identifies priority needs as well as strategies for addressing those needs. Although the focus of the Plan is on the use of CDBG and HOME funds, it also describes how the City will use other resources, such as the General Fund, Affordable Housing Trust Fund, and Redevelopment Agency funds, in addressing these priority needs.

In addition to the Consolidated Plan, HUD requires the City to complete three other reports, including:

- **Annual Action Plan.** The Action Plan designates how the City proposes to spend CDBG and HOME funds in a given program year. The Annual Action Plan program year runs concurrent with the City's fiscal year, beginning on July 1 of each year and ending on June 30 of the following year. The first Action Plan under the 2010-2015 Consolidated Plan is included in this report in Section 7.04 and 8. The Action Plans for subsequent years two through five are approved in the spring of each subsequent year. The City's Citizen Participation Plan defines the process for community involvement in this process. Action Plan budgets are included in the City's annual budget.
- **Consolidated Annual Performance and Evaluation Report (CAPER).** The CAPER is submitted annually to HUD in September of each year following a 15 day public review. The CAPER reports on how funds were actually spent, the households that benefited from the funds and how well the City met its annual goals for housing and community development activities.
- **Analysis of Impediments to Fair Housing Choice (AI).** HUD requires that cities receiving CDBG and HOME funds take actions to affirmatively further fair housing choice. Cities report on such activities by completing an AI every three to five years. The AI for the City of Santa Cruz is completed concurrent with the City's Housing Element. The current AI covers the period from 2008-2013.

Federal law requires that CDBG and HOME grant funds primarily benefit low- and moderate-income persons in accordance with the following HUD objectives.

- **Establishing and maintaining a suitable living environment.** The concept of a suitable living environment relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their environment. Activities may include (1) improving safety and livability of neighborhoods; (2) increasing access to quality facilities and services; (3) reducing isolation of income groups within an area through availability of housing opportunities and revitalization of deteriorating neighborhoods; (4) restoring and preserving properties of special value for historic, architectural or aesthetic reason(s); and (5) conserving energy resources.
- **Providing decent housing.** Activities that fall within this objective are designed to cover the wide range of housing and community development activities. This objective focuses on housing programs where the purpose of the program is to meet individual family and community needs and may include: (1) assisting homeless persons in obtaining appropriate housing and assisting those at risk of homelessness; (2) retaining affordable housing stock; (3) increasing availability of permanent housing that is affordable to low-income households without discrimination; and (4) increasing the supply of supportive housing to enable persons with special needs to live with dignity.
- **Providing expanded economic opportunities.** This objective applies to types of activities related to economic development, commercial revitalization, or job creation. Activities funded under this objective can include: (1) creating jobs accessible to low-income persons; (2) making mortgage financing available at reasonable rates for low-income persons; (3) providing access to credit for development activities that promote long-term economic and social viability of the community; and (3) empowering low-income persons to achieve self-sufficiency.

The City of Santa Cruz 2010-2015 Consolidated Plan was prepared in accordance with Sections 91.100 through 91.230 of HUD's Consolidated Plan regulations and includes these three basic objectives as the overall mission for the Plan.

1.02 Lead Agency

The City of Santa Cruz Housing and Community Development Division (HCD) under the Economic Development and Redevelopment Department is the lead entity for overseeing the development of the Consolidated Plan. In doing so HCD staff work closely with the City Council, citizens, non-profit, civic and faith based organizations, and other City departments.

Following adoption of the 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. Responsibilities include:

- Collecting citizen input concerning neighborhood/community needs.

- Preparing project recommendations for review by the SSP and City Council and for the Council's final approval.
- Monitoring project/program progress.

1.03 Organization of Report

This Report is divided into eight sections plus five appendices.

Section 1. Introduction: Describes the purpose of the Consolidated Plan and annual Action Plan and defines the lead agency.

Section 2. Community Profile: Describes the City of Santa Cruz's population, housing, and economic characteristics.

Section 3. Housing Market Analysis: Describes and analyzes the City's Housing Supply, conditions, and affordability. It also quantifies housing needs based on income group.

Section 4. Special Needs Populations: Provides information and defines the priority needs of special needs populations including extremely low income populations, elderly and frail elderly, persons with disabilities, and persons with AIDS

Section 5. Homelessness: Describes the homeless population and its characteristics; priority homeless needs; and homeless resources. It also summarizes the countywide Homeless Strategic Plan to End Homelessness and discharge coordination planning and policies including for youth that are leaving the foster care system and are at risk of becoming homeless.

Section 6. Planning Process and Public Input: Describes the City's planning and community participation process, the institutional structure to implement consolidated plan, and strengths and gaps in delivery.

Section 7. 5 Year Strategic Plan& 2010 Action Plan: Discusses the geographic focus of the Consolidated and annual Action Plans, obstacles for meeting underserved needs, and antipoverty strategies. It also lists the goals, objectives, strategies and 2010-2011 Action Plan activities to support these goals and objectives for: (1) Affordable Housing, (2) Homeless; (3) Special Needs Housing; and Community Development Strategies. A section describing the Beach/South of Laurel Neighborhood Revitalization Strategy Area (NRSA) and the intent to expand this NRSA in future years is also included.

Section 8. 2010-2011 Action Plan: Provides the remaining parts of the 2010-2011 Action Plan including the description of programs, funding, location of projects/programs, fair housing actions, evaluation of prior year's accomplishments, the City's monitoring program, and a description of barriers to housing development and what the City is doing to address these.

Appendix A-Certifications and Application Form

Appendix B- Action Plan Attachments

Appendix C - HUD Tables and Forms

Appendix D – Citizen Participation Plan

Appendix E - Residential Anti-Displacement and Relocation Plan

SECTION 2. COMMUNITY PROFILE

The following Community Profile provides an overview of population, housing, and economic characteristics primarily using data from the most recent census that was conducted in 2000 and the 2008 American Community Survey (ACS), which serves as an update for the Census between Census counts.

2.01 Population and Resident Characteristics

Population Trends. Santa Cruz is the oldest and largest city in Santa Cruz County. The city's rapid population growth (29 percent) during the 1970s reflects the development of University of California at Santa Cruz (UCSC). Since that spurt, population growth has slowed. This has been affected by a number of factors including presence of regional growth control measures and the scarcity of vacant land which has resulted in higher housing costs, and overall demographic changes. As of 2008, the City's estimated population is 55,081 by the ACS. (Note- other estimates for population in the City of Santa Cruz vary. The California Department of Finance estimation for January 2008 is 58,125. However, for consistency purposes this Report utilizes only federal Census and American Community Survey (ACS) data.)

Age Characteristics. The presence of UCSC within the City of Santa Cruz and neighboring Cabrillo College located 15 minutes south of the City significantly influence the overall character of the population, including age, household size, and makeup. UCSC enrolls over 15,000 students and Cabrillo College has about 14,000 students. Young adults (ages 25-44) represent 39 percent of residents, which reflects a higher need for rental units, condominiums, and starter homes.

Although the 45 – 64 age group constitutes a smaller portion of the City's population, this group had the largest growth rate between 1990 and 2008. This growth is partially due to the aging of the larger "baby boom" generation as well as the capacity of this age group to afford the City's higher housing costs. Although the senior population (65+) declined between 1990 and 2000, between 2000 and 2008 it has begun to grow. Again, this may be partially due to the larger "baby boom" generation reaching the 65 year mark. The fluctuation in the 24 and under age group may reflect the difficulty in counting the college and university student populations in the Census count as well as younger families with children leaving the area in search of lower cost housing.

Exhibit 2-A. Age Characteristics and Trends

Age Groups	1990		2000		2008		% Change 1990 - 2008
	No. of Persons	% of Total	No. of Persons	% of Total	No. of Persons	% of Total	
24 & Under	19,407	39%	20,651	37%	12,228	22%	-37%
25 to 44	18,162	37%	17,801	33%	21,371	39%	18%
45 to 64	6,531	13%	11,478	21%	14,321	26%	119%
65 or older	4,940	10%	4,663	9%	7,161	13%	45%
Total	49,040	100%	54,593	100%	55,081	100%	

Sources: U.S. Census, 1990 and 2000; American Community Survey 2008.

Race and Ethnicity: Although county-wide racial characteristics shifted significantly during the 1990's with a 27 percent increase in the proportion of Hispanics (mostly in the southern portion of the County), the City of Santa Cruz remained relatively stable with a 3 percent proportional increase in the Hispanic population and a corresponding 8 percent proportional drop in White population between 1990 and 2008. Part of this change was due to requirements that resulted in recording of Whites under a new multi-ethnic/racial category in the 2000 Census. Nonetheless, the race and ethnic composition of residents in the City of Santa Cruz generally remained the same in 2008 as in 1990

Furthermore, based on a survey of communities in California with a population of more than 25,000, Santa Cruz is one of the most highly integrated cities. (The statistical measure used to determine racial/ethnic integration is the degree to which people of different racial and ethnic backgrounds live in proximity. It does not measure whether equal proportions of different racial and ethnic groups live in a city, only whether the minorities who live in the city are equally distributed.)

The Beach/South of Laurel area has the only high concentration of an Hispanic minority. The area also has a high concentration of lower income residents. Even with this, the difference between the median income for all Hispanics in the City and Whites is only about 6 percent. Minority concentration is determined by areas in the City where the concentration of racial or ethnic minority population is 10 percent or greater than their total city-wide representation.

Exhibit 2-B. Race and Ethnicity Trends

Race/ Ethnicity	1990		2000		2008		% Change in Persons
	No. of Persons	% of Total	No. of Persons	% of Total	No. of Persons	% of Total	
White	38,755	79%	39,304	72%	39,276	71%	1%
Hispanic	6,662	14%	9,491	17%	9,438	17%	42%
Asian/Pacific Islander	2,133	4%	2,667	5%	3,095	6%	45%
African Americans	1,021	2%	871	2%	732	1%	-28%
All others*	469	1%	2,260	4%	2,540	5%	*
Total	49,040	100%	54,593	100%	55,081	100%	12%

Sources: U.S. Census, 1990 and 2000; **American Community Survey 2008**

Educational Attainment: The City's population is very well educated with over 90 percent of all residents over 24 years old having completed high school and over 52 percent having earned a Bachelor's degree. Only 9 percent of the City's residents over the age of 25 had not completed high school in 2008. Additionally, about 14,920 residents or 27 percent of the population were currently enrolled in college or graduate school. Compared to the State, the City of Santa Cruz had a higher percentage of residents who had both completed high school (80 percent State-wide compared to 90

percent) and who had earned a bachelor's degree (29 percent State-wide compared to 52 percent).

Exhibit 2-C Education Level

Highest Education Level for Population 25 Years & Over	Number	Percent of Total
Less than 9th grade	1,349	4%
9th to 12th grade, no diploma	1,769	5%
High school graduate (includes equivalency)	4,198	13%
Some college, no degree	6,077	19%
Associate's degree	2,281	7%
Bachelor's degree	9,660	30%
Graduate or professional degree	7,389	22%
Totals	32,723	100%

Source: American Community Survey 2008

Household Characteristics: Household characteristics affect the type of housing needed. Single-person households often occupy smaller apartment units or condominiums, such as studio and one-bedroom units. Married couples, particularly those with children, prefer larger single-family homes. This underscores the need to provide diverse housing opportunities to allow households of different sizes, ages and types the opportunity to live in Santa Cruz.

The large student population in Santa Cruz is reflected in a high proportion of single-person households. From 1990-2008, single-person households increased by 47%, while family households, married or otherwise, only increased by 2% despite an overall increase in the number of households of 12%. And married families with children under 18 years of age actually decreased by 10%. With the rise in the percentage of single-person households, the City's average family size is only 2.32 persons, representing a 7% decrease since 1990.

Exhibit 2-D. Household Characteristics and Trends

Household Type	1990		2000		2008		% Change
	No.	% of Total	No.	% of Total	No.	% of Total	
Total Population	49,040	100%	54,593	100%	55,081	100%	12%
Total No. of Households	18,121	100%	20,442	100%	21,548	100%	19%
Married With Children (18 yrs or younger)	3,366	19%	3,460	17%	3,020	14%	-10%
Married No Children	3,876	21%	4,102	20%	4,484	21%	16%
All Other Families	2,542	14%	2,839	14%	2,487	12%	-2%
Single Person Household	4,923	27%	5,986	29%	7,233	34%	47%
All Others	3,414	19%	4,055	20%	4,324	20%	27%
Average Household Size	2.50		2.44		2.32		-7%

Sources: U.S. Census, 1990 and 2000; American Community Survey 2008

2.02 Housing Characteristics

Housing Unit Types: As of 2008, the ACS estimated that the City Santa Cruz had 23,379 housing units, an increase of 9 percent since 2000 and 21 percent since 1990. As shown in following table, single-family and multifamily dwelling units respectively comprise approximately 62 and 36 percent of the housing stock in Santa Cruz. The decline in the “Other units” category is the result of the change in definition of housing units. In addition, certain group quarters were counted as housing units in 2000 but not in 1990.

Exhibit 2-E. Housing Characteristics and Trends

Housing Type	1990		2000		2008	
	Number of Units	Percent of Total Units	Number of Units	Percent of Total Units	Number of Units	Percent of Total Units
Single-Family Detached	11,151	58%	12,086	56%	12,386	53%
Single-Family Attached	1,567	8%	1,893	9%	2,082	9%
Multifamily 2-4 Units	2,315	12%	2,563	12%	2,610	11%
Multifamily 5+ Units	3,509	18%	4,479	21%	5,860	25%
Mobile Homes	406	2%	406	2%	441	2%
All Other Units	416	2%	33*	<1%	0	0%
Total Units	19,364	100%	21,460	100%	23,379	100%

Sources: U.S. Census, 1990 and 2000.

California Department of Finance, Estimated City Population and Housing Estimates, 1/1/2008.

Aging Housing Stock: As the oldest community in the County, Santa Cruz has a significant number of older homes, many of which have historic value. Periodic maintenance and repair of housing is thus an important issue in the City. As shown in the adjacent table, about 44 percent of all housing existing in 2008 is over 50 years old and over 25 percent of all housing in the City is over 70 years old. Despite the aging housing stock, housing conditions in Santa Cruz are generally good. The exception is unpermitted construction and some remaining housing problems in the Beach Flats Area.

Exhibit 2-F. Housing Age

Time/Decade	Number of Units	Percent of Units
2000-2008	1,239	5.4%
1990s	1,841	8.1%
1980s	2,327	10.2%
1970s	4,491	19.7%
1960s	3,010	13.2%
1950s	2,331	10.2%
1940s	1,812	7.9%
Pre 1940s	5,783	25.3%
Total	22,8340	100%

Source: U.S. Census, 2000.

Abandoned Housing Units: Given the high cost and scarcity of development sites, there are few if any abandoned buildings in the City of Santa Cruz. Currently the only unused building available for redevelopment is the historic brick Catholic school on the Holy Cross Campus. The City is currently working to reuse that structure for housing.

2.03 Economic Characteristics

Workforce: In 2008 about 70 percent of the City of Santa Cruz's population over the age of 16 was considered "In the Labor Force". This indicates those residents were currently employed or unemployed but actively looking for work. Of those in the labor force, approximately 2,800 persons were unemployed, representing 8.2 percent of the labor force. With the downturn in the economy, in December 2009 unemployment rates for the Santa Cruz County area had increased to 13.5 percent.

Exhibit 2-G. 2008 Labor Force Status for Population 16 and Over

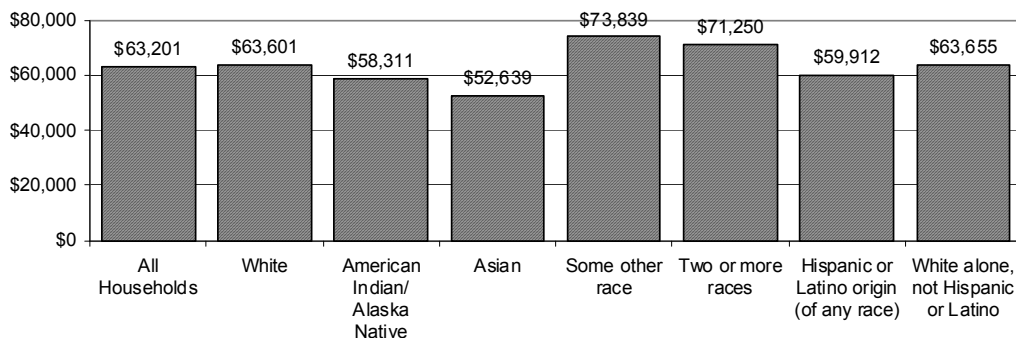
Category	Number	%f Total
In labor force	34,020	70%
▪ Civilian labor force	34,020	70%
o Employed	31,247	64%
o Unemployed	2,773	6%
▪ Armed Forces	0	0%
▪ Not in labor force	14,768	30%
Total	48,788	100%

-Source: American Community Survey 2008

Household Income: The median household income for the City in 2008 was \$63,201, which was only slightly higher than the State median income level, which was reported at \$61,154 in 2008. Considering the higher education level of residents as well as being location within a high income area of the state, it could be expected that the City's median income could be expected to be significantly higher than the median household income for the State. This again shows the influence of the student population. Although college and graduate students have attained a higher education level, until they finish school they often have a lower income. The following graph compares median household incomes for the City of Santa Cruz by race and ethnicity. It is interesting to note that Hispanic and White alone population incomes are similar while incomes for households of 2 or more races or other races is significantly higher. Asians were the lowest income group.

The following table breaks down income by category and show trends since 1990.

Exhibit 2-H. Household Median Income by Race & Ethnicity



During the 1990s, the city's median household income increased 59 percent, from \$31,850 in 1990 to \$50,600 by 2000. As of 2000, the city had the second highest median household income in the county. The 2008 incomes as reported in the ACS show that

this upward trend slowed between 2000 and 2008. The median household income for 2008 is estimated to be \$63,201, a 25 percent increase over the median household income in 2000. With the current employment issues facing the state and nation, it is expected that income levels will not continue to grow at these same rates over the life of this Plan.

Exhibit 2-I. Household Income Distribution

Income Category	2000		2008		Percent Change
	Households	Percent	Households	Percent	
< \$15,000	2,960	15%	2,705	13%	-9%
\$15,000 to \$24,999	2,148	11%	2,183	10%	2%
\$25,000 to \$34,999	2,053	10%	1,709	8%	-17%
\$35,000 to \$49,999	2,903	14%	2,487	12%	-14%
\$50,000 to \$74,999	3,855	19%	3,137	15%	-19%
\$75,000 to \$99,999	2,492	12%	3,338	16%	34%
\$100,000 to \$149,999	2,406	12%	2,953	14%	23%
\$150,000 and up	1,551	8%	3,036	14%	96%
Total	20,368	100%	21,548	100%	6%

Sources: U.S. Census 2000; American Community Survey 2008

Some of the growth in income up to 2008 can be tied to normal inflation but other factors have contributed to the trend as well. According to the 2000 Census, the average household income was approximately \$89,000 for homeowners and \$47,000 for renters. However, the average household income of households relocating to or within Santa Cruz from 1995 through 2000 was approximately \$106,000 for homeowners and \$47,000 for renters. This suggests that homeowners were selling their homes to higher-income households, which was reflected in the larger increase in households earning above \$75,000.

Most household income analysis, particularly for planning purposes, is based on the Area Median Income (AMI) as established by HUD. The following chart includes the basic categories typically used in analysis, showing the number of renters and homeowners in each income category. The number of extremely low income residents may be somewhat skewed by the presence of UCSC students, who may be very low income while attending UCSC but will have significantly better earning power once they leave the university. As previously

Exhibit 2-J. Income Categories by Tenure

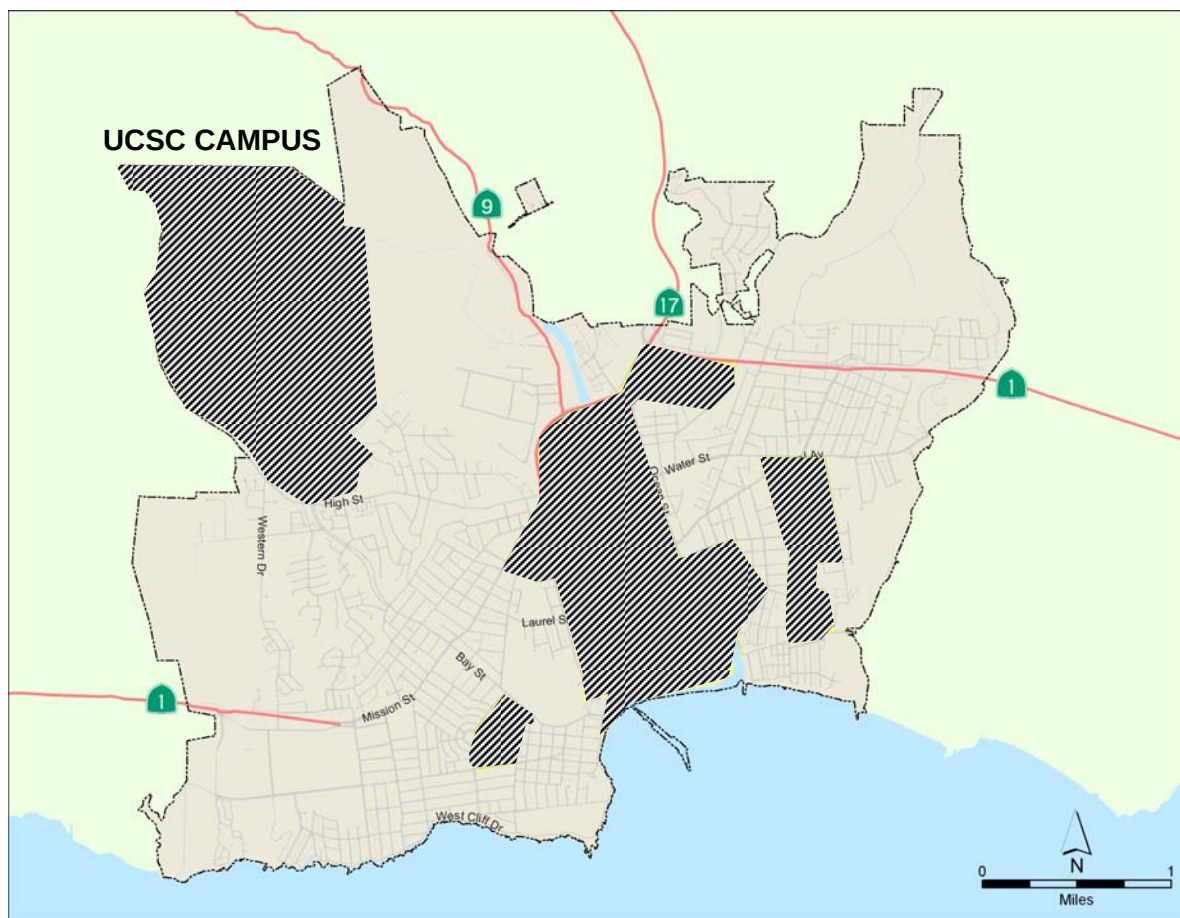
Income Category (% AMI)	Number of Households			% Total
	Renters	Owners	Total	
Extremely-Low (<30%)	2,560	486	3,046	15%
Very-Low (31-50%)	1,532	553	2,085	10%
Low (HUD) (51- 80%)	2,338	1,194	3,532	17%
Moderate or Above (81%+)	4,454	7,218	11,672	57%

Source: American Community Survey 2008

noted, 27% of the population in the City of Santa Cruz is in college or graduate school. About 84 percent of extremely low income households are experiencing problems with their living situation, such as overcrowding, cost burden (30%, or greater, of income is spent on housing costs), and/or incomplete kitchen, and/or plumbing facilities.

The following map shows Census 2000 block groups and Census tracts where over 50% of the households are considered to be extremely low-, very low- or low-income. Note that the UCSC Campus represents a large portion of the City's low income community. However, given the separate nature of UCSC, which is located in the North West corner of the City and is regulated by the State of California, this area is not included as a low income target area.

Exhibit 2-K. Map of Low Income Household Areas by Census Block Groups



Poverty: The ACS also reports statistics on poverty, including the number of individuals whose income was at or below the poverty level in the last 12 months. At some point 16 percent of all City of Santa Cruz residents experienced poverty. The following table reports poverty by race and ethnicity by age for the City of Santa Cruz.

Exhibit 2-L. Poverty Status in Last 12 Months

	Percent of Total Population Below Poverty Level By Race/Ethnicity					
	All Persons	White	Asian	2 or More Races	White Alone	Hispanic
Income at or Below Poverty Level	16%	14%	1%	1%	11%	3%
Under 18 years	2%	1%	0.0%	0.2%	0.4%	1%
18 to 64 years	14%	12%	1%	1%	11%	2%
65 years and over	0.3%	0.3%	0.0%	0.0%	0.3%	0%

Source: **American Community Survey 2008**

Although the table indicates that the White's have the highest number of individuals experiencing poverty, it is clear that UCSC and Cabrillo College students skew this data. Based on income, UCSC students may be considered below poverty level even though they may receive assistance from family or the school that does not show up in census data. This table does demonstrate that the percentage of those below 18 years and over 65 years old have a relatively low poverty rate.

That said, poverty is of greater concern when it involves children because children living in poverty face more barriers to graduating from high school, securing jobs that pay a living wage and having household stability. The following table provides greater detail on the incidence of poverty with households that have children and female headed households where there isn't a husband present.

Exhibit 2-M. Poverty Status by Family Type

Families That Experienced Poverty in 2008	Number	Percent of all Families
All Families Experiencing Poverty	422	4%
With related children under 18 years	306	3%
With related children under 5 years	30	0.3%
Married Couple Families	169	2%
With related children under 18 years	155	2%
With related children under 5 years	12	0.1%
Female householder, no husband present	173	2%
With related children under 18 years	151	2%
With related children under 5 years	14	0.1%

Source: American Community Survey 2008

SECTION 3. HOUSING MARKET ANALYSIS

This section discusses characteristics of the housing market in the City of Santa Cruz, including development trends, the condition of housing and the affordability of rental and homeownership housing. It concludes with a summary of housing needs.

3.01 Housing Supply

Housing Growth; Santa Cruz is an exceptionally desirable place to live with an ocean location, Mediterranean climate, host to one of the University of California campuses, and close proximity to Silicon Valley. To protect the quality of life in Santa Cruz, in the 1970's and early 1980's the community initiated regional growth control measures and essentially surrounded the City with a green belt. As a result, housing growth in Santa Cruz has taken on a different character than in many California cities. Although single family homes are still the dominant residential use, the emphasis for new development has been higher density infill developments for both ownership and rental projects.

Between 2000 and 2008, the number of housing units grew by 6 percent. The following table shows unit growth by type of unit. Significant increases occurred in the number of larger multi-family projects (10+ units) and attached single family units.

Correspondingly there was a small decrease of 4 percent of the smaller 5-9 unit projects, with some of these smaller projects being redeveloped with additional units. Although there is a large increase in the number of boats, recreation vehicles, or vans being counted as a residence, these numbers are still low and since they do not provide permanent housing, they are not being considered in the overall analysis.

Exhibit 3-A. Housing Growth by Type of Unit

UNITS IN STRUCTURE	2000	2008	Difference	Percent Change
1-unit, detached	12,086	12,050	-36	0%
1-unit, attached	1,893	2,311	418	22%
2 units	946	1,100	154	16%
3 or 4 units	1,617	1,705	88	5%
5 to 9 units	1,571	1,501	-70	-4%
10 to 19 units	1,114	1,399	285	26%
20 or more units	1,794	2,227	433	24%
Mobile home	406	452	46	11%
Boat, RV, van, etc.	33	89	56	170%
Total housing units	21,460	22,834	1,374	6%

Sources: U.S. Census 2000; American Community Survey 2008

Vacancy Rates: One measure of housing demand is the vacancy rate. A certain number of vacant units are important to moderate the cost of housing and encourage property owners to maintain and repair their housing. Typically, optimal vacancy rates of 1.5% to 2.0% for ownership units and 5% to 6% for rental units are often used by developers in estimating the likely revenues, financial feasibility, and rate of return from a project. Housing tenure is a factor in that ownership housing turns over at a much lower rate than rental housing. For the City of Santa Cruz vacancy rates for both ownership and rental housing are below 2 percent. Low vacancy rates tend to drive up the cost of housing. Although the 2008 data does not reflect the severe drop in housing prices that occurred in late 2008 and 2009, vacancy rates continue to remain low.

Tenure: Partially due to the large student population combined with the higher cost of owning a home in the City of Santa Cruz, in 2008 56 percent of residents (12,019 households) rent rather than own (9,529 households) their own home (see table below). Homeownership is highest in White Only households (45 percent) while only about 33 percent of Hispanic households own their home. In either group, the relationship of renters to homeowners is reversed in the County of Santa Cruz and the State of California, where respectively 60 percent and 58 percent are homeowners.

Exhibit 3-B. Trends in Housing Tenure and Vacancy Rates

Housing Occupancy	Tenure (% of Total Units)			Vacancy Rates		
	1990	2000	2008	1990	2000	2008
Renters	53%	53%	56%	4.0%	1.4%	1.8%
Owners	47%	47%	44%	1.9%	0.7%	1.8%

Sources: U.S. Census, 1990 and 2000; **American Community Survey 2008**

The small increase in proportion of renters of about 3 percent in 2008 may reflect the increasing difficulty in owning a home in the City of Santa Cruz. Although the cost of housing in the City has recently declined making it more affordable, prices in surrounding areas have dropped more dramatically. Lenders have also tightened requirements making it more difficult for a first time homebuyer to qualify for a mortgage. Additionally, high unemployment and uncertainty of the future has also affected the number of households entering the homebuyer market, while foreclosures have resulted in one-time homeowners becoming renters.

Although the rate of homeownership has been fairly stable, the composition of homeowners changed. As shown in the following table, homeowners between ages 45 and 64 increased significantly while the number of young homeowners declined. This trend suggests that as housing prices increase, home ownership has become more difficult for first-time home-buyers, including younger and moderate-income households. About 68 percent of homeowners consist of family households and 32 percent are non-family households.

Exhibit 3-C. Trends in Homeowners by Age

Age of Householder in Years	Number of Households by Census Year			Percent Change
	1990	2000	2008	
< 34	1,100	880	806	-27%
35 to 44	2,453	2,076	1,688	-31%
45 to 54	1,542	2,869	2,431	58%
55 to 64	1,101	1,473	2,355	114%
65+	2,390	2,230	2,249	-6%
Total	8,586	9,528	9,529	11%

Sources: U.S. Census, 1990 and 2000; American Community Survey 2008

3.02 Housing Conditions

Aging Housing Stock: As noted in Section 2.02, the City of Santa Cruz has a significant number of older homes. About 44 percent of all housing is over 50 years old and over 25 percent of all housing in the City is more than 70 years old. Even with the aging housing stock, the chief building official for the City has indicated that housing conditions in Santa Cruz are generally good. The exception is unpermitted construction and some remaining housing problems in the Beach Flats Area.

Overcrowding: Overcrowding in housing can threaten public health, strain public infrastructure, and points to the need for affordable housing. The amount of living space required to meet health and safety standards is not consistently specified. In California state standards, which are the standards cities must apply, are not very restrictive.

Section 503(b) of the Uniform Housing Code for the State requires that a dwelling unit have at least one room with at least 120 square feet and all other habitable rooms except kitchens have at least 70 square feet. The size of a room used for sleeping more than two people must be increased above these minimums by 50 square feet for each occupant in excess of two. As a result, a 620 square foot apartment could legally house 10 or even 12 individuals.

HUD assumes that a home becomes unhealthy and unsafe where there are more than 1 or sometimes 1.5 household members per room. Another frequently used measure is the number of individuals per bedroom, with a standard of no more than two persons per bedroom. Assisted housing programs usually apply this standard.

According to HUD standards, approximately 4 percent of the City's households, or about 802 households, live in overcrowded conditions. Two percent of owner occupied housing units (186 units) were overcrowded compared to 5 percent of renter occupied units (616 units). Hispanic or Latino households were more likely to be living in overcrowded conditions when compared to White Alone. Approximately 22 percent (508

households) of Hispanic or Latino households were overcrowded compared to 3 percent (661 units) of White Alone.

Substandard Conditions: The 2008 ACS reported that approximately 917 housing units in the City of Santa Cruz are considered to be severely substandard because they lacked either complete plumbing facilities or complete kitchens. Together, assuming no overlap, these units represent just 4 percent of the City’s total housing units in 2008.

The 2008 ACS also reported the number of housing units with “selected conditions”, which is defined for owner and renter occupied housing units as having at least one of the following conditions: (1) lacking complete plumbing facilities; (2) lacking complete kitchen facilities; (3) units with 1.01 or more occupants per room (“overcrowded”); (4) cost burdened homeownership household; and (5) cost burdened renter household.

About half of the City of Santa Cruz’s housing units had one or more condition problem. Given the City’s small percentage of overcrowded and substandard units, these condition issues are largely related to affordability. As shown below, rental units are much more likely to have two or more of the selected conditions than owner occupied units.

Exhibit 3-D. Selected Conditions by Tenure, 2008

Number of Conditions	Owner Households		Renter Households		Total Households	
	Number	Percent	Number	Percent	Number	Percent
No selected conditions	5,485	58%	4,569	38%	10,054	47%
With 1 selected condition	3,850	40%	6,869	57%	10,719	50%
With 2 selected condition	194	2%	450	4%	4,300	20%
With 3 selected condition	0	0%	131	1%	131	1%

Source: American Community Survey 2008

Lead Based Paint: Pursuant to Section 91.215 of the Consolidated Plan regulations, the following contains an estimate of the number of housing units in the City that contain lead-based paint hazards and are occupied by the City’s low- and moderate-income families.

Childhood lead poisoning is one of the major environmental health hazards facing American children today. Children are exposed to lead poisoning through paint debris, dust and particles released into the air that settle onto the floor and windowsills and can be exacerbated during a renovation. The dominant route of exposure is from ingestion (not inhalation). Young children are most at risk because they have more hand-to-mouth activities and absorb more lead than adults.

Housing built before 1978 is considered to have some risk, but housing built prior to 1940 is considered to have the highest risk. After 1940, paint manufacturers voluntarily began to reduce the amount of lead they added to their paint. As a result painted surfaces in homes built before 1940 are likely to have higher levels of lead than home built between 1940 and 1978. Lead-based paint was banned from residential use in 1978.

Without conducting detailed environmental reviews of the City’s housing stock it is difficult to determine the number of households at risk of lead-based paint hazards. Approximately 25 percent of the City of Santa Cruz’s housing stock (5,783 units) was

built before 1940, when lead based paint was most common. About another 8 percent (9,832 housing units) was built between 1940 and 1979 as lead-based paint was phased out and eventually banned. Therefore, over 50 percent of the housing stock in the City of Santa Cruz, or about 17,427 units, was built when lead-based paint was used, to some extent, in residential housing.

If 90 percent of the pre-1940 units are at risk of containing lead paint, 80 percent of the units built between 1940 and 1960 are at risk and 62 percent of units built between 1960 and 1979 are at risk as well, than its estimated that 13,170 housing units in the City of Santa Cruz may contain lead paint.

Beach Flats Area Housing Conditions: In the mid-1990s, the City conducted field surveys in the low- income Beach Flats area. The survey indicated that 100 units required replacement and 626 units required rehabilitation. This area was targeted in the 2000-2005 Consolidated Plan and is a part of the Beach/South of Laurel Neighborhood Revitalization Strategy Area (NRSA) under the 2005-2010 Consolidated Plan.

With the development of the Nueva Vista Apartments (which replaced dilapidated residential motel units and apartments) and the Second Street Commons SRO development (replaced a hazardous apartment building) along with other improvements to the area, Beach Flats has changed significantly. Code enforcement officials now estimate that about 25% of enforcement in the area is due to housing code violations for illegal living quarters. Unpermitted housing represents a public health and safety hazard, as a larger number of such units have faulty wiring and electrical systems, inadequate plumbing and kitchens, inadequate parking, and fire code access violations. About 25 units in the Beach Flats area still need replacement and about 30% or about 187 units need rehabilitation.

3.03 Housing Affordability

Defining Affordability: In the housing industry, housing affordability is commonly defined in terms of the proportion of household income that is used to pay housing costs. Housing is “affordable” if no more than 30 percent of the household’s gross monthly income is needed to pay housing costs. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered “cost burdened.”

Cost of Homeownership: According to the Santa Cruz County Association of Realtors, the median sales price of a single-family home in Santa Cruz County increased 36 percent between 2001 and 2007. In 2008 however, the unprecedented home mortgage crisis and economic downturn caused a 33 percent decrease in the countywide median sales price of single-family homes from \$750,000 in 2007 and to \$500,000 in 2009. That has decreased further to \$450,000 in early 2010. Despite the drop in housing prices in 2008 and 2009, in its September 2009 issue, “Business Week” ranked the Santa Cruz-Watsonville area as the eighth least affordable place to buy a home in the United States.

The next table shows the distribution of home prices in the City of Santa Cruz in 2009. The median annual sales price for a single-family home in Santa Cruz was \$599,000, down 25 percent from the 2007 median annual sales price of \$799,000. At the same time

the number of homes sold in one year doubled showing there was pent up demand in the City.

Local realtors indicate that changes in home prices within the City of Santa Cruz have been less extreme than those indicated by the countywide median sales prices. Due to the desirability of the City of Santa Cruz as a place to live as well as scarcity of units as indicated by vacancy rates, demand for housing has been more stable than in other Santa Cruz County cities, e.g., Watsonville, and some unincorporated areas of the County. Likewise, the City was not as severely impacted by foreclosures during 2008/09.

In a year over year comparison, the annual median sales price of condominiums in the City of Santa Cruz also dropped 25 percent, from \$500,000 in 2007 to \$375,000 in 2009. Even with increased affordability, condominium sales also dropped by 24 units or about 18 percent from 2007 to 2009.

Homeownership Affordability: The median single family home price in the City of Santa Cruz in February 2010 was \$599,500 and the median condominium price was \$235,000. To afford this median single family home and not be cost burdened, a household would need to earn about \$133,300 per year, given current interest rates at about 5.25 percent plus standard insurance and taxes. And for a median priced condominium, the household would need to earn about \$58,000 per year. This means that less than 3 percent of City of Santa Cruz households could afford the City's median single family home while 43 percent could afford the median priced condominium without becoming cost burdened.

Rental Housing Costs: The average rent in the City of Santa Cruz rose 23 percent between 2003 and 2008 before stabilizing at an average of \$1,843 for a two-bedroom single-family home. The adjacent table details rents for apartments and single-family homes in the City of Santa Cruz. According to a UCSC survey, the average rent ranged from \$865 for a studio unit to as high as \$2,294 for a three-bedroom apartment in 2008. Houses and duplexes command slightly higher rents than apartments. The average rent for a single-family home ranges from \$1,228 to \$3,241, depending on the size of unit. Market-rate studios and single room occupancy (SRO) units tend to rent between \$800 and \$1,000 per month.

Exhibit 3-E. Home Prices in Santa Cruz, 2009

	Sales Price Distribution	
	Single-Family	Condos
Number of Sales	454	111
Average Sales Price	\$689,276	\$397,565
Median (50% of homes sold below)	\$599,000	\$375,000

Source: Santa Cruz County Association of Realtors, 2009

Exhibit 3-F. Average 2008 Rents

Size of Units	Average Rent	
	Apartment	House
Studio	\$865	NA
One-Bedroom	\$1,206	\$1,228
Two-Bedroom	\$1,685	\$1,843
Three-Bedroom	\$2,294	\$2,525
Four-Bedroom	\$3,241	\$3,241

Source: UCSC, 2009

Rental Housing Affordability: Based on the ACS for 2008, the median gross rent for the City of Santa Cruz was \$1,254. To afford this median rent and not be cost burdened, a household would need to earn about \$50,160 per year. About 40 percent of renter households could afford the City's median rent. If we add utility costs of \$200 per month, then the household would need to earn \$58,160 per year to afford median rent and utilities.

Wage Levels and Rents: Annually the National Low Income Coalition produces a report called "Out of Reach" which examines rental housing affordability for states, counties and key metropolitan areas. The study determines how many hours a week a worker earning the minimum wage would work to afford median –priced rental units. The study also examines affordability of individuals whose sole source of income is Supplemental Security Income (SSI).

According to the Coalition's survey in April 2008, the City of Santa Cruz ranked seventh in the country as least affordable for renters based on median rent for a 2 bedroom apartment. The survey notes that a household must earn \$28.90 per hour to afford a 2 bedroom apartment in the Santa Cruz/Watsonville area. In addition, the study reports that a worker earning the minimum wage would have to work 153 hours per week to earn enough to afford a market rate 2 bedroom apartment. This is almost equivalent to working 4 full –time jobs. Since City median rents are slightly higher than the county wide median, the actual hourly wage needed for an apartment is probably higher as well.

Affordability by HUD income categories: Housing programs generally focus on assisting lower income populations. HUD divides low and moderate income households into four categories, based on their relationship to the area median income (AMI): extremely low-income (earning 30 percent or less of AMI); very low-income (earning between 31 and 50 percent of AMI); low-income (earning between 51 and 80 percent of AMI); and moderate-income (earning between 81 and 95 percent of AMI). Additionally, the City of Santa Cruz has housing programs for moderate-income households that go up to 120 percent of AMI. The following table shows the median income for the area as well as income levels by category adjusted for household size.

Exhibit 3-G. County Income Categories & Levels (2009)

HOUSEHOLD SIZE → INCOME LEVEL DEFINITIONS (% AMI) ↓	ONE PERSON	TWO PERSON	THREE PERSON	FOUR PERSON	FIVE PERSON	SIX PERSON
Extremely Low (<30%)	\$17,595	\$20,115	\$22,620	\$25,140	\$27,150	\$29,160
Very Low (31-50%)	\$32,450	\$37,100	\$41,700	\$46,350	\$50,050	\$53,750
Low (HUD) (51- 80%)	\$51,900	\$59,300	\$66,750	\$74,150	\$80,100	\$86,000
Median Income (100%)	\$58,650	\$67,050	\$75,400	\$83,800	\$90,500	\$97,200
Moderate (81- 95% or 120%)	\$70,400	\$80,450	\$90,500	\$100,550	\$108,600	\$116,650

Source: Office of Housing and Urban Development (HUD 2009)

Note: AMI refers to Area Median Income adjusted for family size as indicated

Gaps in Housing Supply: The following analysis examines housing need across all income levels to identify affordability mismatches in supply and demand for all households in the City of Santa Cruz. Because it is impossible to estimate the type of housing each household would prefer, income is used as the basis for the analysis. The adjacent table shows what households at various income levels can afford based on the following assumptions:

- Households cannot pay more than 30 percent of income for housing costs.
- Housing costs must be adjusted to include utility payments.
- For homeowners, price calculations assume 5.25% interest rate plus insurance costs and taxes.

Exhibit 3-H. Affordable Rents & Home Prices by Income Range, 2008

Income Level	Maximum Affordable Gross Rent	Maximum Affordable Home Price
Less than \$5,000	\$125	None
\$5,000 to \$9,999	\$250	\$2,846
\$10,000 to \$14,999	\$375	\$27,032
\$15,000 to \$19,999	\$500	\$51,219
\$20,000 to \$24,999	\$625	\$75,406
\$25,000 to \$34,999	\$875	\$123,780
\$35,000 to \$49,999	\$1,250	\$196,340
\$50,000 to \$74,999	\$1,875	\$317,274
\$75,000 to \$99,999	\$2,500	\$438,208
\$100,000 to \$149,999	\$3,750	\$680,077
\$150,000 or more	\$3,750	\$680,077+

Mortgage assumes 30 year fixed at 5.25% interest & a 10% down payment.

The next table shows the rental market mismatch analysis providing the estimated number of renter households in the City of Santa Cruz in 2008, their income levels, the maximum rent level they could afford and the number of units in the market that were affordable to them. The column on the far right shows the “gap” between the number of households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

In 2008, as shown in the table on the next page, 46 percent of all renter households earned less than \$35,000. These households could only afford to pay up to \$715 per month in rent and utilities without being cost burdened. There are approximately 1,536 affordable units available to households in this income range, leaving a shortage of 3,848 rental units affordable in this range. In contrast, renter households earning more than \$35,000 per year have an adequate supply of affordable units available to them. Moreover, households earning more than \$100,000 per year could afford to pay higher rents than what the market offers.

It should be noted that although the Gaps Analysis indicates that there are more renter households earning more than \$75,000 than units they can afford, this does not always mean that there is pent up demand for higher end rental units. High income renters often choose to rent a levels lower than what they could afford because they are in a period of transition, are saving money to buy a home or simply choose to keep their housing costs very low. True demand for such units would need to be estimated using a more detailed market analysis.

Exhibit 3-I. Rental Gaps Analysis, 2008

Income Level	Maximum Monthly Affordable Gross Rent	Renters		Rental Units		Rental Gap (shortage)/Excess
		Number	Percent	Number	Percent	
Less than \$5,000	\$0	542	5%	0		(542)
\$5,000 to \$9,999	\$90	566	5%	0	2%	(566)
\$10,000 to \$14,999	\$215	1,208	10%	281	4%	(927)
\$15,000 to \$19,999	\$340	928	8%	436	4%	(492)
\$20,000 to \$24,999	\$465	858	7%	112	1%	(746)
\$25,000 to \$34,999	\$715	1,282	11%	707	12%	(575)
\$35,000 to \$49,999	\$1,090	1,818	15%	1804	27%	(14)
\$50,000 to \$74,999	\$1,715	1,715	14%	4310	37%	2595
\$75,000 to \$99,999	\$2,340	1,812	15%	3916	14%	2104
\$100,000 to \$149,999	\$3,590	802	7%			(802)
\$150,000 or more	\$3,430	488	4%			(488)

*Assumes gross rent includes \$160/ month in utility costs plus rent

Renter Cost Burdens: An examination of cost burdened households (paying more than 30 percent of income on housing costs) helps identify which households have the greatest needs. These households may be cutting back on necessary household expenses because of housing costs. They may also be at risk of eviction.

The 2008 ACS estimated that 89 percent of renter households earning less than \$35,000 per year, (approximately 4,765 renter households) paid more than 30% of their monthly income toward rent and utilities, meaning they were cost burdened. This even exceeds the number of affordable rental units that the City is lacking (3,848 units according to the Gap Analysis shown above).

Homeownership Cost Burdens: An examination of cost burdened households (paying more than 30 percent of income on housing costs) helps identify which households have the greatest needs. These households may be cutting back on necessary household expenses because of housing costs. They may also be at risk of foreclosure.

For the lowest income homeowners, the cost burden is also high. All of the owners earning less than \$35,000 per year who have a mortgage were cost burdened in 2008 (467 households) and 82 percent of homeowners earning between \$35,000 and \$75,000 who have a mortgage were cost burdened (1164 households). Even 54 percent of the households earning more than \$75,000 per year were cost burdened if they had a mortgage. Only 9 percent of owner households who do not have a mortgage were cost burdened. This clearly demonstrates the high cost of housing for those who have moved to the area or may have grown up in the area but had not yet purchased a home before housing costs began to rise.

Exhibit 3-J. Renters and Owners Who are Cost Burdened

Tenure	Income Range	Cost Burdened		Not Cost Burdened	
		Households	Percent	Households	Percent
RENTAL HOUSING	Less than \$10,000	1,090	98%	18	2%
	\$10,000 to \$19,999	1,788	84%	348	16%
	\$20,000 to \$34,999	1,887	88%	253	12%
	\$35,000 to \$49,999	1,290	71%	528	29%
	\$50,000 to \$74,999	960	56%	755	44%
	\$75,000 to \$99,999	577	32%	1,235	68%
	\$100,000 or more	39	3%	1,251	97%
	Total Households	7,631	63%	4,388	37%
OWNERSHIP HOUSING WITH A MORTGAGE	Less than \$20,000	182	100%	0	0%
	\$20,000 to \$34,999	285	100%	0	0%
	\$35,000 to \$49,999	322	86%	55	14%
	\$50,000 to \$74,999	832	80%	203	20%
	\$75,000 or more	2,282	57%	3,021	43%
	Total Households	3,913	54%	3,298	46%
OWNERSHIP HOUSING WITHOUT A MORTGAGE	Less than \$20,000	133	36%	241	64%
	\$20,000 to \$34,999	18	5%	335	95%
	\$35,000 to \$49,999	53	19%	229	81%
	\$50,000 to \$74,999	0	0%	387	100%
	\$75,000 or more	0	0%	992	100%
	Total Households	204	9%	2114	91%

Source: American Community Survey 2008

Disproportionate need. HUD requires that cities consider “disproportionate need” as a part of examining housing needs. Disproportionate need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in a category as a whole. According to the previous analysis of the following selected conditions, which include: (1) lack of complete plumbing or kitchen facilities; (2) overcrowded unit; and (3) cost burdened households, 47 percent of total households in the City of Santa Cruz have no selected conditions, 50 percent have one selected condition; and 20 percent have two selected conditions.

HUD uses a needs table that reports housing needs by tenure, income, and racial/ethnicity and mobility/self care limitations to determine disproportionate need. This table is

currently not available with updated census data. Based on the 2000 Census data, the following are disproportionate needs in the City of Santa Cruz.

- Overall Hispanic renters have a much higher likelihood of having housing problems. About 76 percent of these households have some type of housing problem, including affordability, compared with 56 percent of all households. When only considering family households, the difference is even greater with almost 80 percent of Hispanic family households having some type of housing problem, versus 50 percent of all other family households.
- Hispanic homeowners also have a higher likelihood of housing problems. About 56 percent of these households have some type of housing problem, including affordability, compared with 35 percent of all households.
- Low and moderate-income seniors with a mobility or self care disabilities are at least twice as likely to have housing problems as others in those income groups. Interestingly, this is not true for very low and extremely low-income seniors where the percentage of housing problems for seniors in these income groups is actually lower than that for all households in the same income groups.

3.04 Quantifying Housing Needs

This section provides a summary and quantification of the City's housing need for the period covered by this Plan, incorporating the information from the above analysis. The City's primary housing needs are quantitatively summarized in the table below.

Exhibit 3-K. Primary Housing Needs

Household Type	Maximum Affordable Rent*	Maximum Affordable Home Price*	Primary Needs	Number of Households with Needs
Renters earning less than \$20,000	\$465	N/A	▪ Rental assistance. ▪ Homeownership not attainable	2,530 cost burdened renters
Renters earning \$21,000 to \$35,000	\$715	N/A	▪ Rental assistance. ▪ Homeownership not attainable	7,700 cost burdened renters
Renters earning \$36,000 to \$50,000	\$1,090	N/A	▪ Finding low income (rent restricted) units. ▪ Homeownership not attainable	1,800 renters
Owners earning less than \$50,000 per year	N/A	\$170,000	▪ Potential assistance with home maintenance costs & mortgage payment.	790 cost burdened owners
Renters earning between \$50,000 and \$100,000 per year		\$356,000	▪ Finding available affordable units. ▪ Finding financing. ▪ Potential down payment assistance.	4,330 renters cannot afford median condo price.

Barriers to Affordable Housing. When possible, removing economic and regulatory barriers to creation of affordable housing is necessary to produce new affordable housing. The greatest barrier is economic (the high cost of housing and land), which the City has little control over. . The two key factors affecting the cost of affordable housing in the City of Santa Cruz are:

- **The high cost of building new housing.** The scarcity of land is the key factor in the high cost of housing in the City of Santa Cruz. Since the City has little vacant land remaining, new housing is likely to occur in areas that have added development costs for preparing the land. The site may have environmental or spatial issues or there may be existing development on the site which must be removed and tenants who may require relocation. The City has policies in place that support higher densities and smaller unit development which spread land costs over more units thus reducing the cost per unit. The City's zoning code includes a density bonus ordinance as well as incentives for building smaller units. The City also recently developed an innovative Small Ownership Unit ordinance that reduces requirements for starter ownership housing projects.
- **Scarcity of funding for low income housing.** Although the City has several dedicated sources of funding for affordable housing including the Redevelopment Agency's 20 percent affordable housing set-aside fund, the annual HOME grant, and in lieu funds which are deposited into the City's Affordable Housing Trust Fund, these funds are not enough to provide needed amount of affordable housing and must be heavily leveraged. To augment support of affordable housing developments, City has a number of programs that provide units without City subsidies. The Fee Waiver Program reduces or eliminates permit fees in exchange for affordable units. The City's inclusionary housing program requires developers to 15 percent of provide of the development at affordable costs. In addition, to assist first time homebuyers the City provides second mortgages under a first time homebuyer program.

3.05 Establishing Housing Priorities

The housing analysis shown above indicates that the City has housing needs at almost every income level. Renters tend to have a greater need than those seeking to buy or already own their own home. There is also a need for housing with supportive services for special needs populations.

Housing needs in the City of Santa Cruz far exceed what the City can reasonably do to produce the needed affordable housing. Therefore, priorities are set that take into consideration the needs identified above but also, consider other factors such as opportunities to work with others to leverage funds. Lower funding priorities are assigned to needs that may be covered by other programs, such as the production of affordable ownership units under the City's Inclusionary Program.

Based on this, when looking at funding housing projects or programs, housing priorities consider the following.

- A high priority is assigned to preservation of existing units, especially those under the Section 8 Program at risk of losing affordability. The Section 8 Program subsidizes extremely low income households at a level the City of Santa Cruz cannot afford.
- High priorities are assigned to developing rental housing that provides for a range of income groups when leveraged with other state or federal funds. The exceptions are (1) ownership housing which can be produced with little subsidy from the City such those under the Habitat for Humanity program, or (2) First Time Homebuyer Program loans, where funds are paid back to be reallocated in the future.
- High priorities are also given to housing projects that may serve a double purpose in improving or acting as a catalyst project in a distressed area such as in the NRSA or the Lower Ocean Street neighborhood.

Housing At Risk of Losing Affordability: As noted above, the City does not have the funding needed to provide rental assistance for very low and extremely low income households, the City can work with current housing developments that receive rental assistance from other programs such as the HUD Section 8 Program. The following is a list affordable housing projects that the City continues to track and when at risk of converting to market rate housing, endeavors to secure future affordability. For this reason, the City does not anticipate losing any of these units during the next five years. However, the City will continue to work with Riverfront Apartments to encourage their Section 8 contract renewal, which is scheduled to end within this five year period.

Exhibit 3-L. Affordable Housing Projects Risk Levels

Project Name	Primary Program	Household Type	# Assisted Units	Contract Expiration	Risk
San Lorenzo Park Apts.	Section 8	Senior	77	2012	Low-Owner wants to keep affordable.
La Posada	Section 8	Senior	122	4/26/11	Also under renewed Section 8 contract
Garfield Park Village	Section 8	Senior	19	2024	Low- Owned by a non-profit.
Santa Cruz Riverfront	Section 8	Family	70	3/29/13	High- Needs City assistance to renew.
Mission Gardens IV	Section 8	Family	50	2065	Low- RDA/HOME Agreements
Arbor Cove	Section 8	Senior	35	8/5/12	Low- Owned by a non-profit.
81 Grandview	P.H.	Family	36	NA	Low- Public Housing
Heiner House	Mixed	SROs	5	9/29/13	Low- Owned by a non-profit.
St. George	Red Cross	SROs	124	1/1/23	High - Privately Owned
El Centro	Mixed	SROs	45	4/10/14	Low- Owned by a non-profit.
Gularte Bldg.	Red Cross	Family/1 BR	24	1/15/24	High - Privately Owned
La Playa	CDBG/RC	Family/1 BR	8	10/25/04	Low- Owned by a non-profit.

SECTION 4. SPECIAL NEEDS POPULATIONS

This section discusses the housing and community development needs of special needs populations in the City of Santa Cruz, pursuant to Sections 91.205, 91.210, and 91.215 of the Local Government Consolidated Plan Regulations.

Due to lower incomes and the need for supportive services, special needs groups are more likely than the general population to encounter difficulties finding and paying for adequate housing, and often require enhanced community services. The groups discussed in this section include:

- *Extremely low income population.*
- *Persons with HIV/AIDS.*
- *The elderly and frail elderly.*
- *At-risk youth.*
- *Persons with disabilities.*

Persons experiencing homelessness are also considered a special needs group. But because of the size of this population and the number of services and City programs, information on this special needs population is provided in Section 5 of this report. Since the greatest issue facing at-risk youth is also homelessness, this group is also discussed in Section 5.

4.01 Extremely Low Income Populations

Low Income Population: HUD provides special tabulations of the 2000 Census called Comprehensive Housing Affordability Strategy (CHAS) data to show income constraints for various segments of the population. According to the 2000 CHAS data, there were 8,663 low income households in the City of Santa Cruz in 2000. The majority of these households, 6,607 or about 76 percent, had some type of housing problem. The following table shows the number of low income households with housing needs by income range. “Unmet housing needs” are defined by HUD and encompass any housing problem including cost burden, overcrowded conditions or units in substandard condition. As previously notes, the major condition in the City of Santa Cruz is cost burden because of the high cost of housing.

Exhibit 4-A Low Income Households with Housing Problems, 2000

	Less than 30% MFI	30% to 50% MFI	50% to 80% MFI	Total Low Income Households	Percent Total Low Income Households
Total Households	3,046	2,085	3,532	8,663	100%
With Any Housing Problems	2,550	1,645	2,412	6,607	76%
Cost Burdened Households	2,489	1,530	2,077	6,096	70%
Severely Cost Burden	2,026	771	844	3,641	42%

Source: 2000 Comprehensive Housing Affordability Strategy
MFI: Median Family Income

“Severely cost burdened” means that a household spends more than 50 percent of household income on housing costs while “cost burdened” households spend more than 30 percent of income.

Low Income Renters: CHAS data also provides information on the housing needs of low income renters by household type. The following table presents the housing needs for low income renters in the City of Santa Cruz in 2000. It shows that the majority of low income renters have housing problems, primarily cost burdens.

Exhibit 4-B Low Income Renters with Housing Problems, 2000

	Less than 30% MFI	30% to 50% MFI	50% to 80% MFI	Total Low Income Households	Percent Total Low Income Households
Total Households	2,560	1,532	2,338	6,430	100%
With any housing problems	2,130	1,298	1,665	5,092	79%
Cost Burden	2,092	1,183	1,356	4,630	72%
Severely Cost Burden	1,690	553	484	2,727	42%

Source: 2000 Comprehensive Housing Affordability Strategy

The greatest need of low income renters is to find affordable, quality housing in safe neighborhoods. The City actively pursues developing affordable rental housing through its Redevelopment Agency and Housing and Community Development (HCD) programs. Other problems such as getting repairs made by landlords and overcrowding are addressed by the City’s code enforcement program.

Low Income Homeowners: The following table presents the CHAS data for low income homeowners. Compared to renters, there are fewer owners in all income categories that have housing needs. However, the number is still high and is predominantly due to cost burdens. The cost burden of homeownership (66 percent of low income homeowners) is also the greatest issue facing homeowners because of the high cost housing market. In a worst case scenario, homeowners may need educational and possibly financial assistance to prevent foreclosure. In addition homeowners may need assistance with home repairs and maintenance.

Exhibit 4-C Low Income Homeowners with Housing Problems, 2000

	Less than 30% MFI	30% to 50% MFI	50% to 80% MFI	Total Low Income Households	Percent Total Low Income Households
Total Households	486	553	1,194	2,233	100%
With any housing problems	418	348	746	1,512	68%
Cost Burden	398	348	722	1,468	66%
Severely Cost Burden	338	219	359	916	41%

Source: 2000 Comprehensive Housing Affordability Strategy

Resources: The City of Santa Cruz's lowest-income renters and owners are primarily served through assisted-housing programs, which are discussed below.

- **Housing Authority:** The Housing Authority of Santa Cruz County (HA) provides Section 8 vouchers to eligible applicants. The county-wide waiting list for Section 8 housing vouchers is over 11,400 with about 89% projected to have extremely low income. Of those on the list, it is projected that there are 912 elderly families, 3,306 families with disabilities and 4,446 families with children. The HA also operated 3 Public Housing developments in the City of Santa Cruz with a total of 234 units available. The county-wide waiting list of families for Public Housing has over 5,300 families, 83% of whom are projected to have extremely low income.
- **Unified Housing Rehabilitation Program:** This City program assists homeowners rehabilitate their homes.
- **Emergency Rental/Mortgage Assistance Program:** The Redevelopment Agency continues to provide funding to the Santa Cruz County Community Action Board for the Emergency Rental/Mortgage Assistance Program. This Program works to prevent eviction from rental units or mortgage foreclosures of low- and moderate-income persons or families. Additional funding is provided in the low income Beach Flats and Lower Ocean Street neighborhoods through the City as well.
- **Tenant Based Assistance/Security Deposit Program:** The Redevelopment Agency also funds the Tenant Based Assistance/Security Deposit Program, administered by the Santa Cruz County Housing Authority. The Program provides the security deposits for rental housing so persons in transitional housing or the homeless can secure permanent housing. Additional funding is provided in the low income Beach Flats and Lower Ocean Street neighborhoods through the City as well.
- **Inclusionary Housing & City Assisted Housing Developments:** The City requires 15% of any development to provide affordable housing. In addition Redevelopment and other City funds, including HOME and CDBG funds are used to assist in the development of affordable housing projects.

4.02 Elderly and Frail Elderly

Population: In 2008, it is estimated that there were 4,753 persons over the age of 65 living in the City of Santa Cruz, representing about 8.7 percent of the total population. This is a 2 percent increase over the 2000 Census of 4,663 persons over the age of 65.

Frail elderly are defined for the purposes of this report as individuals age 65 and older with a self-care disability. Although 2008 American Community Survey data is not available to identify number of individuals that have mobility/self care disabilities, Census data from 2000 indicates that out of 3,306 elderly households, 1,037 or 31 percent have mobility/self care disabilities. By applying that percentage to the total number of elderly in the City of Santa Cruz in 2008, it can be estimated that there may be approximately 1,500 households with a frail elderly person in the City.

Housing the Elderly: Elder housing can best be described using a continuum of options ranking from independent living situations to nursing homes with intensive medical and personal care support systems. Common stops along this housing continuum include the following:

- **Independent living:** The elderly may live with relatives, on their own or in subsidized units.
- **Congregate living:** Typically these are unsubsidized facilities that can be quite expensive for low and moderate income elderly. Normally, three meals per day are available and organized social activities are generally provided.
- **Assisted living facilities:** 24 hour non-nursing assistance facilities are not medical in nature and typically don't accept Medicaid reimbursement.
- **Nursing Homes:** 24 hours nursing care in facilities that may be generalized or specialized. Nursing homes may accept Medicaid reimbursement.

Specific data on the number of seniors in the City of Santa Cruz living in nursing homes, assisted living facilities and other group quarter settings is unavailable.

In most communities, seniors prefer to stay in their own homes as long as possible. If they are nearby, family members can assist with basic care needs, enabling seniors to remain in their homes longer than they would have otherwise. However increased work demands and transience of the population in recent years have made family assistance more challenging. The City of Santa Cruz does have an active Accessory Dwelling Unit Program that allows seniors to downsize their home without leaving their neighborhood or their children to build a small unit at their home to provide housing for elder parents.

Most elderly households not living in group quarter settings owned their own homes. As seniors age, their homeownership rates decline. In 2008, the City homeownership rate was 67 percent for seniors 65 and older, and 60 percent for seniors 85 and older. Declining homeownership is indicative of both increasing needs for assisted living and the difficulty for individuals to support the burden of homeownership as they age.

Outstanding Housing & Service Needs: Low income seniors face a wide range of housing issues, including substandard housing, a need for modifications due to physical disabilities as well as a lack of affordable housing.

- **Substandard Housing:** HUD's Elderly Housing Report provides national data available on seniors living in housing in need of repair or rehabilitation. HUD reported the 6 percent of seniors nationwide lived in housing that needed repair or rehabilitation. Applying this rate to the City of Santa Cruz, it is estimated that as many as 200 elderly residents may have been living in substandard housing in 2008. Home maintenance can be a burden for many moderate and low income homeowners. It is a particular problem for elderly people on fixed incomes who need help with small repairs and major maintenance items.
- **Housing to Accommodate Disabilities:** In 2000, 82 percent of non-institutionalized elderly persons reported that they had some form of disability (sensory, physical, mental, self-care or go-outside home). Of these persons with a disability, 13 percent

reported a self-care disability (e.g., bathing, taking medication) and 27 percent reported a go-outside-home limitation (e.g., going-outside the home alone to shop or visit a doctor's office). These incidence rates compare with 28 percent of non-institutionalized residents overall who reported a disability. Elderly persons with such needs are best housed in accessible housing (including assisted living and nursing home facilities) or need assistance to remain in their homes.

- **Barriers to Housing/Income Constraints:** Compounding the difficulties elderly persons might have in maintaining or repairing their homes is that many seniors live on fixed incomes. Although seniors are estimated to comprise only 2 percent of households in the City of Santa Cruz earning less than \$20,000 per year, about 35% of all senior householders over 65 years earn less than \$20,000 per year. About 4 percent of seniors in the City of Santa Cruz lived in poverty in 2008.

According to CHAS data in 2000, 34 percent of the City's elderly households or 1,122 households had some housing problem, which is predominantly cost burdened households (also reported at 34 percent of households). However, elderly who own their own homes were much less likely to be cost burdened (12 percent of owners versus 51 percent of renters).

Housing & Supportive Housing Resources: Given the variety of housing options available to serve the elderly and the privatization of housing development, it is difficult to assess the sufficiency of housing for the City's elderly households without undertaking a comprehensive market analysis. However, the same housing problems that exist for the elderly nationwide are also likely prevalent in the City of Santa Cruz. The most pressing issues for moderate and high income elderly in the U.S. are finding facilities located in preferable areas with access to public transit and other needed community services. For low income elderly, the most difficult issue is finding affordable housing with an adequate level of care.

The City of Santa Cruz has actively supported the development of senior housing. In addition to having over 300 subsidized senior housing units and 26 subsidized assisted living unit beds (under the City's inclusionary program), the City helps fund the Senior Network Services housing program that matches seniors for shared housing.

Exhibit 4-D Subsidized Senior Housing Units

Facility	Number	Additional Services
Arbor Cove	35 units	
Garfield Park	32 units	
Gault Street Apts.	36 units	
La Posada	122 units	Central dining - 2 meals/day
San Lorenzo Park	78 units	24 hour live-in care available
Sunshine Villa	26 beds	Assisted Living; Alzheimer's Wing
Total Beds & Units	329	

Supportive Services: The California Department of Aging contracts with the network of agencies, who directly manage a wide array of federal and state-funded services that help older adults find employment; support older and disabled individuals to live as independently as possible in the community; promote healthy aging and community

involvement; and assist family members in their vital care giving role. In Santa Cruz County, Advocacy, Inc. provides a Long-Term Care Ombudsman Program and the Patients' Rights Advocate Program. The Ombudsman Program advocates for seniors and disabled individuals living in residential care facilities and skilled nursing facilities. The Patients' Rights Advocate Program protects the rights and advocacy for all mental health consumers.

The local non-profit organization Senior Network Services helps seniors link with needed services. They publish a senior resource directory which lists services and programs in Santa Cruz County for senior citizens. In addition Senior Network Services directly provides information assistance and case management services; a money management program; and health insurance counseling and advocacy program (HICAP).

To help the elderly remain in their homes, the non-profit Community Bridges provides transportation services (Liftline) for the elderly as well as Meals On Wheels which provides a daily visit and a nutritious meal for vulnerable elders and disabled residents.

For these non-profit organizations, funding is increasingly a barrier to reaching seniors who might need the services.

4.03 Persons with Disabilities

Population: The 2000 Census reported 9 percent of the population over 5 years of age in the City of Santa Cruz had one or more types of disability. The following table shows the number of persons with disabilities by age in 2000 for the City.

Exhibit 4-E Disability by Age Cohort Population Age 5 and Over

Number of Disabilities	5 to 15 Years	16 to 64 Years	65 Years & Over	Total	% of Total Population
Without any disability	5,337	14,938	2,780	23,055	85%
With 1 type of disability	307	1,235	764	2,306	9%
With 2 or more types of disabilities	50	626	1,011	1,687	6%
TOTAL	5,694	16,799	4,555	27,048	100%
Percent of total age group of those with one or more types of disability	6%	11%	39%	15%	
Percent of population by age cohort with one or more types of disability	9%	47%	44%	100%	

Source; 2000 US Census

The U.S. Census Bureau places disabilities into six categories, including:

- Sensory disability – blindness, deafness, or a severe vision or hearing impairment.
- Physical disability – a condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying.

- Mental disability – a physical, mental or emotional condition that made it difficult to perform certain activities like learning, remembering, or concentrating.
- Self-care disability – a physical, mental, or emotional condition that made it difficult to perform certain activities like dressing, bathing, or getting around inside the home.
- Going-outside-the-home disability – a physical, mental, or emotional condition that made it difficult to perform certain activities like going outside the home alone to shop or visit a doctor’s office.
- Employment disability – a physical, mental, or emotional condition that made it difficult to work.

The Census’s definition of disability status is based on individuals’ answers to several Census survey questions. According to the Census, individuals have a disability if any of the following three conditions were true: (1) they were 5 years old and over and had a response of “yes” to a sensory, physical, mental or self-care disability; (2) they were 16 years old and over and had a response of “yes” to go-outside-home disability; or (3) they were 16 to 64 years old and had a response of “yes” to employment disability.

These disabilities include individuals with both long-lasting conditions, such as blindness, and individuals that have a physical, mental or emotional condition lasting 6 months or more that makes it difficult to perform certain activities. All disability data from the Census are self-reported by respondents. In 2000, there were over 3,000 disabilities reported for persons over the age of five. The adjacent table lists the disability by type in the City of Santa Cruz. Mental disabilities are the most common type of disability. About 3 percent of the population had a mental disability.

Exhibit 4-F Type of Disability

Type of Disability	Total No. of Disabilities	% of Total Population
Mental disability	1,576	3.1%
Physical disability	714	1.4%
Sensory disability	358	0.7%
Go-outside-home disability	238	0.5%
Employment disability	128	0.2%
Self-care disability	30	0.1%

Source: 2000 US Census

Persons with a disability generally have lower incomes and often face barriers to finding employment or adequate housing due to physical or structural obstacles.

This population often needs affordable housing that is located near public transportation, services, and shopping. Persons with disabilities may require units equipped with wheelchair accessibility or other special features that accommodate physical or sensory limitations. Depending on the severity of the disability, people may live independently with some assistance in their own homes, or may require assisted living and supportive services in special care facilities. Finding housing that is affordable, has necessary accessibility and is conveniently located near transit and other services is often very challenging for persons with disabilities.

Financial Resources: In determining the resources available to people with disabilities, it should be noted that individuals may have access to federal and state supportive programs to help meet their housing needs, including Supplemental Security Income (SSI). However, with the standard that housing should not cost more than 30 percent of household income, a disabled person on SSI can only afford rent of about \$260 per month. A market rate studio or single room occupancy unit in the City of Santa Cruz would cost over \$850 per month. To afford housing with SSI as the only household income housing needs to be subsidized. Medicaid can be used by individuals in nursing homes or hospital care. Medicaid waivers make Medicaid available for home- and community-based services, such as transportation. They cannot be used to cover the cost of housing, although up to \$10,000 can be used for environmental modifications (i.e., ramps, handrails, etc.).

Persons with Mental Illness: Almost 52 percent of the disabilities reported in the 2000 Census for the City of Santa Cruz were mental disabilities. Severe Mental Illness (SMI) is defined as a “diagnosable mental, behavioral or emotional disorder that has resulted in functional impairment which substantially interferes with or limits one or more of major life activities. According to the 2000 Census, 1,576 persons in the City of Santa Cruz had some sort of mental disability.

- **Government Resources for Persons with Mental Illness:** The Santa Cruz County Health Services Agency has a Mental Health and Substance Abuse Division that provides supportive services to transition age youth (18-25), adults (25-60) and older adults (over 60) in need of mental health treatment. Services are targeted to individuals with serious and persistent mental illnesses. In addition Adult Mental Health authorizes and oversees the provision of mental health services to Santa Cruz County Medi-Cal recipients meeting medical necessity criteria as well as those at risk of psychiatric hospitalization.
- **Other Resources for Persons with Mental Illness:** Two non-profit organizations in the City of Santa Cruz also provide services and housing for the psychiatrically disabled persons. The Santa Cruz Community Counseling Center (SCCC) provides a range of services to the psychiatrically disabled, including (1) housing; (2) community support services to support and educate mental health consumers and their families; and community recovery services to help those with difficulties associated with drug or alcohol use. The Mental Health Client Action Network of Santa Cruz County (MHCAN) provides a peer run, self-help, drop-in center where people with psychiatric disabilities can congregate and socialize.

Persons with Physical Disabilities: Physical disabilities are the second most common form of disability, representing 23 percent of all disabilities, in the City of Santa Cruz.

- **Government Resources for the Disabled:** The County of Santa Cruz Human Resources Agency coordinates federal, state, and county government funding for programs and services for disabled populations in the City of Santa Cruz.
- **Supportive Housing Resources for the Disabled:** The following are supportive housing facilities in the City of Santa Cruz that can serve non-homeless special needs persons.

- o Grace Commons: 13 units of supportive housing operated by the Santa Cruz Community Counseling Center (SCCCC).
- o Scattered Site Housing: SCCCC operated a program of scattered site housing with support services which include community support services coordinators, county coordinators and peer support.
- o Darwin House A 15 bed transitional Social Rehabilitation Program operated by Front Street Inc. is designed to prepare people for success in a more independent living
- o Front St. Residential Care: Also operated by Front Street Inc, this is an adult facility serving individuals with mental disabilities.
- **Other Affordable Housing for the Disabled:** Redwood Commons is a 36 unit accessible single room occupancy project that has 13 units that are affordable to extremely- and very low- income persons. Priority is given to mobility impaired individuals and their caregivers.
- **Other Resources for the Disabled:** There also is a network of non-profit organizations that serve this population. The City provides both CDBG and General Fund grants. CDBG social service provider funds are used for the Senior Network Services and the River Street Shelter (for homeless individuals with psychiatric disabilities). In addition, the City recently funded 13 affordable housing units in a wheel chair accessible development. Social services that receive General Funds include:
 - o Doran Center for the Blind and Visually Impaired: Serves the blind and visually impaired and their support networks.
 - o Central Coast Center for Independent Living: Assists persons with disabilities live independently through advocacy; housing assistance; personal assistance services; peer support; independent living skills and life skills training; and referral services.
 - o •Lifeline (Community Bridges): Provides transportation services for the disabled or elderly.
 - o Meals On Wheels (Community Bridges): Provides a daily visit and a nutritious meal for vulnerable elders and disabled residents.

4.04 Persons with AIDS

Total Population. The Centers for Disease Control and Prevention (CDC) estimates there are now 1,000,000 people, or approximately 0.3 percent of the nation's population, currently living with HIV/AIDS, with over 50,000 new HIV/AIDS infections occurring in the U.S. every year. A report from the California Department of Public Health (CDPH) indicates there were 759 cases of HIV/AIDS in Santa Cruz County in April 2009. This represents .3 percent of the County's population which is equivalent to that of the nation as a whole.

The most recent Santa Cruz County Annual AIDS and HIV Surveillance Report, 2008, reports that in 2007, 613 persons had been diagnosed with AIDS and 187 persons with

HIV in the County for a total of 800 persons living with HIV/AIDS in Santa Cruz County. The incidence of AIDS decreased more than 50 percent from 1993-97 to 2003-07. Residents of the City of Santa Cruz also account for about 22 percent of persons living with HIV/AIDS in the County (176 in 2007 and 167 persons in 2009).

Outstanding Need. According to the advocacy group AIDS Housing of Washington, 65 percent of people living with HIV/AIDS nationwide cite stable housing as their greatest need next to healthcare. The organization also estimates that one-third to one-half of people living with AIDS are either homeless or in imminent danger of losing their homes. Local providers of services to people with HIV/AIDS estimate that between 20 and 30 percent of the number of people with HIV/AIDS are in need of housing. Given these statistics, it is estimated that at least 35 to 55 persons living with HIV/AIDS in the City of Santa Cruz require housing assistance.

Santa Cruz AIDS Project (SCAP) operates the Pearlman House, which provides 4 beds of transitional housing. The typical waiting list for the Pearlman House is about 9 to 12 months. SCAP also provides rent and utility payments assistance to 50 and 70 people per year to prevent homelessness. SCAP has identified permanent housing as the greatest outstanding need.

Barriers to Housing. In addition to living with their illness and inadequate housing situations, persons with HIV and AIDS in need of housing face a number of barriers, including discrimination, housing availability, transportation and housing affordability. The co-incidence of other special needs problems with HIV/AIDS can make some individuals even more difficult to house. For example, an estimated 20 percent of people currently living with HIV/AIDS use or abuse substances other than their own prescription medicine and 36 percent have abused substances in the past. The incidence of mental illness among the HIV/AIDS community is also high. Approximately 17 percent of people currently living with HIV/AIDS have a persistent mental illness; five percent have AIDS-related dementia. Because of frequent concurrence of substance abuse and mental illness with HIV/AIDS, housing providers often struggle to serve this population.

Resources. The primary source of funding for HIV/AIDS housing is the HUD's Housing Opportunities for People with AIDS (HOPWA) program. HOPWA coordinates long-term rental assistance, short-term mortgage/rent payment and utility payment assistance, and other supportive and homeless prevention services. The City of Santa Cruz does not receive HOPWA funds from HUD which enables service providers to apply directly to the state for assistance through the County from HOPWA. The following are the three primary resources available to persons living with HIV/AIDS in the City of Santa Cruz, some of the local services are partially funded with HOPWA funds.

- **Federal EIS Program/HIV Early Intervention Services Program:** Federal program that funds a variety of medical, mental health, nutrition and dental services.
- **CARe Team/Community Advocacy Resources Team:** Assists in accessing a variety of resources; provides nurse and case management, which includes assistance with medication, medication adherence, and facilitate doctor visits. Social workers

conduct psychosocial assessments, follow up and referrals into appropriate mental health services.

- **Santa Cruz AIDS Project (SCAP):** Provides referrals and advocacy to legal services, assistance in obtaining permanent housing, financial assistance in order to maintain permanent housing, food bank, benefits advocacy, and financial assistance with insurance co-pays.

Supportive Housing Resources: Santa Cruz Aids Project provides housing, counseling, transportation, meals, and other support services to persons with HIV/AIDS and their families.

4.05 Priority Needs of Special Needs Populations

Outstanding Priority Needs: Santa Cruz provides a wide range of services and housing options to meet the special needs of residents. A key goal of the City is to facilitate, to the extent feasible, the integration of special needs housing and services in neighborhoods so as to provide a more integrated living environment for Santa Cruz residents. The following are priorities for non-homeless special needs populations in the City of Santa Cruz.

- **Housing for Mentally Disabled:** Of particular need at this point is housing for persons with psychiatric disabilities including the mentally ill, as well as those with other types of mental incapacitation. It is estimated that in the City of Santa Cruz, there are between 400 and 550 mentally ill persons who are either without housing or have a serious need for more appropriate housing.
- **Programs to Help Seniors Age in Place:** There is also an increasing awareness of the benefits from enabling seniors to remain in their own homes or neighborhoods as long as possible. As previously noted, 82 percent of non-institutionalized elderly persons reported that they had some form of disability (sensory, physical, mental, self-care or go-outside home). Elderly persons with disabilities may be able to remain in their own home if it is retrofitted to accommodate their disability or for low income seniors, made more energy efficient to reduce housing costs. Also as previously noted it is estimated that as many as 200 elderly residents may have been living in substandard housing in 2008. Therefore a priority is to create a program that might help seniors retrofit their homes or to build Accessory Dwelling Units to allow them to age in place.
- **Senior Housing:** Although the City of Santa Cruz has been actively building senior housing over the last 20 years, population trends indicate there will be an increasing need for senior housing.
- **Implementation of the Neighborhood Revitalization Strategy Area Plan:** The NRSA encompasses the lowest income population of the City as well as an area of minority population concentration. Revitalization that would include assistance for social service programs, affordable housing development, infrastructure improvements, and economic development activities would benefit special needs of the City's extremely low-income population as well as the minority Hispanic population in the City.

SECTION 5. HOMELESSNESS

Homelessness in Santa Cruz County is a countywide issue. The City of Santa Cruz has a long history of working collaboratively with County of Santa Cruz; the Cities of Capitola, Scotts Valley, and Watsonville; nonprofits, faith groups, and the private sector; and homeless people and the public to craft and implement effective strategies for preventing and ending chronic, family, and other homelessness. In this spirit of collaboration, the City of Santa Cruz participates in a broad-based Homeless Action Partnership (HAP), implementation of a 10-Year Plan to End Homelessness, and efforts to effectly transform the system through the federal HEARTH Act and Homelessness Prevention and Rapid Re-Housing Program (HPRP).

Within this context, the following sections provide information for the City of Santa Cruz on:

- *The homeless population and its characteristics.*
- *The key housing and service needs of homeless families and individuals.*
- *The county-wide inventory of homeless housing and services.*
- *Future-oriented strategies and plans for ending homelessness.*

5.01 Homeless Population and Characteristics

Nature and Extent of Homelessness: The most recent reliable data about the homeless population comes from a comprehensive countywide homeless census and needs assessment conducted in early 2009 by Applied Survey Research (ASR), a local research firm with expertise in homelessness studies. ASR's study included three elements: (1) a point-in-time count of the homeless street population, (2) a simultaneous count of all sheltered homeless people, and (3) a 27-question survey administered randomly to 401 homeless people at locations throughout the county. In addition, an annual Community Assessment Project (CAP) study surveys the Santa Cruz County residents on a broad array of issues, including housing status.

The Homeless Population: Although progress has been made, the homeless population in the City of Santa Cruz is a large and diverse group. Based upon ASR data, it is estimated that there are 901 homeless people in the City of Santa Cruz at any given point-in-time (all figures below are point-in-time), which is down 288 people from the 1,189 counted by ASR in 2007 (two years earlier). The City of Santa Cruz is the largest city in the county, and its homeless population represents about 40 percent of the overall county homeless population of 2,265. (Note: The City of Santa Cruz and the countywide HAP use HUD's McKinney-Vento definition of homelessness as follows: "Homeless person means a person sleeping in a place not fit for human habitation or in an emergency shelter, and a person in transitional housing for homeless persons who originally came from the street or an emergency shelter.")

Homeless individuals currently account for about 83 percent of the City's homeless population, or about 749 people. Homeless people in family groups are 17 percent of the City's homeless population, or 152 total people, including approximately 100 children.

Countywide, 73 percent of homeless people are male and 26 percent female. Fifty percent of homeless people are White/Caucasian, 30 percent are Hispanic, 8 percent are African-American, and the rest Asian, Native American, or other. Estimated numbers by gender, ethnicity and race for the City of Santa Cruz are not possible because of differences in these categories between Santa Cruz and other parts of the county. For example, Hispanic homeless people are significantly represented more in the southern part of the county than they are in the City of Santa Cruz.

Of the homeless population in Santa Cruz County, about 68 percent, or 1,536 people, are living out-of-doors in places not fit for human habitation, while 32 percent, or 729 people, are sleeping in an emergency shelter or transitional housing. (When the seasonal (winter only) shelter is open, a greater number of homeless people are sheltered.) Among homeless families, only about 10 percent, or 44 people, are living in places not fit for human habitation (e.g., in vehicles), while the rest, 406 people, are sheltered.

Homeless Subpopulations: The homeless population in the City of Santa Cruz is composed of diverse subpopulation groups, each with unique characteristics and needs. Each year, the HAP, in its consolidated Continuum of Care (CoC) application to HUD, reports on the subpopulation groups described below. The most recent data were derived from ASR's early 2009 homeless census/survey referenced above. For purposes of this document, City of Santa Cruz numbers for each subpopulation are apportioned from the overall county whole (assuming 40 percent of the county total) unless otherwise noted.

- **Chronically Homeless People:** Within the overall homeless population, the most significant group are chronically homeless. Members of this group often pass through shelters, emergency rooms, jail, treatment programs, and other institutions, at great cost, but sadly, without an end to the cycle of homelessness. HUD defines "chronically homeless person" as an individual with a disabling condition, who has been continuously homeless for at least one year or homeless four times in the past three years. Within the City of Santa Cruz, about 37 percent of the homeless population, or approximately 337 people, are chronically homeless under the HUD definition. Chronically homeless people in Santa Cruz tend to suffer from one or more disabling condition, including mental illness, chronic substance abuse, HIV/AIDS, and/or physical or developmental disabilities.
- **Seriously Mentally Ill:** Unquestionably, serious mental illness is a problem among the Santa Cruz homeless population, but it is hard to determine the extent of the problem, since many homeless people have never received a mental health assessment. Nevertheless, it is estimated that approximately 265 homeless people, or 29 percent of the homeless population, suffer from a serious mental illness, and even more suffer from a less serious condition. Many seriously mentally ill homeless people also suffer from chronic substance abuse and/or AIDS, which complicates treatment and makes chronic homelessness more likely.

- **Chronic Substance Abuse:** About 27 percent the homeless population, or about 250 people, suffer from chronic substance abuse, a situation often exacerbated by the condition of homelessness. Substance abuse among homeless people includes alcohol, illegal drugs, and prescription drugs.
- **Veterans:** An estimated 15 percent of homeless adults, or 109 people, are veterans. This population includes veterans from different war eras, including the Vietnam War, the Gulf War, and now the Iraq and Afghanistan wars. Veterans may be able to access special veterans benefits and housing, and often suffer from unique conditions, such as Post Traumatic Stress Syndrome.
- **Persons with HIV/AIDS:** Only 18 homeless people with HIV/AIDS were identified countywide in the 2009 ASR study, but the actual number was likely considerably higher. (HIV/AIDS is typically difficult to accurately enumerate because many homeless people choose not to disclose this condition.) Homeless people suffer disproportionately from HIV/AIDS due to their lack of access to preventative health education, sterile injection equipment, and HIV/AIDS treatment services.
- **Victims of Domestic Violence:** Likewise, data regarding domestic violence among or toward homeless people is difficult to gather because people often are afraid, or do not want, to answer questions about family violence. Based upon the 2009 ASR study, it is estimated that there are 119 adults and children who have recently suffered from domestic violence countywide, contributing to their homelessness. This is undoubtedly a major undercount. National studies have shown that family violence, whether in the past or present, is a common factor among a high percentage of homeless families and single women.
- **At-Risk Youth:** Runaway and homeless unaccompanied youth (under 18) are a highly visible and prevalent homeless subpopulation in Santa Cruz. Seventeen unaccompanied youth countywide were counted as homeless, and in need of help with housing, health, social functioning, family reunification, employment, and educational guidance. Again, this is a significant undercount due to the difficulty in finding and counting unsheltered runaway and homeless youth.

Persons at Risk of Homelessness: As reported elsewhere in the Consolidated Plan, the City of Santa Cruz is one of the least affordable housing markets in the nation. The cost and lack of availability of affordable housing is a major factor in placing a large number of Santa Cruz residents at risk of homelessness. Because of this high cost of rental housing, many families and individuals are spending a disproportionate part of their income on housing, and may be only one personal crisis or paycheck away from homelessness. This includes neighbors, family friends, teachers, public service workers, and agricultural workers.

In Santa Cruz County, people most at risk of losing housing (and thus becoming homeless) include: the unemployed, persons living on public assistance, households in federally assisted housing, families living at or below the federal poverty level, and persons being discharged from mental health, health care, foster care, and correctional institutions. From 2008-2010, the economic crisis has dramatically increased the risk of homelessness for those losing housing due foreclosure and/or being laid off from jobs. In

Santa Cruz County according to Santa Cruz County Community Assessment Project Comprehensive Report 2009 (CAP):

- 17.8 percent of persons under 18 and 13.4 percent of persons 18-64 lived at or below the federal poverty line County-wide.
- 8.8 percent was the City of Santa Cruz unemployment rate and 10.6 percent for the whole County.
- 4,512 people were receiving TANF/CalWORKS payments, including 3,522 children.
- 1,507 notice of default were filed (first step in the housing foreclosure process) in 2008, up from 905 in 2007.
- 141 children were placed in foster care.

5.02 Homeless Resources

Homeless Housing and Service Resources: The City of Santa Cruz has, over the years, collaborated with County of Santa Cruz; the Cities of Capitola, Scotts Valley, and Watsonville; nonprofits, faith groups, and the private sector; and homeless people and the public to develop and sustain a comprehensive inventory of housing and services for meeting homeless people's needs, including the following subpopulations: chronically homeless, seriously mentally ill, chronic substance abuse, veterans, persons with HIV/AIDS, victims of domestic violence, and unaccompanied youth.

The adjacent and subsequent tables present the most recent countywide data from the HAP-coordinated CoC process. The City of Santa Cruz houses a major share of all homeless housing and services in the county, and has contributed substantial funding to the housing and services described, including from its General Fund, CDBG, and Redevelopment resources.

These housing inventories include emergency shelter, transitional housing, and permanent

Exhibit 5-A. Emergency Shelter Resources

ORGANIZATION	BEDS	SUBPOPULATION SERVED
Homeless Services Center		
- Rebele Family Shelter	96	Families with children
- Paul Lee Loft Shelter	46	Adult men and women
- Holy Cross Church winter beds	14	Adults and families
- Winter Shelter-Armory	100	Adults and families
SCCCC River Street Shelter	32	Adults with mental illness
Salvation Army Shelter -Year-ro	51	Adults and families
Salvation Army - Winter beds	29	Adult men and women
Pajaro Valley Shelter		
- Year-round beds	26	Women and children & adults
- Overflow beds	3	Women and children & adults
Defensa de Mujeres	18	Battered women & children
CAB - HOME Program	8	Homeless men and women
Jesus, Mary & Joseph Home	14	Homeless men and women
Total Beds Year-Round	291	
Total Winter/Overflow Beds	146	

supportive housing for homeless people based upon a January 22, 2009 point-in-time survey of all homeless beds and housing units in the county. On any given night, an estimated 50 emergency shelter, 30 transitional housing, and 100 permanent housing beds are serving chronically individuals. During the winter, an additional 50 chronically homeless are served per night in winter shelter.

Exhibit 5-B. Transitional Housing Resources

ORGANIZATION/ FACILITY	UNITS	MAX STAY	SUBPOPULATIONS
Page Smith Community House	40 beds	18 months	Homeless adults
Santa Cruz Community Counseling Center:			
- THP Plus	16 beds	12 months	Youth with mental illness
- Crossroads	6 beds	12 months	Youth with mental illness
Families in Transition:			
- Clean & Sober Transitional housing	30 beds	18 months	Families with children
- Scattered-site permanent housing with transitional rent assistance	40 beds	18 months	Families with children
- Other transitional housing	30 beds	18 months	Families with children
Housing Authority --Brommer Street	18 beds	18 months	Families with children
Salvation Army--Loma Prieta	10 beds 6 beds	6 months 6 months	Families with children Individual adults
Pajaro Valley Shelter Services	68 beds	18 months	Families with children
Community Action Board --GEMMA Transitional Housing	6 beds	18 months	Homeless women released from jail
Santa Cruz AIDS Project—Perlman House	4 beds	18 months	Adults with HIV/AIDS
TOTALS	46 beds	For general adult population	
	22 beds	For youth or adults with mental illness/dual diagnosis	
	4 beds	Adults with HIV/AIDS	
	6 beds	Homeless women released from jail	
	196 beds	For families with children	
	274 beds	TOTAL TRANSITIONAL BEDS	

Exhibit 5-C. Homeless Targeted Permanent Supportive Housing

Housing Project	TOTAL BEDS/CH BEDS	Subpopulation Served
Nuevo Sol (HPHP & S. Cty Housing)	13/13	Chronically homeless adults with disabilities
SCCCC Freedom Cottages	4/3	Homeless adults with mental illness
SCCCC Anderson House	5/4	Homeless adults with mental illness
SCCCC Grace Commons	15/5	Homeless adults with mental illness
HPHP MATCH	37/37	Chronically homeless serial inebriates
County Mental Health Rent Subsidies	5/3	Homeless adults with mental illness
Housing Authority S+C	33/27	Chronically homeless adults with mental illness
Salvation Army Corner House	21	Homeless Families with disabilities
Serves Many Homeless, But Not Homeless Targeted		
Front Street	47	Adults with mental illness
Rose Acres	25	Adults with mental illness
Harmony	16	Adults with mental illness
West Branch	6	Adults with mental illness
Comm. Support Services	127	Adults with mental illness
Stanford House	8	Adults with mental illness
Front Street	6	Adults with mental illness
Jessie Street	5	Adults with mental illness
Resetar Hotel	30	Seniors
Santa Cruz AIDS Project	10	Adults with HIV/AIDS
SCAP Multiple Diagnosis	10	Adults with HIV/AIDS & Other Conditions
Total Supportive Housing Resources:	133/92	Total homeless-targeted & CH beds
	290	Total non-homeless targeted beds

“CH Beds” stands for beds designated for serving the “chronically homeless” population

Inventory of Prevention and Supportive Services Programs: The following inventory of services is divided into three categories: (1) prevention, (2) outreach, and (3) supportive services. These services are available countywide, including for the City of Santa Cruz. The data are based upon the most recent CoC services inventory chart. At least 18 of these programs (marked with an *) regularly service chronically homeless individuals.

Exhibit 5-D. Prevention & Supportive Services Programs

Provider Organizations	Prevention					Outreach			Supportive Services									
	Mortgage Assistance	Rental Assistance	Utilities Assistance	Counseling/Advocacy	Legal Assistance	Street Outreach	Mobile Clinic	Law Enforcement	Case Management	Life Skills	Alcohol & Drug Abuse	Mental Heath Counseling	Healthcare	HIV/AIDS	Education	Employment	Child Care	Transportation
California Rural Legal Aid				X	X													
Catholic Charities		X							X	X					X			
City of Capitola, Redevelopment Agency	X	X																
City of Santa Cruz	X	X	X			X		X										
Community Action Board (Davenport Resource Center, Shelter Project, Message Center, Women's Venture Project, Natural Resources Employment Program, Gemma Services)*	X	X	X	X		X			X	X	X			X		X		
Community Food Hotline				X											X			
Community Technology Alliance (www.HelpSCC.org)				X											X			
County Community Mental Health Services (AB2034 Grant Team)*				X		X			X	X	X	X	X	X	X	X		X
County Health Services Agency, Homeless Persons' Health Project (Puentes Team, Project Connect, HCH Team, Downtown Outreach Team, Project Re-Connect)*		X	X	X		X	X		X	X		X	X		X	X		X
County Human Resources Agency (Adult Services, CalWORKS, CareerWORKS)		X	X	X											X	X	X	X
County Office of Education									X	X					X			X
County Planning Department		X																
County Veterans Services*	X			X		X			X		X				X	X		X
Defensa de Mujeres				X	X	X		X	X	X					X		X	X
Dientes Clinic (Dental Care)*				X									X					
Dominican Hospital (Medical Services, Behavioral Care Unit)*				X								X	X	X	X			
Families In Transition	X	X	X	X					X	X	X	X				X	X	X
Homeless Garden Project*				X					X						X	X		
Homeless Services Center (Homeless Community Resources Center)*		X	X	X		X			X	X	X	X	X	X	X	X		X
Housing Authority of Santa Cruz County*	X	X		X														
Janus of Santa Cruz (Mondanero-Baskin Perinatal Treatment)*				X								X			X		X	
Loaves and Fishes*				X		X									X			
Mental Health Client Action Network*				X		X				X		X						

Exhibit 5-D. Prevention & Supportive Services Programs (Continued)

	Prevention					Outreach			Supportive Services									
Provider Organizations	Mortgage Assistance	Rental Assistance	Utilities Assistance	Counseling/Advocacy	Legal Assistance	Street Outreach	Mobile Clinic	Law Enforcement	Case Management	Life Skills	Alcohol & Drug Abuse	Mental Health Counseling	Healthcare	HIV/AIDS	Education	Employment	Child Care	Transportation
Mountain Community Resources	X	X	X						X	X	X							X
New Life Community Services*	X	X	X			X									X			
Pajaro Valley Shelter Services*	X	X	X						X	X								X
Saint Vincent de Paul*	X																	
Salud Para Gente				X									X					
Salvation Army*	X	X	X						X	X	X							X
Santa Cruz AIDS Project*	X	X	X	X					X			X		X				X
Santa Cruz Community Counseling Center*						X			X	X	X	X	X	X	X	X		
Unity Care Group				X		X			X	X	X	X		X	X			
Valley Churches United	X																	
Veterans Administration Clinic*				X							X	X	X	X	X			
Women's Crisis Support						X			X	X		X			X		X	

5.03 Countywide Homeless Strategic Plan

Developing a 10-Year Plan and System for Addressing Homelessness: The City of Santa Cruz has taken a lead role in establishing a countywide Continuum of Care (CoC) system and developing an action-oriented 10-Year Plan to End Homeless Homelessness (10-Year Plan). Updated in 2009, the 10-Year Plan seeks to create a comprehensive and coordinated system of affordable housing and support services for the prevention and ending of homelessness. It identifies outcome objectives for homeless people in the areas of housing, jobs and incomes, supportive services, health care and the overall administration and coordination of the County's system for preventing and ending homelessness.

In this way, the Plan provides a common blueprint to guide the County, the cities, service providers, the business sector, philanthropy, and the broader community in realizing the vision of a community in which all residents have stable housing and services they need to live in dignity and reach their highest potential. These efforts have grown into a complete system for helping all homeless individuals, families, and subpopulations. The system includes all of the components of HUD's Continuum of Care (CoC), including

prevention, emergency shelter, transitional housing, permanent affordable and permanent supportive housing, supportive services at each stage, specialized programs and outreach for each homeless subpopulation, and integration with “mainstream” programs.

Following is a summary of the key Continuum components:

- **Housing - Prevention, Emergency, Transitional, and Permanent:** Recognizing that increasing the availability and accessibility of housing affordable to those who are homeless or have extremely low incomes and are at risk of becoming homeless is key to reducing homelessness in Santa Cruz County, the CoC focuses on a variety of strategies to maintain and expand a full continuum of housing options, including emergency shelter, transitional housing, permanent supportive housing and permanent affordable housing.

Under the Plan, new emergency shelters for families and individuals (the 96-bed Rebele Family Shelter and 46-bed Paul Lee Loft Adult Shelter) have already been developed and opened in the City of Santa Cruz, as have new homeless permanent supportive housing projects, such as the 14-bed Nuevo Sol project for chronically homeless adults with alcohol addictions.

Creating more permanent supportive housing continues to be a paramount priority of the 10-Year Plan. A plethora of strategies to maintain the existing supply and develop new affordable housing are set forth. The stock of permanent affordable housing with supportive services for those with disabilities will continue to increase through priority funding efforts and creation of integrated service teams linked to homeless housing.

Prevention and rapid re-housing activities also remain a very high priority of the 10-Year Plan. The advent of federal Homelessness Prevention and Rapid Re-Housing Program (HPRP) has presented the Santa Cruz community with the opportunity not only to help more people avoid or quickly escape homelessness, but also to completely transform the CoC system. Further details are provided in the Preventing Homelessness section below.

- **Jobs and Incomes:** To realize the goal of self-sufficiency, the 10-Year Plan seeks to address the need for employment at living wages and removal of the barriers homeless people face in accessing public benefits. It includes action steps to increase the availability of pre-employment services; expand access to job training, especially for higher paying jobs; and identify and alleviate the barriers to employment faced by homeless people with special needs. The CoC also seeks to increase the availability of financial assistance, money management and support for asset accumulation, for those who are not making a living wage. In addition, there is an emphasis on working with employers to broaden the employment opportunities available to homeless people through specialized training and placement programs.
- **Supportive Services:** The provision of a broad range of support services is a key to reducing the incidence of homelessness. In order to make the best use of resources and facilitate greater coordination in service provision, the 10-Year Plan prioritizes assisting mainstream agencies to more effectively meet the needs of homeless people.

In addition, there is an overall focus on ensuring that the services provided are comprehensive, integrated, flexible and culturally competent.

As such, the Plan includes action steps aimed at enhancing up-to-date services and housing information to homeless people and service providers through a web-based information and referral system and Resource Centers, and improving case management and streamlining data collection and outcomes assessment through the CoC's ServicePoint Homeless Management Information System (HMIS). It includes action steps to ensure that 80 percent of homeless people will get enough to eat and that food programs will increase in unincorporated areas of the county. It seeks to increase homeless people's access to public transportation, including developing transit lines serving homeless service sites.

In addressing childcare needs, the plan includes action steps to enhance access to child care subsidies and to increase the quality of childcare provided to homeless children. The plan also calls for all homeless children to be enrolled in and attending school and to have access to the supports they need to achieve success in school. To assist homeless people in meeting their basic daily needs for hygiene, communication and storage, the plan calls for continued support of the Homeless Resource Center in the City of Santa Cruz.

- **Health:** Homeless people are at great risk of multiple health problems, exacerbated by exposure to the elements. Preventive health care, medical and dental treatment, and alcohol and drug detoxification centers are all necessary components of an adequate health care system to respond to the needs of homeless people in Santa Cruz County. As such, the plan seeks to increase access to care and stresses measures which are preventive in nature. Specifically, action steps call for continued support of the Homeless Persons Health Project, outreach and education about the availability of and enrollment in health care insurance programs, and an increase in the number of detox beds, especially for recidivists, parents with dependent children, and youth.

5.04 Ending Chronic Homelessness

As mentioned above, The City of Santa Cruz continues participating in a county-wide approach to ending homelessness centered on the Homeless Action Partnership (HAP) and its Ten-Year Plan to End Homelessness, including chronic homelessness. As such the City's strategy is fully integrated with the strategies described above, and emphasizes permanent supportive housing, outreach to and engagement of chronically homeless persons, employment and income assistance, and health care services. This Plan is fully integrated and coordinated with the Continuum of Care (CoC) Plan submitted to HUD each year with the consolidated McKinney-Vento Homeless Assistance application. The following is a list of objectives, recommended actions, and 10 year strategies for ending chronic and other homelessness excerpted from the CoC action plan which was submitted to HUD in 2009. Although the recommended actions are County-wide, the City continues to participate in the HAP and when facilities are located within the City, often participates in funding any capital improvements needed for the facilities.

1. Create at least 45 new permanent housing (PH) beds for chronically homeless persons in the next 10 years. Actions for the next 12 months are:
 - Implement Shelter Plus Care (S+C) grant received last year for 1 chronically homeless (CH) bed and apply for new S+C bonus grant for 1 more CH bed.
 - Coordinate with the VA-Palo Alto to begin implementing 35 HUD VASH vouchers, prioritizing chronically homeless veterans.
 - Work with the Santa Cruz AIDS Project to set aside 1 PH bed for CH persons with HIV/AIDS.
 - Secure State mental health funds to set aside 5 PH beds for CH within the Bay Ave. Senior Apartments.
 - Expand Homeless Persons Health Project (HPHP) capacity to house CH by applying for additional SAMHSA homeless housing support grants.
2. Increase percentage of homeless persons staying in PH over 6 months to at least 89% in the next 10 years. Actions for the next 12 months are:
 - Use mental health funds to expand Supportive Housing Teams providing health and social services in PH.
 - Provide financial aid (with local and HPRP funds) for rent and utilities to prevent housing loss.
 - Make available money management and household budgeting help to all homeless clients in PH.
 - Expand Independent Living Program (ILP) Consultants for youth and Patient Navigator Program for uninsured, to guide persons through these complex systems.
3. Increase percentage of homeless persons moving from transitional housing (TH) to PH to at least 91% in the next 10 years. Actions for the next 12 months are:
 - Use HPRP financial assistance and services to permanently house eligible households graduating from or timing out of TH.
 - Coordinate with the Housing Authority and Child Welfare Services to help families access Section 8 Family Unification Program (FUP) and regular vouchers.
 - Increase money management, IDA, savings, and credit repair services in TH.
 - Provide TH clients with tenant skills and housing resume preparation training.
4. Increase percentage of homeless persons employed at program exit to at least 40% in the next 10 years. Actions for the next 12 months are:
 - Connect homeless people to the range of mainstream employment preparation and placement opportunities provided by County CareerWORKS.
 - Increase funding for homeless employment programs, including Homeless Garden Project and work support projects at the Homeless Resource Center and Community Action Board (CAB).

- Help homeless people with mental disabilities participate in the volunteer-based Community Connection program providing employment education, training, and support for people with mental disabilities.
5. Decrease the number of homeless households with children by 70 households in the next 10 years. Actions for the next 12 months are:
- Use HPRP funds received by the HPRP Family Program Collaborative to rapidly re-house and stabilize homeless families.
 - Apply for 100 Section 8 FUP vouchers to house and re-unite families, including those who are homeless.
 - Work with the Housing Authority and Child Welfare Services to make sure homeless families are aware of and ready to use existing FUP vouchers.
 - Improve the Section 8 utilization rate by helping families to quickly locate and secure housing.
 - Provide HUD VASH vouchers to eligible homeless veteran families.

Preventing Homelessness:

The City of Santa Cruz has two programs to prevent homelessness and to help those who are homeless access housing. These programs include:

- Emergency Rental Assistance Program through the Community Action Board which provides assistance to 20-30 households annually who are threatened with loss of their housing.
- Security Deposit Assistance Program through the Housing Authority of Santa Cruz County which provides security deposits to 10-20 households annually to assist in their transition out of homelessness.

These two programs are funded with Redevelopment Agency Funds and for the low income neighborhoods of Beach Flats and Lower Ocean Street, additional funding is provided by the City from a Red Cross housing fund.

County-wide HAP strategies to prevent homelessness are centered on the communities efforts to implement new program funded by the federal Homelessness Prevention and Rapid Re-Housing Program (HPRP). As mentioned above, in 2009 Santa Cruz collaboratives were successful in securing a total of \$4 million in HPRP funds from the State of California HPRP program for the following collaboratives:

1. *Rapid Re-housing for Santa Cruz County Adults Entering Shelter Programs or Discharged from Health, Treatment or Corrections Settings (Re-Connect Collaborative)*, County Health - Homeless Persons Health Project (lead agency), Homeless Services Center, Santa Cruz Community Counseling Center, and Front St. Housing, Inc.
2. *Prevention and Rapid Re-Housing for Families Collaborative*, Families Watsonville, Sienna House Maternity Home, New Life Community Services, and Catholic Charities of the Diocese of Monterey.

3. *Santa Cruz County Emergency Housing Project Collaborative*, Community Action Board (lead agency), Santa Cruz AIDS Project, Senior Citizens Legal Services, and Mountain Community Resources.

Although each project serves a different client base (e.g., families or persons being discharged from institutions), all assisted households are either currently homeless or at risk of losing housing and at or below 50 percent of area median income. Examples of key prevention (and rapid re-housing) strategies being implemented on an unprecedented scale include:

Financial Assistance: Short-term Rental Assistance (≤ 3 mos.).

- Medium-term Rental Assistance (≤ 18 mos.).
- Rent arrears (≤ 6 mos.).
- Security deposits.
- Utility deposits & payments.
- Moving costs.
- Hotel/motel Vouchers.
- Housing/Stabilization Services.

Outreach and engagement - Housing search and placement, including:

- Tenant counseling.
- Help with understanding leases.
- Securing utilities.
- Mediation and outreach to landlords.
- Legal services.
- Credit repair.
- Case management.

The 3 collaboratives have joined in an HPRP Network (under the HAP), which meets regularly to share prevention and rapid re-housing strategies and best practices, coordinate cross-collaborative referrals and planning, develop systems change approaches, and furnish Network-wide training and learning opportunities. In addition, each collaborative submits client-level data to the Santa Cruz ServicePoint system, thereby improving the quality and coverage of HMIS information.

5.05 Creating Effective Institutional Response to Homelessness

As mentioned above, the City of Santa Cruz is a leader in Homeless Action Partnership, which is the center of a single, unified Continuum of Care planning process. The HAP actively does the following in order to meet its goals and outcomes: regularly assess and report on Plan progress; identify and develop any new programs and collaborations needed; institute new committees, such as the Discharge Planning and Benefits Committee, to further these collaborations; and track and report on legislation related to housing and homelessness in our county.

The HAP has selected key outcome objectives and outcome steps to focus on, including: increasing the supply of permanent supportive housing; preventing homelessness by increasing or sustaining City and County pre-eviction programs; decreasing the number of people from care and correctional institutions who are discharged into homelessness; ensuring that all homeless people who qualify receive mainstream benefits; more homeless people in North and South County will meet their basic needs; ensuring that all

homeless children will attend school; increasing health and dental care services through expanded funding and collaborations; and strengthening case management and outcomes with an HMIS.

HAP has a broad-based membership that includes the County, Cities, nonprofits service providers, affordable housers, law enforcement, the private sector, and homeless or formerly homeless people. Members of HAP meet regularly to ensure continued progress in every area. Additionally, a process for annual measurement of outcomes of the Plan has been achieved, which not only ensures the progress of the plan, but also that all aspects of every step are recognized, analyzed, and realized.

HAP Executive Committee: Several years ago, the City, along with the County, other Cities, and key funders established the HAP Executive Committee. The Executive Committee has high-level representation from local governmental agencies, including city managers and directors of County health and social services agencies. This Committee controls local resources needed to further implement the Plan. Representation from local government agencies on this committee is particularly important, as one of the Strategic Plan's major goals is to link more homeless clients with mainstream resources. In addition, the Executive Committee implements strategies for City-County cost sharing and collaboration.

HMIS Technology Committee: The HMIS Technology Committee, which is responsible for overseeing the operation of the ServicePoint HMIS for Santa Cruz County. This committee meets regularly and works closely with the HMIS lead administering agency, Community Technology Alliance (CTA). The Committee's key roles have been to choose the software, approve the lead agency, develop HMIS policies and procedures (e.g., relating to client privacy rights), coordinate training and technical assistance, and guiding data quality measures and data reporting. A recently approved HMIS governance memorandum of understanding sets forth the key roles and responsibilities of HAP, the HMIS Technology Committee, CTA, the County Planning Department, and participating (data contributing) homeless assistance agencies.

5.06 Discharge Coordination Planning and Policies

Discharge Planning is a key strategy for preventing homelessness by instigating changes within systems that regularly discharge people directly to homelessness. The following summarizes current countywide discharge planning and coordination among CoC agencies and the foster care, mental health, public health, and correctional institutions:

- **Foster Care:** The County of Santa Cruz Human Services Department (HSD) Families and Children's Services has established specific policies and protocols to prevent emancipated youth from being released into homelessness. As defined in written protocols, foster youth who will need assistance are identified prior to reaching the age of 18. Once identified, the unit works to reunify the youth with family, or to identify an adult to provide support.

At age 16, if still in care, youth are eligible for the County-funded Independent Living

Program (ILP), which assists them in a wide of array ways, including life skills workshops and limited financial assistance related to housing. Each youth in the ILP is connected to a volunteer Independent Living Consultant (ILC), who convenes transition planning meetings with the youth to make sure support systems are in place and help find housing. ILP also receives 18-month Section 8 vouchers from the County Housing

Authority for youth ages 18-21, and puts the youth on the waiting list for permanent vouchers. Also, a County-funded Transitional Housing Project-Plus (THP-Plus) program is available for youth ages 18-24. Finally, foster youth are being prioritized for HPRP prevention and housing assistance. Collaborators include HSD, Housing Authority, Santa Cruz Community Counseling (ILP and THP Plus), CASA (provides ILCs), and local colleges. Participants are also members of the CoC, and consult the CoC about policies and protocols.

- **Health Care:** The County Homeless Persons' Health Project (HPHP) has policies and protocols for clients in Project Connect, 40 percent of whom are homeless. This project provides frequent users of emergency rooms with intensive services to prevent hospitalization. HPHP collaborates with 2 hospitals; when persons are hospitalized, procedures in place prevent discharge into homelessness. Also, discharge planners at both hospitals contact HPHP when a homeless person is hospitalized. HPHP nurses and case managers visit homeless clients while in the hospital. They assist with discharge, including longer-term housing plans. A protocol is in place to discharge all uninsured or Medi-Cal individuals (many homeless) to a primary clinic. Thus, discharge into homelessness is avoided, as HPHP operates through the 6 community clinics to which homeless are linked upon discharge.

These clinics connect homeless people to HPHP case management and housing help. Housing resources include a range of permanent supportive housing for persons with health issues. And, HPHP has an HPRP sub-grant to provide this group with rental assistance. HPHP staff are members of the CoC and 10-Year Plan Health Committee. Protocols have been approved by the CoC. The project is coordinated with the County Health Services, hospitals, and community clinics, and works with various agencies, e.g., Community Action Board, Santa Cruz Community Counseling, South County Housing, and Housing Authority to provide housing.

- **Mental Health:** The County of Santa Cruz Health Services Agency (HSA) has a formal procedure for discharging patients from the psychiatric unit and other behavioral health units. A process has been established whereby the patient's status is reviewed, and the patient is assigned to a Mental Health Services Team for follow-up care. Discharges from the hospital are stepped down to an appropriate level of care from sub-acute facilities to specialized beds for mental health consumers. Step-down treatment programs include social rehabilitation programs, dual diagnosis programs, and non-McKinney-Vento-funded transitional or permanent housing.

HSA has a Housing Council that meets weekly and includes mental health and counseling staff from nonprofit housing providers. The Council coordinates vacancies, identifies housing, and recommends clients for vacancies. Housing options include crisis beds, adult residential care facilities, and supportive housing, among

others. Mental health housing includes Front Street units, Willowbrook, and Drake, as well as other social rehabilitation and licensed residential care facilities. Collaborators include County Mental Health, Santa Cruz Community Counseling, Mental Health Action Network, Front St. Inc., and other mental health housers. A County Mental Health staff member is a member of the CoC. The 10-Year Plan Health Committee provides updates on policies and procedures for feedback from the CoC.

- **Corrections:** The Santa Cruz County Jail has discharge policies and protocols that provide a coordinated system of care for mentally ill inmates which includes: probation, County Jail staff (jail psychiatrist, crisis intervention team, jail nursing staff, and detention staff), County Mental Health, the criminal justice system, detention facilities, district attorney, public defender, nonprofit organizations, acute inpatient facilities, residential board and care providers, sub-acute residential care, dual diagnosis residential programs, mental health independent housing, non-McKinney-Vento-funded transitional housing, state hospital care, family members, and court interpreters.

A Jail Discharge Planner works with the client while in jail, establishes a discharge plan, and monitors aftercare services (mental and health, outpatient referrals, probation, community referrals and resources, and housing). Gemma, a program of the Community Action Board, works with women coming out of the Blaine St. Women's Jail, providing a range of support and housing assistance, such as Gemma transitional housing. CoC staff have reviewed the annual report that includes the plan, policies, protocols, outcomes, and evaluation of the Jail Discharge Planner. The Gemma director is a member of CoC, coordinates with other CoC agencies on client services and housing, and reports to and consults with the CoC on discharge policies and protocols.

Building on these collaborations, the City of Santa Cruz will continue in to improve discharge planning by supporting the GEMMA (Community Action Board) program providing transitional housing and treatment for women exiting jail, and supporting the Santa Cruz Community Counseling Center, which provides shelter and housing options for those coming mental health institutions.

5.07 Priority Homeless Needs

Regional Background - Identifying Key Long-Range Priorities: Over the years, the City of Santa Cruz has supported and worked closely with the countywide Homeless Action Partnership (HAP) to continually assess and prioritize homeless people's needs. Broad-based consensus on highest priority needs originally came from the process for developing the 10-Year Plan to End Homelessness. As part of the two-year long, communitywide process for development of the Plan, subcommittees of the HAP for Housing (including prevention, emergency, transitional, and permanent), Jobs and Incomes, and Health and Supportive Services, examined homeless needs data, and held public meetings and homeless interviews and focus groups. Recommendations for action were developed to meet the key needs and prioritized as High, Medium, or Low.

Since then, the HAP (with funding from the City and other jurisdictions, and Community Foundation of Santa Cruz County) has engaged a strategic planning consultant, who helped revise and update the Plan's priorities in light of new opportunities and circumstances, for example the advent of Homelessness Prevention and Rapid Re-Housing Program.

Annual Update - Relative Priorities: In addition, since the 10-Year Plan was completed the HAP has updated the countywide assessment of relative homeless priorities annually through the Continuum of Care (CoC) planning process. Each year, the CoC considers new information, trends, and opportunities to arrive at a new understanding of priority needs. Last year, this process was conducted as follows. To reach a determination of unmet need for beds in Santa Cruz County, the HAP first created a straightforward analysis whereby it took the number of homeless people at the January 22, 2009 point-in-time within the county and then subtracted the full inventory of beds available as determined by the concurrent point-in-time bed inventory.

Determining the numerical needs for particular bed types (emergency, transitional, and permanent supportive) required CoC members to think even more critically about the composition of the county's homeless population because the specific needs of homeless people vary greatly. For example, chronically homeless individuals typically benefit most from permanent supportive housing, whereas domestic violence victims may want only emergency shelter.

The HAP considered information from a variety of sources (e.g., provider waiting list information, anecdotal evidence, and findings from the 2009 Census) and were able to reach community judgment on this breakdown of numerical needs for particular types of beds. The following summary of housing-type priorities (High, Medium, or Low) for both individuals and families reflects this community needs assessment as adapted for City of Santa Cruz Consolidated Planning purposes.

Individuals:

- **Emergency shelter - Medium Priority:** The City of Santa Cruz recently constructed a year round shelter at the Homeless Services Center. Despite construction of this permanent shelter as well as a second permanent shelter for psychiatrically disabled homeless persons, there remains a need to provide more shelter beds, especially in the winter months. This remains a priority need for the City and the HAP.
- **Transitional housing - Low Priority:** Existing programs like the 40-bed Page Smith Community House make transitional housing for singles a relatively low priority. As mentioned below, the current priority focus for homeless individuals is permanent supportive housing.
- **Permanent Supportive Housing - High Priority:** Permanent housing for homeless individuals is in critical short supply in Santa Cruz; expansion of the supply is the linchpin for the HAP's plans to end chronic homelessness.

Families:

- **Emergency shelter - Low Priority:** This was originally a High priority in the Strategic Plan, but recent completion of a new 96-bed Rebele Family Shelter in Santa Cruz has dramatically reduced the relative need.
- **Transitional housing - Medium Priority:** The City of Santa Cruz benefits from a number of excellent transitional housing programs for families, included scattered site programs. There is a considerable need for more transitional housing, but an even greater need for permanent affordable housing options for families graduating from transitional housing.
- **Permanent Supportive Housing - High Priority:** Affordable housing for families is in critical short supply, hindering our efforts to end homelessness. Families need ongoing services to remain stable after they obtain permanent housing.

Chronic Homeless Needs: As previously described, the HAP has annually updated its assessment of needs and priorities, particularly for the chronically homeless population. Based upon this process, the key priority needs for the 337 chronically homeless people in the City of Santa Cruz are:

- Outreach and assessment services.
- Permanent housing.
- Wraparound health and social services.
- Mental health and substance abuse treatment.
- HIV/AIDS services.

SECTION 6. PLANNING PROCESS AND PUBLIC INPUT

6.01 The Planning and Community Participation Process

HUD requires that each city have a Citizen Participation Plan which outlines the public process for developing, approving, amending, and evaluating the Consolidated Plan. A primary objective of the City of Santa Cruz's Citizen Participation Plan is to encourage the active involvement of as many individuals and groups as possible in the development and review of the Consolidated Plan. The following summarizes the process.

Solicitation of proposals. Grant proposals and input are solicited in the fourth quarter of each calendar year through a Notice of Funds Available (NOFA) that is published in the local newspaper. Information includes the estimated amount of CDBG and HOME funds expected to be available for community development and housing activities; the range of activities that may be undertaken with those funds, and an invitation for project proposals. The submittal deadline is in January of the next calendar year. Prior to this, HCD staff work with non-profits and citizen groups throughout the year in assisting in the development of proposals.

Selection of proposals for funding. HCD staff review proposal submittals for completeness, consistency with the Consolidated Plan, and compliance with HUD regulations. A summary analysis is prepared for the City Council Social Services Program (SSP) Committee. The SSP consists of three City Council members. Members of the public and non-profit organizations are invited to attend all SSP meetings. The SSP reviews the proposals and makes a recommendation to the full City Council. Subsequently, all project proposals are submitted to the full City Council to review at least seven days prior to the first public hearing. Proposal sponsors as well as other non-profit organizations are invited to attend the SSP meetings and the City Council Public hearings. Each proposal sponsor is notified about the Council recommendations.

Public hearings and notifications. At least two public hearings are held to obtain community input and proposals. In addition, HCD staff holds targeted community meetings for the Hispanic community at the Beach Flats Community Center. The notice of public hearings is published at least ten days before the first City Council public hearing. This public notice includes the amount of CDBG and HOME funds to be used for activities benefiting low- and moderate-income persons, a preliminary statement of objectives, and a description of the relationship of local and national objectives to the CDBG and HOME Program. When appropriate, it also indicated the CDBG and HOME activities likely to result in displacement and the availability to the public of the City's plan to minimize displacement of persons as a result of CDBG and HOME funded activities, as well as the availability of the City's plan to assist person actually displaced as a result of CDBG and HOME funded activities.

Public hearing process and Plan review. At the first public hearing, the City Council reviews and provides comment on: (1) community needs and priorities related to the use of CDBG, HOME, and other federal funds; (2) program matters pertaining to the

preparation of the Annual Consolidated Plan Statement of Objectives and other program plans, as necessary; (3) program performance; and (4) makes the final determination as to the allocation of funds to specific activities. They then direct staff to prepare the Plan based on their review and public comments, which is then made available to the Public for a 30 day review period. The second public hearing is the final review of the draft Plan. Following and considering public comments, the City Council approves and adopts the final Plan. The following is a summary of public notifications and comment periods.

- **Public Notifications**
 - November/December 2009 (Email notifications to stakeholders for NOFA)
 - November 20, 2009 (Newspaper - Notice of funding availability)
 - February 19, 2010 (Newspaper- Notice public hearings)
 - March 25, 2010 (Newspaper- Summary of plan and notice of availability)
 - April 30, 2005 (Newspaper- Notice of adoption & submission and 15 day review)
- **Public Hearings**
 - March 23, 2010
 - April 27, 2010
- **Comment Periods**
 - April 10-May 10, 2005 – Draft Consolidated Plan
 - April 30-May 14, 2010 – Adopted Consolidated Plan

Final Plan review and submittal. Following adoption of the Plan, a Notice of Submission of the Annual Consolidated Plan and a summary of the contents of the Plan is published in the local newspaper. The final Plan is made available to the public for a 15 day review and comment period. At the end of that period, the Plan is submitted to HUD.

Plan revisions and amendments. Prior to increasing or decreasing by more than 25 percent the amount for any activity included in the Consolidated Plan, substantially changing the purpose, scope, location, or beneficiaries of an activity, or carrying out an activity not described in the Plan the City must amend the Consolidated Plan. To do this HCD staff will publish a notice of a 30 day review period for the public to comment on the proposed changes. The City Council will conduct a public hearing on the matter and if approved, adopt an amendment to the Consolidated Plan. A description of the amendment is then made available to the public and provided to HUD. Changes in funding that are less than 25 percent for an existing activity do not require a formal amendment. The City may also approve Interim Assistance Activities that involve a quick repair or temporary alleviation of an emergency situation without amending the Plan.

Basis for Allocating Funding/Investments. In addition to the priorities indicated in each of the proceeding sections, the City has identified six priority criteria and nine considerations to be used when evaluating projects or programs for funding assistance. Criteria include:

1. Location in or primarily serving or targeted to serve residents of the NRSA.
2. Assistance to extremely low, very low and low-income households.
3. Preservation, development or rehabilitation of housing units affordable to households listed above.

4. Within items #1 through #3 above, assistance to households with special needs such as the elderly, disabled, or single parents.
5. Assistance for/support of projects that address goals of the Homeless Action Partnership.
6. Support to projects that advance the economic strength of the community and its ability to provide services and jobs for households listed above.

Additional considerations used when evaluating projects or programs include:

1. Project readiness.
2. Capacity and experience of project sponsor.
3. Capacity and experience of project development and/or operation teams.
4. Number of individuals or households that benefit from the project relative to funding requirements.
5. Potential for project to leverage funds from other sources.
6. Location in or adjacent to a Target Area.
7. Ability of the project to further other goals identified in other City plans, such as the Housing Element or the Analysis of Impediments to Fair Housing Choice.
8. Recent factors identified by the community that makes a project or program a community priority.

Projects or programs located in or adjacent to the NRSA or Target Area are given more consideration even when the service is 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 or building improvements is an added benefit.

6.02 Community Outreach

Effort to broaden public participation. To achieve the goal of maximum community participation for the 2010-2015 Consolidated Plan, three levels of citizen participation were involved, including:

- Special outreach to the City's minority Hispanic community through a Beach Flats survey and a community meeting conducted at the Beach Flats Community Center.
- Community wide participation on committees, in meetings, or with focus groups including service providers for special needs groups.
- Public hearings.

Outreach to the Hispanic Community.

A community meeting was held at the Beach Flats community Center in July, 2009 to introduce the community to the Consolidated Planning process. In addition a survey to identify physical improvements they would like to most see in their neighborhood was circulated from December, 2009 through March 2010. The top three improvements the community wished to see are shown on the adjacent table.

Exhibit 6-A. Beach Flats Survey

Top 3 Capital Improvement	% ✓ *
Paving and Restriping Streets	38%
Crossing walk signs and lights	20%
Beach Flats Park Improvements	12%

* Percent of Respondents selecting item.

Community participation through committees, meetings, and focus groups. This community outreach and participation was divided into four distinct work efforts:

1. **Housing:** The housing analysis and plan built upon the 2008-2013 Housing Element. That process had significant public participation in the form of an appointed citizen's Housing Advisory Committee. City staff also conducted a series of housing strategy community workshops with the assistance of consultants. The resulting Housing Strategies Study is currently being completed. Input from these workshops has helped inform this Consolidated Plan.
2. **Homelessness.** In recognition of the regional character of homelessness, homeless analysis and planning has been done in coordination with other jurisdictions, homeless individuals, and service providers as part of the Homeless Action Partnership (HAP). Goals, objectives and strategies developed for this 2010-2015 Consolidated Plan are intended to support the HAP's Ten Year Plan to End Homelessness. This Ten Year Plan was done in a highly collaborative public process with members of the HAP. A Public Outreach and Civic Engagement Committee facilitated public review of Plan and elicited input from homeless people through focus groups.
3. **Community Needs.** Planning for community needs (social services and community facilities) has been done under the City Council Social Services Program (SSP) through a series of open public meetings with social service providers. Typically 10-20 social service providers attend SSP meetings, which occur 2-3 times per year. Organizations represent a broad range of the community including special needs, minority (Hispanic), and homeless populations. Analysis for this part of the Plan has been provided by HCD staff in consultation with service providers.
4. **Economic Development.** Planning for economic development is done by the City's Economic Development and Redevelopment Agency. There were two major efforts that involved the community. First, for the 2030 General Plan Update, the Agency established a sixty member Economic Advisory Task Force representing a cross section of the City's economic sectors including retail, tourism, education (as an employer and as a training institution), technology/manufacturing, small businesses, and arts, culture and entertainment. The Task Force developed a vision of economic success and strategic initiatives for each of the City's six Economic Clusters. A series of focus groups were held with each Economic Cluster. More recently, for the 2010-2014 Implementation Plan, a series of two community workshops were held that included representatives of the business and development communities as well as residents.

Consultations with housing, social service agencies, and other entities. In addition to the work noted above, HCD staff has contacted and either met or consulted individually with those focusing on services to elderly persons, persons with disabilities, persons with HIV/AIDS, minority (Hispanic) communities, and homeless persons. In addition, HCD staff consulted the County regarding lead based paint and other health issues and other non-profit organizations assisting with fair housing issues. The following organizations were consulted regarding specific issues/needs, the collection and analysis of information, and/or strategies for certain populations.

- Housing Authority of Santa Cruz County.
- Community Action Board.
- S.C. Community Counseling Center.
- California Rural Assistance League.
- Senior Network Services.
- Santa Cruz Aids Project (SCAP).
- Familia Center.
- Beach Flats Community Center.
- The Homeless Services Center.
- The County Health Services Agency.

In addition to those organizations contacted above, the following organizations participated through the SSP and/or the HAP Process.

- Watsonville, Capitola, and Scotts Valley.
- County of Santa Cruz, Planning & HAS.
- Homeless Persons Health Project.
- Families in Transition

Consolidated Annual Performance and Evaluation Report (CAPER). In September, staff prepares the CAPER that reports on accomplishments for the previous year. Prior to submitting the CAPER to HUD, the City publishes a Notice of a 10-day review period for public comment. This comment period is also noticed in the newspaper.

Program Revisions and Amendments: Prior to increasing or decreasing the amount for any activity included in the Final Consolidated Plan/Action Plan by more than 25%, changing the location of an activity from the one described in the Plan, or carrying out an activity not described in the Plan, HCD staff will publish a notice of a 30-day review period for the public to comment on the proposed changes. The City Council will conduct a Public Hearing on the matter and approve any changes. HCD staff provides assistance to the Council, reviews comments that are received, and makes modifications when appropriate. A description of changes to the activities in the Plan that may occur during the program year are then made available to the public and provided to HUD.

Citizen's comments on the 2010-2015 Consolidated Plan or 2010-2011 Action Plan.

No comments were received that were not accepted. Only one person spoke at the Public Hearing and that was in favor of the City involvement and the proposed Plan.

6.03 Institutional Structure to Implement Consolidated Plan

The City of Santa Cruz is a relatively small City and has a history of working closely with its non-profit organizations and County service providers to create a network of support for the community. The City intends to continue to partner with groups and individuals in the community to provide solutions for its more critical needs.

Coordination between local, county, and State Governments: The following describes the major groups that create the structure or foundation for implementation of the Consolidated Plan and the roll each group plays:

- **City Council:** As the elected body serving the community, the seven member City Council makes final decisions on CDBG and HOME program and project budgets as well as establishing the overall direction through adoption of goals and objectives for the Consolidated Plan.

- **Housing and Community Development Division (HCD):** HCD staffs the CDBG and HOME funded programs as well as other housing related programs funded by other sources. Staffing consists of an HCD Manager and a Housing Program Coordinator. HCD Staff (1) provides explanations and clarifications of the Housing and Community Development Act with regard to program planning, development and implementation (e.g. eligible activities, funding, environmental policies, labor standards and equal opportunity requirements, relocation provisions and fair housing) for the public and non-profit organizations; (2) assists in the identification and prioritization of community needs and objectives in the development of specific HCD projects to meet those needs and objectives; (3) assists in developing proposals; (4) reviews CDBG and HOME projects proposed by the Community and makes recommendations to the City Council; (5) provides timely and adequate data and information regarding the CDBG and HOME programs; and (6) staffs the Neighborhood Services Team (NST). The NST has been established to better coordinate City wide activities with neighborhood groups. City also provides rehabilitation specialists for the City's Uniform Housing Rehabilitation Program.
- **County of Santa Cruz:** 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's Human Resources Agency (HRA) 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, Medical Care, Substance Abuse Prevention and Treatment, and Mental Health. (Lead based paint and other environmental issues involve interface with HSA.); (3) the Housing Division of the Planning Department which is responsible for the HAP (coordinates meetings, planning efforts, homeless counts, and the Continuum of Care application); and (4) the District Attorney's Office, which provides Fair Housing counseling and assistance to the community. In addition, the City works with the County on commissions and boards such as the Regional Transportation Commission and the Workforce Investment Board of Santa Cruz County.
- **State of California:** The City works with the Housing and Community Development (HCD) Department on housing related projects that are funded by the state. In addition, the Cities Accessory Dwelling Unit Program was funded by the California Pollution Control Financing Authority.

Coordination between local Agencies and Non-Profit Service Providers: The following describes local Agencies and non-profit service providers that create the structure or foundation for implementation of the Consolidated Plan and the roll each group plays:

- **Housing Authority of the County of Santa Cruz (HA):** The HA provides support for the City's housing programs on an as needed basis, including qualifying tenants and buyers in the City's affordable housing programs. In addition to the Section 8 Program, which provides rental assistance to very-low income residents, the HA augments the City's Homebuyer Program with the Mortgage Credit Certificate (MCC) Program. HA staff has also provided invaluable assistance in preserving "at-

risk” affordable housing by helping the City encourage renewal of the HUD contracts for the City’s Project Based Section 8 developments.

- **Non-Profit Service Providers:** The City supports non-profit organizations through General Plan funds as well as Federal CDBG funds. In addition to dedicating of all but \$5,000 (which goes to the City’s Beach Flats Community Center), of the 15% Public Service allowance under CDBG to local non-profit service providers, the City annually provides almost \$1 million more from the General Fund . These non-profit organizations play a key role in outreach and provision of services to areas of need in the community. The organization funded by the City include:
 - Big Brothers/Big Sisters
 - Boys and Girls Club of Santa Cruz
 - Cabrillo College Stroke Center
 - California Grey Bears
 - California Rural Legal Assistance
 - Campus Kids Connection
 - Central Coast Center for Independent Living
 - Community Action Board
 - Community Bridges.
 - Community Bridges--CTSA: Lifeline
 - Community Bridges--Meals on Wheels
 - Community Children’s Center
 - Conflict Resolution Center
 - Court Appointed Special Advocates
 - Dientes!
 - Doran Center for the Blind and Visually Impaired
 - Familia Center
 - Families in Transition
 - Family Service Agency
 - Grandma Sue’s Community Project
 - Homeless Community Resource Center
 - Homeless Garden Project
 - Page Smith Community House
 - Neighborhood Childcare Center
 - New Life Community Services - Shelter Program
 - Ombudsman/Advocate
 - Parents’ Center
 - Planned Parenthood Mar Monte
 - Santa Cruz AIDS Project
 - Santa Cruz Barrios Unidos
 - Santa Cruz COE - Child Development Resource Center
 - Santa Cruz Community Counseling Ctr.
 - Santa Cruz Toddler Care Center
 - Santa Cruz Women’s Health Center
 - Second Harvest Food Bank
 - Senior Citizens Legal Services
 - Senior Network Services
 - Seniors Council - Area Agency on Aging
 - Seniors Council - Project Scout
 - Survivors Healing Center
 - Volunteer Centers of Santa Cruz County
 - Walnut Avenue--Family Support Services
 - Walnut Avenue--PAT Childcare Services
 - Welfare & Low Income Support Network
 - Women’s Crisis Support
 - WomenCARE

Non-Profit Housing Developers: The City does not act as a developer of affordable housing projects but works closely with both for and non-profit housing developers to create affordable housing units. Developers the City is currently or has recently worked with include:

- Mercy Housing, California
- South County Housing
- SC Community Counseling Center
- Corporation for Affordable Community Housing (CHDO Organization)
- Habitat for Humanity

Neighborhood Groups: Santa Cruz Neighbors (SCN) is the umbrella organization of neighborhood associations throughout the City. SCN is one of the participants in the NST, providing feedback to staff on neighborhood concerns, identifying specific problem areas, and making recommendations regarding modification to programs or projects.

Enhancing Coordination between Public and Private Agencies: The City of Santa Cruz is a small community which enables close coordination between various agencies and the community. Over the period covered by the 2010-2015 Consolidated Plan, including the 2010 Plan Year, three key efforts will be in effect.

- **City Council Social Service Provider (SSP) Committee:** The SSP serves as a means to coordinate social services in the City of Santa Cruz. Meetings are held 4-5 times per year.
- **The Neighborhood Services Team (NST):** The NST is a forum that helps identify community needs and establish priorities. The main purpose of the NST is to provide better coordination between City agencies and better communication and coordination with the community through the Santa Cruz Neighbors (SCN), which is the umbrella organization representing neighborhood associations throughout the City. CDBG/HOME staff organize and lead the NST.
- **Homeless Action Partnership:** As a part of the Continuum of Care and as noted above, the City actively works with the County, other cities, non-profit service providers, and the homeless community to ensure optimum coordination. Working group meetings occur about 10 times a year with semi annual executive committee meetings. City staff also participates in the Housing Sub-Committee. In addition, the City participates in the bi-annual homeless count.

6.04 Strengths and Gaps in Delivery

As previously noted, the City of Santa Cruz is a socially minded community that actively works together to identify and solve problems. There are a number of coordinated County-wide efforts that help, or have helped, to strengthen the City's Delivery system. These include the Community Assessment Project and the Homeless Action Partnership. These efforts are summarized below.

Community Assessment Project: Over the past ten years, a consortium of public and private health, education, human service and civic organizations, convened by the United Way of Santa Cruz County, have sponsored the Community Assessment Project of Santa Cruz County (CAP). The CAP is a collaborative project to measure and improve the quality of life in Santa Cruz County. One of the primary purposes of CAP is to encourage collaborative community action that will positively impact the Community Goals. As a result of CAP, County-wide community action has occurred at the individual organizational level as well as the community group level over the first ten-year period. The following are examples of changes that have occurred as a result of CAP.

- Early CAP findings indicated that the Santa Cruz youth were using drugs and alcohol above state and national averages. To redirect youthful experimentation away from drugs and alcohol, Together for Youth/Unidos Para Los Jovenes was convened and began its outreach and educational programs.
- CAP results regarding housing and homelessness in Santa Cruz County led to the development of the Homeless 2000 Committee. This committee convened to gain a

deeper understanding of homelessness in Santa Cruz County by commissioning the first in-depth Homeless Census and Needs Assessment. This data was critical in securing additional funds and other resources to further study and service homeless persons.

- CAP surveys indicated thousands of families were without access to regular medical and dental care. The Central Coast Alliance for Health (Alliance) became the HMO for Medi-Cal eligible individuals to improve access to health care. More recently, First Five Santa Cruz, the County of Santa Cruz, Community Foundation, United Way, Alliance, hospitals and others have joined together in formation of the Healthy Kids initiative to provide health insurance to children.
- The CAP study focuses on six research areas – Economy, Education, Health, Public Safety, Natural Environment, and Social Environment. It is expected that this effort will continue over the next decade as well. This invaluable tool provides a comprehensive analysis of needs, assisting the community to identify potential issues, recognize trends, and establish priorities.

Santa Cruz County Homeless Action Partnership (HAP): Santa Cruz County has a long history of community-wide, collaborative work to provide a range of housing and services for the homeless. These efforts grew into a full countywide Continuum of Care system with all of its components, including prevention, emergency shelters, transitional housing, permanent affordable and permanent supportive housing, supportive services at each stage, specialized programs and outreach for each homeless subpopulation, and integration with “mainstream” programs. In 2003, the Continuum of Care Working Group completed a “Five-Year Strategic Plan On Homelessness”. The Plan recommended that the collaborative effort be expanded under a Homeless Action Partnership (HAP). This was implemented in 2004. The HAP functions at two levels. An executive committee includes policy makers from all jurisdictions within the County. A Coordinating (working) Group: (1) develops and submits consolidated applications to HUD for homeless assistance funding; (2) takes actions and fosters interagency and inter-jurisdictional collaborations as needed to implement the Plan; and (3) continues to update and/or expand the Plan as needed. The City of Santa Cruz participates in and helps fund all levels of the HAP.

Gaps in Delivery System: Despite these overall coordination efforts, there are areas of weakness. The City's "Analysis of Impediments to Fair Housing Choice", which was completed in 2008, observed that the fair housing network in Santa Cruz consists of various groups specializing in serving one or more special needs groups. Many organizations did not appear to have adequate reporting mechanisms to gather data to identify gaps in service. The City undertook a preliminary study in 2004 to interview these groups in order to further study this issue and was able to identify areas where better coordination of service is needed.

The second area where a gap currently exists concerns partnerships with non-profit housing developers at a local level. The City had a long standing relationship with Mercy Housing California and the Santa Cruz Community Counseling Center. The City has worked with both of these organizations to establish local Community Housing Development Organizations (CHDOs) on a project by project basis. There is an ongoing

need to create and strengthen an independent CHDO. This is difficult to do given the size of the community and amount of funding available for housing projects. Therefore, although the City has made efforts in this direction there remains a service gap for an experienced locally based non-profit affordable housing developer.

Strengths and Gaps in Delivery for Public Housing: Although limited in size, the Public Housing system operates very well. A member of City of Santa Cruz City Council sits on the Board to coordinate efforts. There is also a strong working relationship between the local Housing Authority and City staff. The only gap in delivery is there is a limited amount of funding available to create new Public Housing. Even though the City is not currently working with the Housing Authority in creating new Public Housing, strategies presented in the Consolidated Plan do support other affordable housing developments, thus augmenting the Public Housing system operated by the Housing Authority.

SECTION 7. CONSOLIDATED & ACTION PLAN STRATEGIES

HUD requires that the activities funded under the Annual Action Plan must support objectives in the Consolidated Plan. There are four “priority need” categories that are specified by HUD including:

- 1. Affordable housing.*
- 2. Homeless households.*
- 3. Special needs population.*
- 4. Non-housing community development.*

The following provides background information on geographic areas, an analysis of obstacles for meeting underserved needs, antipoverty strategies, and finally an overall goal, objectives, and a section describing the Beach/South of Laurel Neighborhood Revitalization Strategy Area (NRSA) and the intent to expand this NRSA in future years. In addition, supporting strategies for each of the “priority need” categories are the goals, objectives, supporting strategies, and activities to be undertaken during the 2010-2011 Plan Year. These objectives, strategies and 2010-2011 activities are a part of the 2010-2011 Action Plan.

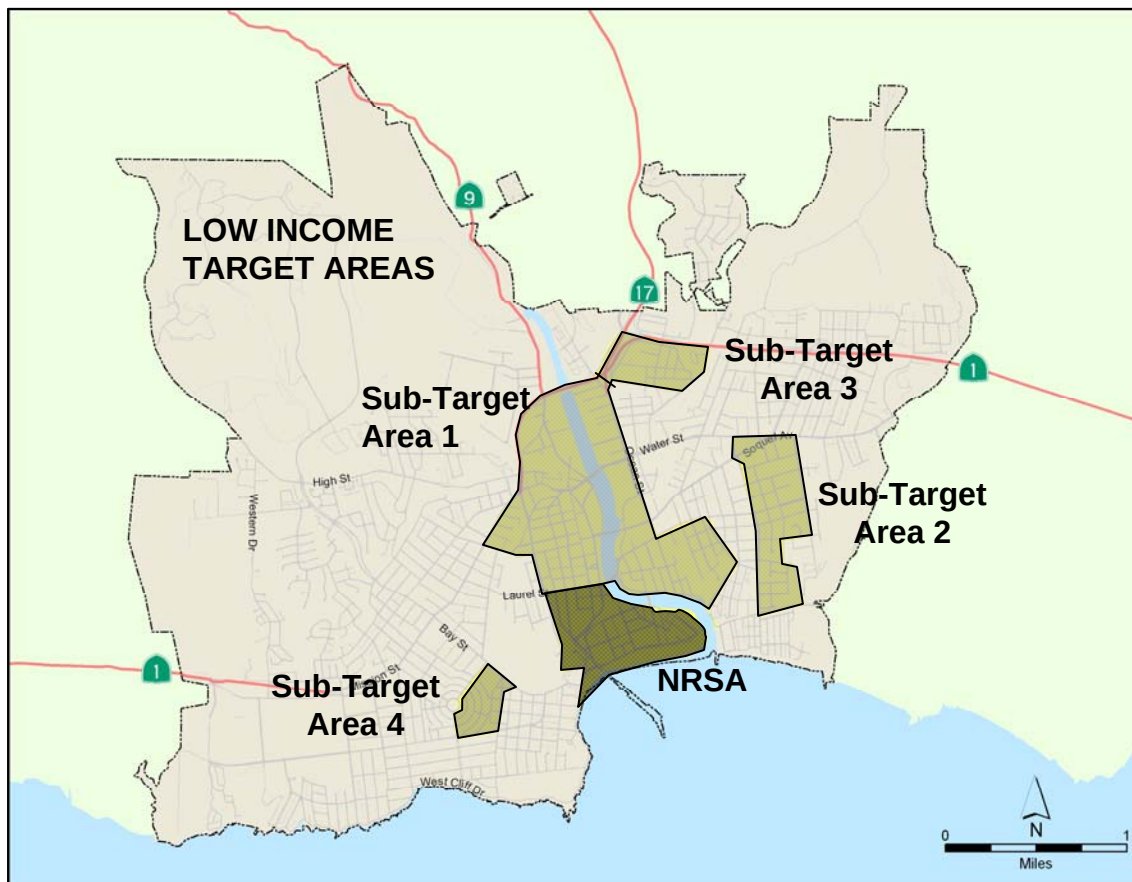
7.01 Geographic Areas

Target Areas and NRSA. Under the 2005-2010 Consolidated Plan, the geographic areas where programs and projects were focused included all low income areas by Census block group within the City excluding Census Tract 1004, which is occupied by the University of California at Santa Cruz. These areas are shown in the map on the next page.

In 2007, the City adopted the Beach/South of Laurel Neighborhood Revitalization Strategy Area (NRSA) for the area shown in the map below. The entire NRSA is within a low income focus area identified for the 2005-2010 Consolidated Plan. The addition of the NRSA created a two tiered geographical priority system for programs and projects. The NRSA has the highest priority, especially for economic development activities, with the low income target areas continuing to be the focus for Code Enforcement and other programs.

The area with the largest concentration of the minority Hispanic population is the Beach Flats neighborhood, which is also located within the NRSA.

The 2010-2015 Consolidated Plan will continue this two tiered system with the low income target areas and the NRSA. It is expected that over 50 percent of CDBG and HOME funds will be allocated to programs and projects that are located in or serve residents in these areas. This percentage will vary from year to year. The other focus of CDBG funding has historically been to provide assistance to the City’s homeless population. These services are currently concentrated just to the north of current target areas. If the 2010 Census is able to accurately count the homeless population, the low income target areas may expand to include these facilities as well.

Exhibit 7-A. Geographic Target Areas and NRSA

During the five years covered by the Plan, the City proposes to expand the NRSA to include the Lower Ocean Street neighborhood and possibly the Neary Lagoon area. Expansion of the NRSA will be done after the 2010 Census is available to confirm qualified low-income Census tract block groups. Low income target areas may expand as well after Census data is available.

The following are descriptions of the current low income Sub-Target Areas shown on the map above.

- Sub-Target Area 1: This is the largest Sub-Target Area and includes the Beach/South of Laurel Neighborhood Revitalization Strategy Area (NRSA) as well as the predominantly Hispanic Beach Flats neighborhood. It also extends northward to encompass the downtown and surrounding older, historic neighborhoods as well as the area across the San Lorenzo River over to Ocean Street on the east and Pine Street between Broadway and Buena Vista Avenue.
- Sub-Target Area 2: This includes the eastern Seabright area, generally between Seabright and Frederick Streets, from Water to Murray Street.
- Sub-Target Area 3: Upper Market Street Neighborhood.
- Sub-Target Area 4: The eastern part of the Circles Neighborhood.

These four areas will be the focus of code enforcement activities. Projects in, or adjacent to, these areas will also be given priority. The rationale for this geographic approach is to bring services closer to the highest areas of need.

7.02 Obstacles to Meeting Underserved Needs

The most substantial obstacle to addressing all of the needs identified in this Plan is the lack of sufficient funds. A program which would solve all affordable housing and community development needs in the City would require funding levels of hundred's of million of dollars. While acknowledging this fact, the City continues to be committed to directing all financial resources available to address the needs of its residents. Of particular importance are the needs of extremely low, very low, and lower-income households.

Obstacles to Meeting Housing Needs. Affordable housing continues to be the greatest need for extremely low, very low, and lower-income households. In addition to the obstacle of lack of sufficient funds noted above, various other factors may constrain the City's ability to address its housing needs. This includes market factors, governmental regulations, or environmental considerations. Moreover, housing goals may at times conflict with the need to promote other important City goals, such as the desire to provide open space and recreational facilities, protect environmental and historic resources, and maintain current service levels. These and other constraints affect the feasibility of constructing affordable housing.

- **Availability of Funds:** As noted above, this is the primary obstacle to meeting underserved needs, including housing needs. In addition to not having the amount of local, state, or federal funds needed for assistance, the current tight lending market affects both the potential development of affordable housing as well as access for low income households to mortgages to buy a home.
- **Market Factors:** The demand for housing, high development costs, the high price of land, etc. also affect housing costs. Construction costs, financing, and legal liability issues related to new housing construction represent the most significant market constraint to the provision of housing. Although market conditions are often outside of the City's control, the City has some leverage in instituting responsive policies and programs to address market factors.
- **Environmental Factors:** The adequacy of infrastructure, public services, and water supply to support new development affects housing cost.
- **Availability of Land:** There is a limited amount of space or developable areas within the City of Santa Cruz to develop new housing.
- **Governmental Factors:** Land use regulations, building codes and development standards, permit procedures, and other local policies may affect developers' ability to get housing projects approved. Governmental policies and regulations can impact the price and availability of housing, and in some cases, the financial feasibility of new affordable housing.

7.03 Antipoverty Strategies

The County of Santa Cruz Health Services Agency is the primary agency responsible for providing a wide range of health services, social services and direct assistance to persons and families living in poverty conditions. The County administers the CAL WORKS Program, which is designed to move welfare recipients from dependency to self-sufficiency through employment. As a part of this effort the County oversees the Welfare-to-Work program, which is an employment program that helps families receiving CalWORKs cash aid become self sufficient by providing job search assistance and job training opportunities. Job related education and training are provided through the County and the Community College Districts.

The City priorities to improve the quality of life for low-income households and neighborhoods and reduce the overall number of persons living in poverty support strategies that augment these County efforts. Although the City always meets the CDBG requirement for “Area Benefit” where at least 51 percent of residents in an area are low and moderate income, the social services providers funded with City CDBG funds actually exceed this requirement. Typically over 90 percent of those that receive services are low and moderate income households. Likewise, CDBG funded social service providers serving “Limited Clientele” typically over 90 percent of those served are very or extremely low income persons.

In support of community development goals, the City of Santa Cruz supports the following Programs as priorities to reduce the number and improve the lives of persons living in poverty.

1. **Rental Assistance.** The City will continue to work with owners of project based HUD Section 8 developments to encourage them to renew HUD contracts to provide rental assistance for low income households in addition to the assistance the Housing Authority provides through Section 8 Housing Choice Vouchers Program.
2. **Beach Flats Community Family School.** CDBG funds are used to assist the Beach Flats Family School in providing Santa Cruz Adult School classes for families to enhance children’s school readiness and transition to early English language acquisition.
3. **Childcare.** The City’s Social Service Provider (SSP) Program provides on-going support of childcare providers. Current childcare services that receive SSP funding include Neighborhood Childcare Center; Santa Cruz Toddler Care Center, and Community Bridges Child Care Division, which includes the Sycamore Street Child Development and Center Nuevo Dia Child Development Center (in Beach Flats).
4. **Workforce Investment Board (WIB).** The Director of the Economic Development and Redevelopment Agency participates on the WIB Board, which brings together the business and education communities, local government, and residents of Santa Cruz County to address local and regional workforce issues. The WIB also manages the employment services funded by the federal Workforce Investment Act, which train and deploy workers, retrain employees who have been laid off and help all workers gain the skills they need to enter and prosper in the labor market.

5. **Santa Cruz Community Counseling (SCCCC) Head Start & Families Together Programs.** SCCCC operates Head Start programs which support school readiness and promotes healthy families through delivery of education, health and social services and Families Together, which is an innovative child and family development program providing home-based services with the overall goal to reduce the number of re-referrals to Child Welfare Services by improving child and family well-being.

7.04 Goals, Objectives, Strategies, & 2010 Action Plan Activities

The following section outlines the City of Santa Cruz's goals, objectives, and strategies over the five-year (2010-2015) Consolidated Plan period and the activities that the City intends to accomplish during the period covered by the 2010-2011 Action Plan. The section is organized around four basic goals for the City of Santa Cruz, which are:

5. **Affordable Housing Goal:** Provide for retention and production of affordable housing units and projects.
6. **Community Development Goal:** Assist in the implementation of public facility programs and projects which will benefit the greatest number of lower income households and improve needed services.
7. **Homeless Goal:** Assist in providing affordable housing and related social service needs to the homeless population in the City of Santa Cruz.
8. **Special Needs Housing Goal:** Assist in the provision of housing and related supportive services for special needs populations, such as persons who are mentally or physically disabled, female heads of households, persons with HIV/AIDS and the elderly.

Under each Consolidated Plan goal, objectives are identified that are expected to be addressed during the five year period covered by the 2010-2015 Consolidated Plan. Strategies to achieve these objectives are then listed followed by a measurable action to be accomplished during this current 2010-2011 Plan Year. The HUD Objectives and Outcomes from HUD's Performance Measurement System are then identified that will be achieved by the objective, strategy, and/or 2010-2011 activity. The HUD Objectives and Outcomes include:

HUD Objectives:

- **Creating Suitable Living Environments** relates to activities that are designed to benefit communities, families, and individuals by addressing issues in their living environment.
- **Providing Decent Housing** covers the wide range of housing activities with the purpose to meet individual family or community housing needs.
- **Creating Economic Opportunities** applies to activities related to economic development, commercial revitalization, or job creation.

HUD Outcomes:

- **Availability/Accessibility** applies to activities that make services, infrastructure, public services, public facilities, housing or shelter available or accessible to low and moderate-income people.
- **Affordability** applies to activities that provide affordability in a variety of ways to low and moderate-income people.
- **Sustainability** applies to activities that are aimed at improving communities or neighborhoods, helping them be more livable or viable by benefiting low and moderate-income people or removing slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

Basis for Assigning Prioritization to Objectives. As shown in the analysis conducted for this Consolidated Plan, the creation and retention of affordable housing is one of the highest priorities for the City. Therefore projects or programs that create affordable housing are given higher priorities. Within that category, there is a need for supportive housing for homeless as well as those with psychiatric and other disabilities. In addition, changing demographics indicate an increasing need for senior housing, which is rated as moderate now. The City's community development needs focus primarily in the NRSA and the Lower Ocean Street neighborhood as well as facilities and services for the City's homeless population. That said, given the limited funding the City receives, the City also considers opportunity to play a major part within the range of these priorities in determining what is funded.

1. AFFORDABLE HOUSING GOAL: Provide for retention and production of affordable housing units and projects.

OBJECTIVE AH.1 -- Preserve affordability of existing affordable housing units.

- **STRATEGY AH.1 (a):** Continue to work with Riverfront Apartment Associates, providing incentives as needed to preserve 71 units of affordable housing to encourage HUD Section 8 contract renewal. (Contract expires in 2012)
 - ❶ **2010-2011 Activity:** Initiate discussion about contract renewal with owner by March 2011.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY AH.1 (b):** Continue to monitor the status of all other developments with HUD Section 8 contracts considered to be "at-risk" of losing affordability, providing assistance as needed to achieve extended affordability and/or Section 8 contract renewal, when feasible.
 - ❶ **2010-2011 Action Objective:** Contact owners of San Lorenzo Park and La Posada Apartments to ensure HUD contracts renewal is expected.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY AH.1 (c):** Establish and implement an Affordable Housing Unit Preservation Program to provide a mechanism to extend the affordability of

affordable units that are at-risk of losing affordability through expiration of restrictions, foreclosure, or sale of an affordable housing project.

❶ **2010-2011 Activity:** Develop and adopt program guidelines & funding source.

△ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Affordability

OBJECTIVE AH.2 - Promote the creation of affordable rental housing units through development of new affordable housing or rehabilitation of existing units.

- **STRATEGY AH.2 (a):** Assist in the development of 40 to 50 units of senior housing with Central Coast Housing as a Community Housing Development Organization (CHDO), if feasible.

❶ **2010-2011 Activity:** Initiate & help fund predevelopment activities.

△ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Affordability

- **STRATEGY AH.2 (b):** Assist developers with funding and/or technical assistance to create new affordable rental housing units for very low and low income households through new project construction or rehabilitation of existing market rate housing.

❶ **2010-2011 Activity:** No activity in Plan Year (PY).

△ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Affordability

- **STRATEGY AH.3 (c):** Continue to promote development of accessory dwelling units with a goal of developing of 20-30 accessory dwelling units annually with at least 2-3 units having affordable restrictions for low income households through the City's Fee Waiver Program.

❶ **2010-2011 Activity:** Encourage 20-30 ADU building permit applications for ADU with 2-3 affordable units through the Fee Waiver Program.

△ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Availability/Access

- **STRATEGY AH.3(d):** Continue to implement the City's Inclusionary Housing Program to create affordable rental housing in market rate developments.

❶ **2010-2011 Activity:** Initiate participation of 2-3 inclusionary units in PY.

△ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Affordability

OBJECTIVE AH.3 - Encourage repair, improvement, and rehabilitation of existing affordable housing.

- **STRATEGY AH.3 (a):** Continue to implement the Unified Housing Rehabilitation Program with an emphasis on multi-family properties that have low income tenants.

❶ **2010-2011 Activity:** Continue to promote program.

△ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Availability/Access

- **STRATEGY AH.3 (b):** Assist in the rehabilitation of 95 units for extremely low, very low and low-income households at the Neary Lagoon Apartment Complex.
 - ❶ **2010-2011 Activity:** Complete rehabilitation of complex within PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY AH.3 (c):** Assist in the acquisition and rehabilitation of apartments or a larger home to create 4-6 beds of supportive housing for individuals with psychiatric disabilities, if feasible.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY AH.3 (d):** Promote use of the City's Inclusionary Program option that allows developers to meet inclusionary requirements for new developments by rehabilitating and creating off site affordable housing units.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY AH.3 (e):** Consider developing a self-funding pre-sale inspection program of for-sale units in conjunction with code enforcement.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access

OBJECTIVE AH.4 - Facilitate homeownership by very low and low -income households.

- **STRATEGY AH.4 (a):** Continue to implement the First Time Homebuyer Program, assisting 2-3 low and/or moderate-income households annually to purchase a home.
 - ❶ **2010-2011 Activity:** Assist 2-3 low or moderate income first time homebuyers purchase a home.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY AH.4 (b):** Assist Habitat for Humanity with the construction of at least 1 new affordable ownership unit, if feasible.
 - ❶ **2010-2011 Activity:** Assist in land purchase for unit by summer 2010.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY AH.4(c):** Continue to implement the City's Inclusionary Housing Program, working with developers to create affordable ownership housing.
 - ❶ **2010-2011 Activity:** On-going program.
 - △ **HUD Objective:** Decent Housing

△ **HUD Outcome:** Affordability

- **STRATEGY AH.4(d):** Work with 1-2 developers to initiate planning for future development of entry level affordable housing units in the NRSA, through funding or technical assistance, including use of potential zoning incentives.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY AH.4 (e):** Conduct outreach and co-sponsor one first time homebuyer workshop to promote homeownership and the First Time Homebuyer Program in the NRSA.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability

OBJECTIVE AH.5- Provide Code Enforcement Program for low-income Target Areas.

- **STRATEGY AH.5 (a):** Support two code enforcement officers to administer code enforcement activities in the Target Areas.
 - ❶ **2010-2011 Activity:** Open at least 50 new cases in Target Areas.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Sustainability
- **STRATEGY AH.5 (b):** Participate in at least two annual community clean-ups and other community events, when appropriate, to help inform the community about code enforcement.
 - ❶ **2010-2011 Activity:** Conduct 2-4 clean-ups in Target Areas.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Sustainability
- **STRATEGY AH.5 (c):** Help identify major problem properties and participate with other City departments in a coordinated effort to eradicate major problem areas.
 - ❶ **2010-2011 Activity:** Identify and help eradicate problems in at least 1 area.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Sustainability
- **STRATEGY AH.5 (d):** Provide relocation assistance as needed in connection with code enforcement activities.
 - ❶ **2010-2011 Activity:** If required in PY, funding will be provided by RDA.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access

OBJECTIVE AH.6 - Assist in establishing Community Housing Development Organization(s).

- **STRATEGY AH.6 (a):** Provide financial and/or technical assistance leading to City certification of a new and/or reactivated CHDO.
 - ❶ **2010-2011 Activity:** Work with Central Coast Housing to obtain certification as a CHDO in the City of Santa Cruz by summer 2010.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY AH.6 (b):** Assist CHDO in the initiation and development of at least 1 housing project.
 - ❶ **2010-2011 Activity:** Initiate Neary Lagoon housing rehabilitation as a CHDO project in the PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability

OBJECTIVE AH.7 - Participate in the development and implementation of studies and/or plans to promote affordable housing development, development strategies and/or incentives, and fair housing practices that help provide equal access to housing.

- **STRATEGY AH.7 (a):** Participate in development of and support implementation of recommendations and/or strategies that promote affordable housing from plans including but not limited to the City's Housing Element, Housing Strategies Study, River/Front and Lower Pacific Design Guidelines and Development Incentives, Ocean Street Corridor Plan, Downtown Recovery Plan, and Beach South of Laurel Plan.
 - ❶ **2010-2011 Activity:** Initiate implementation of recommended zoning changes within the PY from the River/Front and Lower Pacific Design Guidelines and Development Incentives study, including potential changes in the NRSA.
 - △ **HUD Objective:** Economic Development
 - △ **HUD Outcome:** Sustainability
- **STRATEGY AH.7 (b):** By the end of 2013, complete an update of the City's Analysis of Impediments to Fair Housing Choice.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY AH.7 (c):** Raise the visibility of fair housing and the complaint process by creating an informational brochure that clarifies what constitutes fair housing violations and provides contact information about where services might be found.
 - ❶ **2010-2011 Activity:** Initiate brochure development within the PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access

2. HOMELESS GOAL: Assist in providing affordable housing and related social service needs to the homeless population in the City of Santa Cruz.

OBJECTIVE HO.1 - Support services and organizations that assist homeless individuals and families.

- **STRATEGY HO.1 (a):** Continue to provide annual funding for operation of facilities on the Homeless Services Center (HSC) campus including Homeless Resources Center and other facilities operated by HSC and the River Street Shelter operated by the Santa Cruz Community Counseling Center (SCCCC).
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY HO.1 (b):** Assist in improving facilities on the HSC campus as needed.
 - ❶ **2010-2011 Activity:** Repair River Street Shelter roof as needed.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY HO.1 (c):** Continue to work with neighboring jurisdictions and service providers and support the Homeless Action Partnership (HAP) to implement the region's Ten Year Plan to End Homelessness and address homeless needs.
 - ❶ **2010-2011 Activity:** Continue to attend HAP meetings and provide support for the HAP with City General Funds.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access

OBJECTIVE HO.2 - Support development of additional transitional and permanent housing for homeless individuals and families.

- **STRATEGY HO.2 (a):** Work with members of the HAP to identify opportunities to create additional facilities for transitional and permanent housing within the City and County of Santa Cruz.
 - ❶ **2010-2011 Activity:** On-going activity in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY HO.2 (b):** Work with developers of affordable housing projects, the County, and non-profit service providers to create designated units for permanent housing for formerly homeless.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access

OBJECTIVE HO.3 - Assist in establishing a homeless shelter facility in the north/mid-county area.

- **STRATEGY HO.3 (a):** In collaboration with HAP members, support an alternative temporary winter shelter facility to replace the Armory and reduce operational costs and provide for an extended period of operation, if feasible.
 - ❶ **2010-2011 Activity:** Initiate plans to use the Cabrillo Stroke Center as a temporary winter shelter to be opened in November 2010, if feasible.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
 - **STRATEGY HO.3 (b):** In collaboration with HAP members, explore opportunities and support development of another permanent homeless shelter in the north/mid-county area, if feasible.
 - ❶ **2010-2011 Activity:** Initiate planning process with other HAP members.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
 - **STRATEGY HO.3 (c):** In collaboration with HAP members, support development of a recuperative care facility for the north/mid-county area, if feasible.
 - ❶ **2010-2011 Activity:** With HAP members, explore recuperative care facility locations.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
- OBJECTIVE HO.4 -** Provide programs that help in the reduction and the prevention of homelessness.
- **STRATEGY HO.4 (a):** Continue to implement an Emergency Rental Assistance Program through the Community Action Board to provide assistance to 20-30 households that are threatened with loss of their housing.
 - ❶ **2010-2011 Activity:** Assist 20-30 households at risk of becoming homeless with rental assistance using RDA funds.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
 - **STRATEGY HO.4 (b):** Continue to implement the Security Deposit Assistance Program through the Housing Authority of Santa Cruz County which provides security deposits to 10-20 households to assist in their transition out of homelessness.
 - ❶ **2010-2011 Activity:** Assist 10-20 households access housing by providing security deposits using RDA funds.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access
 - **STRATEGY HO.4 (c):** Provide additional funding for the Emergency Rental Assistance Program and Security Deposit Assistance Program for the Beach Flats and Lower Ocean Street neighborhoods.
 - ❶ **2010-2011 Activity:** Provide a total of up to \$22,000 in Red Cross funds for programs targeted to the Beach Flats and Lower Ocean Street neighborhoods.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Availability/Access

3. SPECIAL NEEDS HOUSING GOAL: Assist in the provision of housing and related supportive services for special needs populations, such as persons who are mentally or physically disabled, female heads of households, persons with HIV/AIDS and the elderly.

OBJECTIVE SP.1 - Provide housing options for special needs populations, including the elderly, female-headed households with children, persons with physical or mental disabilities, and persons with HIV/AIDS.

- **STRATEGY SP.1 (a):** Assist in developing 40 to 50 units of senior housing with Central Coast Housing as a Community Housing Development Organization (CHDO), if feasible. (Also see STRATEGY AH.2 (a))
 - ❶ **2010-2011 Activity:** Complete predevelopment activities for a Senior Housing project in a rehabilitated building located on the Holy Cross Campus.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Affordability
- **STRATEGY SP.1 (b):** Continue to provide CDBG funds to Senior Network Services to assist with their programs to provide housing assistance to elderly households.
 - ❶ **2010-2011 Activity:** Continue to provide funds to assist 8 seniors find housing.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY SP.1 (c):** Continue to work with non-profit organizations in providing housing options for the special needs populations of elderly, persons with physical disabilities, persons with mental disabilities and persons with HIV/AIDS.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access

OBJECTIVE SP.2 - Assist seniors with the option to “age in place”.

- **STRATEGY SP.2 (a):** Develop a program to provide assistance to seniors to help retrofit their home for accessibility and other handicap improvements for the purpose of allowing them to remain in their homes.
 - ❶ **2010-2011 Activity:** Initiate Program development and explore funding options.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY SP.2 (b):** Assist seniors or their families to develop an accessory dwelling units through the City’s ADU Program. (Also see STRATEGY AH.3 (c))
 - ❶ **2010-2011 Activity:** Assist 1-2 seniors or families to develop and ADU for a senior residence.
 - △ **HUD Objective:** Decent Housing
 - △ **HUD Outcome:** Availability/Access

4. COMMUNITY DEVELOPMENT GOAL: Assist in the implementation of public facility programs and projects which will benefit the greatest number of lower income households and improve needed services.

OBJECTIVE CD.1 Continue to assist organizations in the provision of community services for low income households.

- **STRATEGY CD.1 (a):** Assist other City Departments, non-profit organizations, and neighborhoods in providing services and community building activities.
 - ❶ **2010-2011 Activity:** Continue to assist 2 non-profit organizations that provide community services to the Beach Flats and Lower Ocean Street neighborhoods.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
- **STRATEGY CD.1 (b):** Support improvements, rehabilitation, and/or construction of facilities for organizations that provide services to low income households with priority given to facilities located in or adjacent to the NRSA.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability

OBJECTIVE CD.2 - Continue to provide and improve needed community facilities in low income neighborhoods or for low income households.

- **STRATEGY CD.2 (a):** Assist in constructing improvements for Beach Flats Park.
 - ❶ **2010-2011 Activity:** Initiate plans for park improvements.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
- **STRATEGY CD.2 (b):** Assist in developing and improving the Teen Center.
 - ❶ **2010-2011 Activity:** Assist Teen Center install improvements to outdoor area.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
- **STRATEGY CD.2 (c):** Assist in improving the Loudon Nelson Center.
 - ❶ **2010-2011 Activity:** Initiate plans and identify funding to replace the roof at the Loudon Nelson Community Center.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
- **STRATEGY CD.2 (d):** Assist with other park development or community facility improvements as needed, with a priority given to those located in or adjacent to the NRSA.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability

OBJECTIVE CD.3 - Construct infrastructure improvements within the NRSA and other low income areas to enhance quality of life and community safety.

- **STRATEGY CD.3 (a):** In conjunction with the City's Capital Improvement Program, help fund street and sidewalk improvement projects within or adjacent to the NRSA.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
- **STRATEGY CD.3 (b):** In conjunction with the City's Capital Improvement Program help fund street lighting and other infrastructure improvements that will enhance community safety.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability

OBJECTIVE CD.4 - Continue to promote NRSA activities and expand boundaries to other very low income neighborhoods.

- **STRATEGY CD.4 (a):** Complete Beach/South of Laurel NRSA goals for years 3 through 5 by the end of June 30, 2013.
 - ❶ **2010-2011 Activity:** Complete NRSA goals for NRSA Program Year 3.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
- **STRATEGY CD.4 (b):** By the end of 2012, develop an expanded NRSA plan that includes the Lower Ocean Street neighborhood.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability

OBJECTIVE CD.5 - Encourage implementation of programs and projects that provide increased job opportunities for residents within the NRSA.

- **STRATEGY CD.5 (a):** Support the Beach Flats Community Center to provide information on job opportunities for NRSA residents.
 - ❶ **2010-2011 Activity:** BFCC to initiate providing jobs bulletin board or notebook for residents.
 - △ **HUD Objective:** Economic Development
 - △ **HUD Outcome:** Availability/Access
- **STRATEGY CD.5 (b):** Develop a program to encourage local employers & contractors working within the NRSA to hire NRSA residents when feasible.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Economic Development
 - △ **HUD Outcome:** Availability/Access

- **STRATEGY CD.5 (c):** Continue to sponsor the annual Teen Job Fair, when feasible, encouraging participation of NRSA employers.
 - ❶ **2010-2011 Activity:** Teen Job Fair to be sponsored by the Park and Recreation Department if sufficient interest by employers.
 - △ **HUD Objective:** Economic Development
 - △ **HUD Outcome:** Availability/Access
- OBJECTIVE CD.6** - Support efforts to maintain and grow businesses that employ local residents within the NRSA.
- **STRATEGY CD.6 (a):** Continue to provide the Façade Improvement Program.
 - ❶ **2010-2011 Activity:** No activity anticipated in PY.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
 - **STRATEGY CD.6 (b):** Continue to work with businesses on the City owned Wharf to help ensure their success.
 - ❶ **2010-2011 Activity:** Work with 1-2 Wharf businesses to construct improvements.
 - △ **HUD Objective:** Suitable Living Environment
 - △ **HUD Outcome:** Sustainability
 - **STRATEGY CD.6 (c):** Initiate the creation of parking solutions and zoning changes in the Lower Pacific Avenue area that support redevelopment.
 - ❶ **2010-2011 Activity:** Initiate discussion with property owners and develop a strategic plan to create a parking district by the end of the PY.
 - △ **HUD Objective:** Economic Development
 - △ **HUD Outcome:** Sustainability

7.05 Neighborhood Revitalization Strategy Area Expansion

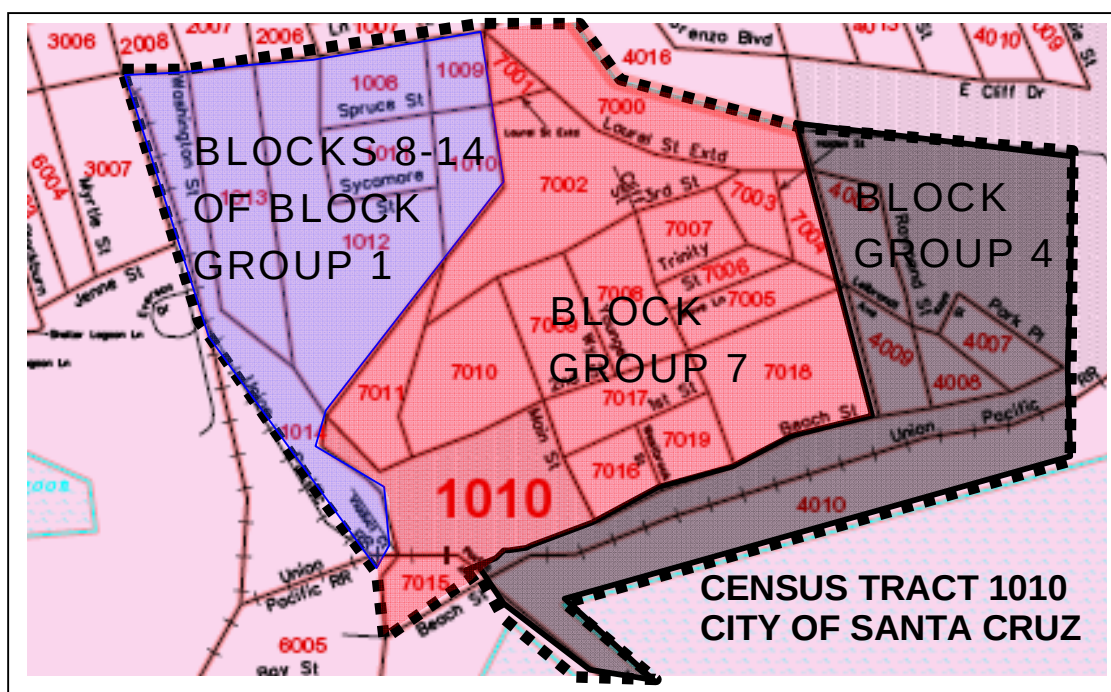
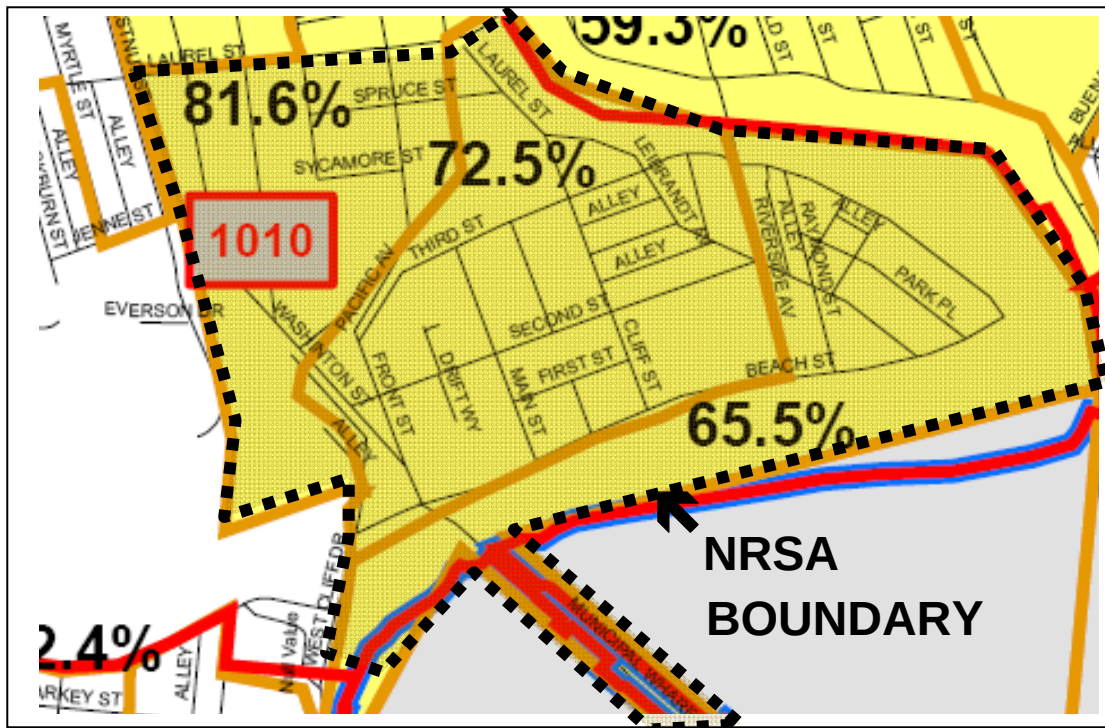
Neighborhood Revitalization Strategy Area (NRSA) is created under the federal HUD CDBG Program to encourage coordination of resources and facilitate the City's ability to engage in comprehensive community revitalization strategies. Strategies are encouraged to include partnerships among stakeholders in a community including federal and local governments, the private sector, community organizations and neighborhood residents. The overall intent is to stimulate reinvestment of human and economic capital while economically empowering low-income residents. The Beach and South of Laurel neighborhoods are the first areas in the City of Santa Cruz to be included in an NRSA.

The current plan for the NRSA covers five years, starting in the 2007 Plan Year (PY) through the 2011 PY. The 2010-2011 PY is the fourth year covered by the NRSA Plan.

The 2010-2015 Consolidated Plan NRSA strategy is to expand the current NRSA to include adjacent very low income areas or areas that have a concentration of a minority population. This strategy will be implemented when 2010 Census data is available so that these areas may be accurately identified and considered when expanding the NRSA boundaries. Amending the NRSA Plan to include additional areas will involve community participation as well as require City Council and ultimately HUD approvals.

NRSA Boundaries: The current Beach/South of Laurel NRSA boundaries are Laurel Street to the north, the San Lorenzo River to the east, and Chestnut Street to the west. Monterey Bay, including the Wharf, forms the southern boundary. The numbers shown on the following map below indicate the percentage of households in the 2000 Census block groups that are below 80% of median area income. The NRSA area includes a portion of Census Tract 1010, including the southern portion of Block Group 1 (Blocks 1008 through 1012) and the entirety of Block Groups 7 (Blocks 7001 through 7011) and 4 (Blocks 4002 and 4007 through 4011).

Exhibit 7-B. Income and Census Maps of Current NRSA



The following table shows the five year goals and strategies for the current NRSA.

Exhibit 7.C. Beach/South of Laurel NRSA Strategies

GOAL	CATAGORY	STRATEGY
Public Facilities	Streets	PF-1 Rehabilitate residential streets within NRSA.
		PF-2 Beach Area Round-About & Traffic Signal Project.
		PF-3 Construct Pacific Avenue improvements.
	Parks	PF-4 Raymond Street Park.
		PF-5 Construct improvements to Beach Flats Park.
	Flood Control	PF-6 Rehabilitate flood control facilities.
		PF-7 Construct Dry Weather Diversion Project.
Economic/Job Development	Enhance Tourism	ED-1 Construct Marine Sanctuary Visitor Center.
		ED-2 Establish Hospitality Enhancement Program.
		ED-3 Continue Façade Improvement Program.
	Assist Private Development	ED-4 Initiate program to fast track key economic development projects
		ED-5 Introduce commercial development at Depot Park.
		ED-6 Develop Lower Pacific Area Plan to Facilitate New Development
	Youth Employment	ED-7 Increase number of Teen Job Fairs
		ED-8 Establish Interview Training Program
		ED-9 Establish Business Mentorship Program
Training and Education	Education Programs	TR- 1 Provide more adult educational opportunities in: Literacy in Spanish; Vocational ESL classes; &Parenting education
		TR- 2 Initiate new or expand existing job training program.
		TR- 3 Conduct Teen Resource Fair
	Library Services	TR- 4 Provide bookmobile in NRSA.
	Teen Mentoring	TR- 5 Initiate University/NRSA mentoring program.
Residential Investment	Housing Programs	RI- 1 Increase the availability of homeownership Loans
		RI- 2 Increase the availability of rehabilitation Loans
		RI- 3 Conduct 1-2 First Time Homebuyer Seminars
	Rental Housing	RI- 4 Develop or Rehabilitate at least 20 units of affordable rental housing.
Community Safety and Neighborhood Improvement	Safety	CM-1 Reintroduce the Street Crimes Unit within the City-wide Program.
		CM-2 Initiate program to coordinate Park Security and Police activities along River.
		CM-3 Initiate Fire/Safety Education Program & conduct annual workshop in community.
	Neighborhood. Improvements	CM-4 Initiate scheduled pro-active code enforcement program at least 2 days per month.
		CM-5 Conduct at least 1 Community Clean-up/Yr.
		CM-6 Initiate coordinated compliant management system with access to Spanish speakers.

SECTION 8. 2010-2011 ACTION PLAN

The 2010-2011 Action Plan objectives, strategies, and activities are presented in Section 7.04 above. Additional data required for the Action Plan may also be located in other Sections of this Report. Rather than duplicate data, this information is incorporated by reference in this Action Plan Section.

This Section 8 portion of the 2010-2011 Action Plan includes the evaluation of prior year accomplishments; project/program descriptions and HOME/CDBG funding (including fair housing and lead-based paint program activities as well as a description of the needs of public housing); the geographic distribution of 2010-2011 projects/programs; other funding resources; and finally how the city will address obstacles of underserved population's needs.

8.01 Evaluation of Prior Year's Accomplishments

Over the 2010-2011 Program Year, the City continued to provide over \$1 million in funding for 55 social service programs in 40 agencies. Five of those programs are funded with CDBG funds. Code enforcement, also partially funded with CDBG funds closed over 200 cases and helped sponsor three neighborhood clean-ups.

CDBG funds were used to install a door to allow handicapped access to the Women's Health Center.

Mission Gardens Acquisition and Rehabilitation Project was initiated in PY 2009 and completed in PY 2010. Although there are only 11 HOME funded units in the project, ultimately 50 units of at-risk affordable Section 8 housing was preserved.

One first time home buyer loan was made. Two informational sessions on the City's first time homebuyer Program were held for realtors and lenders.

The City also allocated CDBG-R funds from American Recovery and Reinvestment Act of 2009 funds CDBG to help preserve three jobs in non-profit organizations and fund installation of street lights along lower Pacific Avenue. Street lights are under construction and will be completed in PY 2009.

The Beach/South of Laurel NRSA is completing its third year. Accomplishments include the installation of street lights on lower Pacific Avenue and retention of the Beach Flats Community Center (despite funding cuts). In addition, the City's Public Art program extended the City's SculpTOUR program with a series of metal penguin sculptures along lower Pacific Avenue. Construction of improvements for the fronts of two restaurants is under way as part of the Redevelopment Agency's Façade Improvement Program.

Ongoing programs in the NRSA include computer training and literacy classes through the Beach Flats Community and Familia Centers; the Boy's and Girl's Club of Santa Cruz County Beach Flats Outreach Program, which includes a collaborative homework assistance and mentor program; and special events in the Beach Flats neighborhood such as a community clean-up, the annual Thanksgiving dinner, and the annual La Posadas. In addition, the City hosted a Community Meeting on the Consolidated Plan.

Other activities were impacted by the downturn in the economy. The annual Teen Jobs Fair typically hosted by the Parks and Recreation Department was not held this year due to lack of participation by businesses.

8.02 Project/Program Activity Descriptions and Funding

The Annual Action Plan reflects the allocation of CDBG and HOME funds for this 2010-2011 program year. This is the first Action Plan under the 2010-2015 Consolidated Plan.

The 2010-2011 Action Plan objectives with the proposed activities are described above in Section 7.04. This Section 8.02 specifically addresses the allocation of CDBG and HOME resources for the activities for the 2010-2011 Plan Year (PY) that will receive CDBG or HOME program funds.

There are three sources of funds to be allocated to these activities. Calculations showing how various funds are allocated are shown in Appendix B. The three sources of funds to be used in the 2010 - 2011 PY include:

1. 2010 - 2011 PY new entitlement funds allocated by HUD.
2. Funds available for reallocation, leftover from prior years' funding for completed projects or funds that were unallocated in prior years.
3. On-going Program funds accumulated for specific activities that require long term planning.

In addition to ongoing housing programs that are funded with CDBG and HOME administrative funds, CDBG and HOME funding is used for other City programs and non-profit organizations that provide community services and/or are doing projects that benefit the community. The following is a summary of the use of these funds for the 2010-2011 Plan Year is provided below. The budget worksheets and location maps for these projects are included in Appendix B of this report.

Community Development Block Grant (CDBG)

1. **Administration:** HUD allows jurisdictions to use up to 20 percent of new CDBG entitlement funds plus program income to administer the CDBG and/or HOME Programs. For the 2010 - 2011 PY, \$135,012 has been allocated for administration. In addition, \$10,000 has been allocated to oversee the City's Rehabilitation Program.
2. **Community Services:** Use of CDBG funds for community services is typically limited to 15% of the total CDBG allocation and program income for the program year. However, because the City has established a Neighborhood Revitalization Strategy Area, this limit is lifted for qualified social service providers that serve this area. For the 2010 - 2011 program year, \$161,050 has been allocated to social service providers. Of this amount \$99,880 has been allocated to non CBDO providers, which is under the 15 percent cap of \$101,259 and \$61,170 is allocated to the CBDO provider that serves the NRSA (Familia Center).

3. **Community Programs/Projects:** For the 2010-2011 program year, \$415,000 is allocated for special programs or projects. A summary is provided below.

- **Homeless Community Resource Center Improvement Project:** This project was originally approved in 2004 as the Homeless Community Resources Center (HCRC) Hygiene Center Project and in 2006 was expanded to include a new 46 bed shelter. At that time, total costs for the project exceeded available funding so in January 2007 HUD allowed the City to pre-incur costs for the project. The allocation in the 2010-2011 is the final payment for a City loan for the project.

PRIORITY NEED: Non-Housing Community Development

HUD Objective: Suitable Living Environment

HUD Outcome: Availability/Access

2010 CDBG Funding: \$210,000

- **River Street Shelter Roof Repair:** The River Street Shelter provides 32 beds for the homeless and is operated by the Santa Cruz Community Counseling Center but owned by the City of Santa Cruz. This activity would repair a leaking roof.

PRIORITY NEED: Non-Housing Community Development

HUD Objective: Suitable Living Environment

HUD Outcome: Availability/Access

2010 CDBG Funding: \$12,000

- **Teen Center Improvements:** As a cost savings measure, the Teen Center has been relocated to the City owned Loudon Nelson Community Center. These funds would help improve the outdoor area to be used by the Teen Center.

PRIORITY NEED: Non-Housing Community Development

HUD Objective: Suitable Living Environment

HUD Outcome: Availability/Access

2010 CDBG Funding: \$13,000

- **Code Enforcement:** The City's Code Enforcement Program in expanded Target Areas is partially funded from CDBG with \$180,000 allocated to this Program.

PRIORITY NEED: Affordable housing

HUD Objective: Decent Housing

HUD Outcome: Sustainability

2010 CDBG Funding: \$180,000

The activities proposed above are eligible for CDBG funding and as shown in Section 7.04 support objectives identified in the 2010-2015 Consolidated Plan.

Home Investment Partnerships Program (HOME)

1. **Administration:** HUD allows jurisdictions to use up to 10 percent of new HOME entitlement funds plus program income to administer the HOME Program. For the 2010 - 2011 PY, \$60,009 has been allocated for administration.

2. **Community Housing Development Organization (CHDO) Projects:** HUD requires that 15 percent of HOME funds are spent on CHDO projects. A CHDO is a private non-profit organization that meets a series of qualifications prescribed in the HOME regulations and is designated as a CHDO by the City. Staff is re-establishing Central Coast Housing as a CHDO. For the 2010-2011 program year, in addition to the \$90,013 required CHDO allocation, \$37,987 has been designated as CHDO funds.
 - **Holy Cross Senior Housing Predevelopment Assistance:** Mercy Housing California with Central Coast Housing will rehabilitate a school building on Holy Cross Church property to provide 40-50 units of senior housing. These HOME funds will be used for predevelopment costs.
 PRIORITY NEED: Affordable housing
 HUD Objective: Housing
 HUD Outcome: Affordability
 2010 HOME FUNDING: \$128,000
3. **Non-CHDO Housing Programs and Projects:** For the 2010-2011 program year, \$412,076 has been allocated for non-CHDO programs or projects. A summary is provided below.
 - **Frederick Street Ownership Housing Unit:** Habitat for Humanity will build a home for a very-low income household, who will be contributing 500 hours of sweat equity as a part of the purchase agreement.
 PRIORITY NEED: Affordable housing
 HUD Objective: Housing
 HUD Outcome: Affordability
 2010 HOME Funding: \$16,000
 - **First Time Homebuyer Program:** This Program provides silent second mortgages to qualified low income first time homebuyers.
 PRIORITY NEED: Affordable housing
 HUD Objective: Housing
 HUD Outcome: Affordability
 2010 HOME FUNDING: \$210,000
 - **Home Housing Services Program:** This Program provides funding for housing programs, such as the Unified Housing Rehabilitation Program.
 PRIORITY NEED: Affordable housing
 HUD Objective: Housing
 HUD Outcome: Affordability
 2010 HOME Funding: \$186,077

HOME funds also have a 25% matching requirement which encourages the leveraging of funds. Currently the City has over \$1 million in credits from past projects to act as this match. HOME match figures are reported as a part of the Consolidated Annual Performance and Evaluation Report.

Additional budget information is provided in Appendix B, including HUD performance measurement information and HOME grant matching information.

Fair Housing Activities and Strategies: General Funds are used to fund California Rural California Rural Legal Assistance League (CRLA). CRLA is the primary subcontractor providing fair housing assistance for the City of Santa Cruz. City assistance is over \$100,000 per year from the City's General Fund. Services are provided to low-income residents, which includes:

- Providing a Housing Advisory Hotline.
- Filing housing discrimination complaints based upon various classes of disabilities, as well as race, gender, familial status, sexual orientation, and religion.
- Conducting community outreach/education regarding Fair Housing laws.
- Providing housing advocacy services and representation.

In the 2008 PY, CRLA served 389 City residents, primarily providing advice and counsel (190), brief service (159), and assistance in negotiating settlements, with or without litigation (40). (Note: After reviewing a case, CRLA may also refer cases to HUD or to the State for further assistance or action.)

For Senior citizens, CRLA refers seniors to Senior Citizens Legal Services. They provide similar advocacy services to seniors including counseling, mediation, and litigation if necessary. Key issues are evictions or problems that might lead to eviction. The City provided over \$20,000 annual funding from the General Fund.

The Consumer Affairs & Environmental Protection Division (County-wide office, not funded directly by the City of Santa Cruz) of the County's District Attorney's office provides a number of services including telephone counseling, complaint mediation, landlord tenant information, and a referral service to other agencies. The office is funded by the County with tax revenues, including those from City of Santa Cruz residents.

Additionally, City funds the following organizations that provide limited assistance as a part of larger programs serving specific populations. None of these organizations provide legal counsel.

- Central Coast Center for Independent Living (serves the disabled population)
- Santa Cruz Community Counseling Center (serves those with mental illness)
- Familia Center (primarily serves the Hispanic population)
- Senior Network Services (serves seniors)
- Homeless Service Center (serves the homeless)

The City continues to make an effort to increase the amount of rental housing, including the promotion of accessory dwelling units (ADUs). New affordable rental housing as well as new market rate rental units continue to help encourage fair housing practices by

striving to balance the supply of rental units with the community's need for rental housing.

In addition, during this 2010-2011 Plan Year, the staff will initiate the development of a bi-lingual informational brochure regarding fair housing practices utilizing CDBG administration funds. The purpose of this brochure is to raise the visibility of fair housing and the complaint process by clarifying what constitutes fair housing violations and providing contact information about where services might be found. (See STRATEGY AH.7 (c) in Section 7.04 of this Report).

Lead-based Paint Program Strategies: Although the City has not directly allocated CDBG or HOME funds for the Lead-based Paint Program, staff will use administration funds to continue to take the following actions to evaluate and reduce the number of housing units containing lead-based paint hazards.

- Work with the Santa Cruz County Childhood Lead Prevention Program in addressing lead paint hazard identification and mitigation efforts.
- 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 and the First Time Homebuyers Program. (The City requires all housing projects or programs receiving federal funds to comply with 24 CFR Part 92.).

In addition, the City will continue to work with a regional consortium that includes the County of Santa Cruz, the cities of Watsonville and Capitola, and UCSC to apply for additional funding for preventative programs on a regional basis.

Needs of Public Housing: Again, although no HOME or CDBG funds have been allocated to the Housing Authority, City staff will continue to interface with the Housing Authority of Santa Cruz County regarding the potential to develop public housing. However, at this time the Housing Authority, which oversees all Public Housing in the County, does not anticipate nor does it have a strategy for developing any additional Public Housing projects within the timeframe of the 2010-2015 Consolidated Plan, including the 2010-2011 Plan Year. The focus of the Housing Authority will be to continue to maintain its existing housing and to assist the City in preserving "at-risk" housing as existing contracts for Project Based Section 8 Program housing expire.

Public housing residents are encouraged to become more involved through the Housing Authority, which has a public housing resident on their Resident Advisory Board. Tenant meetings are held at each one of the sites. However, since these projects are scattered small sites, there is no other role for residents in the management system.

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

First Time Homebuyer Program: HOME funds will be used for first time homebuyers in compliance Section 92.254 of the HOME rule. Guidelines for the City of Santa Cruz First Time Homebuyer (FTH) Program specifically states, "The City's First Time Homebuyer Program is consistent with Section 92.205 (b) regarding forms of investment." The FTH Guidelines also address recapture of HOME funds, stating "In the event of any event requiring repayment as defined above, the entire amount of the

original HOME loan principal and any contingent interest due shall be recaptured by City."

The FTH Program primarily utilizes the recapture form of subsidy. As stated in the City's policies and procedures, the amount of direct HOME subsidy provided to the applicant is secured as a "silent second" mortgage. If the property is sold or title is transferred, the HOME second mortgage is repaid to the City's HOME account with "contingent interest."

"Contingent interest" is only charged if the property increases in value and there is available equity to be shared between the City and the property owners. The FTH Program policies and procedures manual defines contingent interest as a percentage calculation of the appreciation of the purchased property.

If the property has not increased in value or has decreased in value, the City shall not charge interest and shall have the option of reducing the amount of the second loan proportionate to the amount of time the property was owned and the remaining term of the affordability period.

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

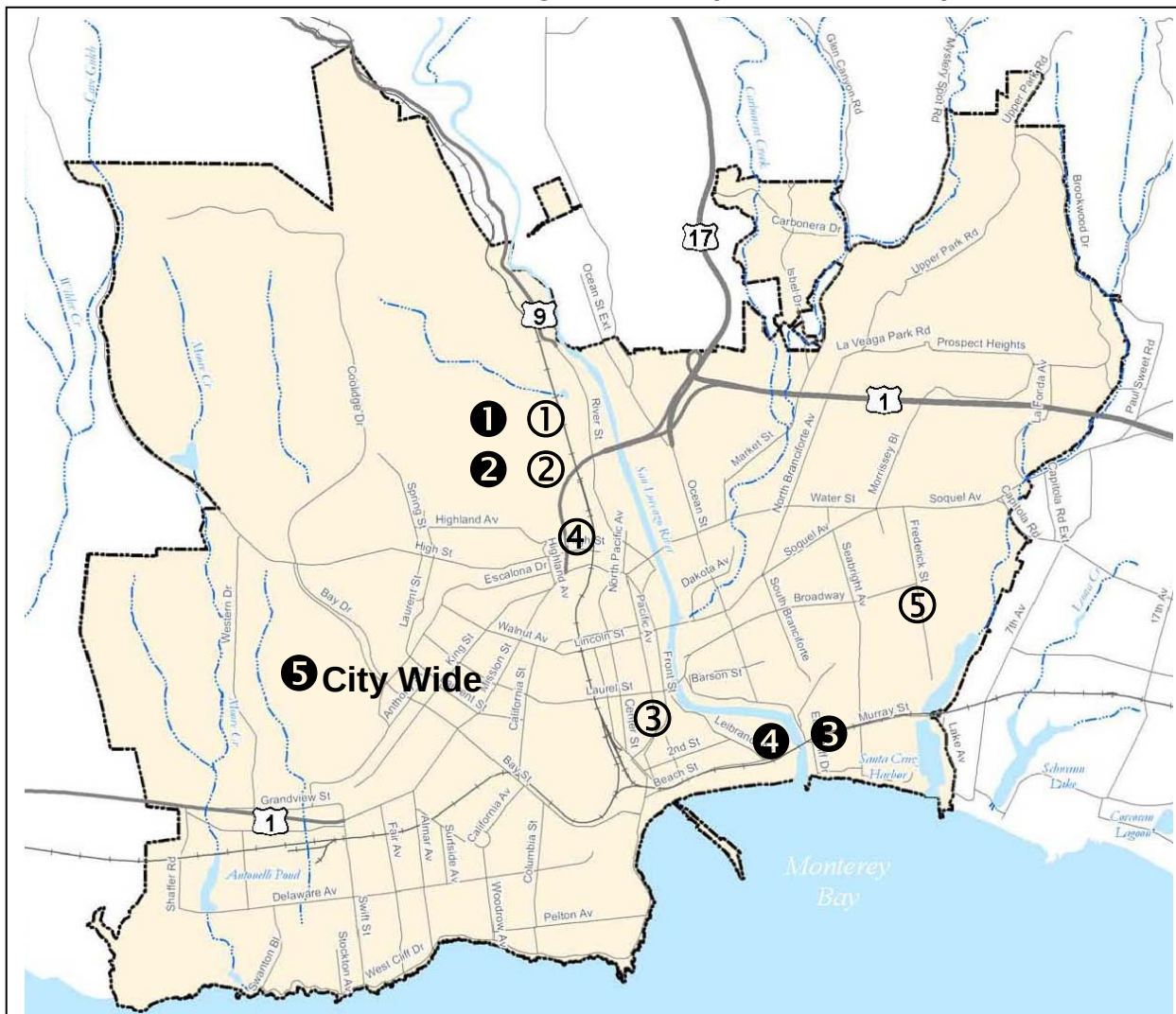
8.03 Geographic Distribution of 2010-2011 Projects/Programs

Target Areas: See Section 7.01, Geographic Areas, for a full description of the Target Areas and Exhibit 7-2 for a map showing the Target Area locations.

Neighborhood Revitalization Strategy Area (NRSA): In the 2007 Plan Year, a Neighborhood Revitalization Strategy Area (NRSA) was established for the Beach/South of Laurel neighborhoods in Sub-Target Area 1. This area continues to have the lowest household incomes and a concentration of a minority (Hispanic) population. This will be the fourth year for this NRSA. See Exhibit 7-2 for a location map for the NRSA and Exhibit 8-B for a map showing Census Tracts and percent of households at or below 80 percent of the area median income.

Code Enforcement Target Areas: Under the 2010-2011 Action Plan, Code enforcement activities will occur in all Target Areas. However, as part of the Beach/South of Laurel NRSA, a pro-active code enforcement program is implemented in the NRSA. (See Exhibit 7.2 for a map of the Code Enforcement Target Areas.)

Social Service Provider Areas of Service: Familia Center and the Beach Flats Community Center are community services that are located in the NRSA and serve Sub-Target Area 1. The Homeless Resources Center and the River Street Shelter are located just north of Sub-Target Area 1 but provide homeless services for the entire City. First Time Homebuyer and Rehabilitation Programs as well as the Shared Senior Housing Program provided by the Senior Network are available city-wide as well.

Exhibit 8-A. Locations of CDBG Programs & Projects/HOME Projects**MAP KEY****CDBG Social Services**

- ❶ Homeless Services Center
- ❷ River Street Shelter
- ❸ Familia Center
- ❹ Beach Flats Community Center
- ❺ Senior Network Services

CDBG Projects

- ❶ Homeless Services Center Improvements
- ❷ River Street Shelter Roof Repair
- ❸ Teen Center Improvements

HOME Projects

- ❹ Holy Cross Senior Housing
- ❺ Frederick Street Ownership Unit

Funding Distribution: About 44 percent of CDBG Social Service funding is dedicated to services located in the NRSA and about 50 percent to homeless services. Although these services are not located in a Target Area, they do serve Target Area residents. Overall in the 2010-2011 Action Plan, 46 percent of CDBG funding is dedicated to projects or programs located in the Target Areas and about 52 percent to homeless

services. For HOME funds, no projects funded in the 2010-2011 Action Plan are located in a Target Area. However, the First Time Homebuyer Program has and will in the future conduct outreach in the Target Areas to encourage participation from those residents.

Geographical Basis for Allocating Investments: The rationale for utilizing the geographic Target Areas and NRSA to help establish priorities is that this approach is brings services closer to the highest areas of need. Projects or programs located in or adjacent to the Target Area are given more consideration even when their service is 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 or building improvements is an added benefit.

8.04 Addressing Obstacles to Underserved Needs

The five primary obstacles to meeting underserved needs, identified in the Consolidated Plan include:

1. Availability of Funds
2. Market Factors/High Housing Costs
3. Environmental Factors.
4. Availability of Land.
5. Governmental Regulatory Factors

The 2010-2011 Action Plan proposes to address these obstacles in the following ways:

- **Availability of Funds:** The availability of funds is largely outside the control of the City. However, to maximize the amount of funds the City has available for programs, the City will: (1) continue to pursue grant funds from many sources; (2) encourage projects or programs that leverage funds; and (3) ensure that projects and programs are run as effectively and as efficiently as possible.
- **Market Factors/Cost of Housing:** The high cost of housing in the City of Santa Cruz permeates everything. To address this, the City has placed a top priority on the development of more affordable housing. The City has established an Affordable Housing Trust Fund that is dedicated to the provision of affordable housing. The City also rigorously applies its inclusionary housing ordinance, which requires that 15% of any development with 2 or more units contributes toward establishing affordable housing.
- **Environmental Factors:** The City continues to monitor its infrastructure to allow the community to grow in a responsible manner. Availability of water is the most restricting factor. The City is in the process of initiating the development of a desalinization facility that would be utilized to provide back-up for periods of draught.
- **Availability of Land:** Given the scarcity of vacant land in Santa Cruz, the City supports the development of mixed use projects containing residential and

commercial uses in the same building or on the same site. Density bonuses are also used to add affordable housing to projects. In addition, the City's proactive accessory dwelling unit program is promoting a more efficient use of space in single family neighborhoods by using existing back yards or garages for rental housing.

- **Government Regulatory Factors:** The City recently completed a draft of the 2030 General Plan Update as well as a plan for the Ocean Street corridor and a study recommending regulatory changes that would encourage economic and housing development for the River/Front Street and Lower Pacific Avenue areas. A large portion of the Target Areas is included in this last study. For the 2010-2011 Plan Year, staff will begin to work to implement the zoning changes recommended in the River/Front and Lower Pacific Design Guidelines and Development Incentives Study.

8.05 Use of Federal, State, and Local Public/Private Resources

Over the next Plan Year, the City intends to pursue state and other local funds to increase the amount of affordable housing in the City of Santa Cruz. Obtaining additional funding is a high priority need identified by the General Plan Housing Element and the Consolidated Plan. The following summarizes these resources:

- **Federal Resources:** HUD HOME and CDBG funds will continue to be used to fill funding gaps for affordable housing projects as needed and to help leverage other funds when possible. HUD Section 202 funds are expected to be used for the Holy Cross Senior Housing project.
- **Low Income Housing Tax Credits:** LIHTC have recently been, and will continue to be, one of the most important sources of funding for affordable housing projects in Santa Cruz. LIHTC funding may be used for the Neary Lagoon Rehabilitation Project under the 2009 and 2010 Action Plans.
- **Redevelopment Housing Set Aside:** The City of Santa Cruz Economic Development and Redevelopment Agency will continue to set aside 20% of its redevelopment tax increment to be dedicated to the creation of affordable housing. Redevelopment funds are expected to be used for the Neary Lagoon Rehabilitation Project; the homeless prevention programs, and implementation of some of the zoning changes needed to encourage affordable housing development.
- **HUD Section 8 Program:** The Housing Authority manages the HUD Section 8 Voucher program which is a vital asset for affordable housing in City of Santa Cruz. To facilitate acceptance of Section 8 Vouchers by landlords, the City makes its inclusionary units available for participants. The City also works to retain existing project based Section 8 units.
- **State Funding:** California voters recently passed Proposition 1-C, which provided additional funding for affordable housing projects. Although most of this funding is committed, if future measures pass, the City will pursue any funding that may be available.

- **Local Housing Trust Fund:** In 2007, the City of Santa Cruz restructured the Inclusionary Housing Ordinance to apply inclusionary requirements to all housing projects with 2 or more units. It was expected that the City of Santa Cruz Affordable Housing Trust Fund (AHTF) would begin to receive a significant increase in housing in-lieu fees which will be dedicated to affordable housing development or preservation per AHTF guidelines. However, due to a slow down in the housing market, this has not occurred. Regulations remain in place and are expected to generate funding for affordable housing when the housing market improves.
- **Publicly Owned Land:** Parking needs and requirements contribute significantly to the cost of affordable housing. As a result of a 2008 Housing Strategies Study, the City is exploring the use of publicly owned parking lots to help support affordable housing development.

Leveraging: With these resources, the City is able to significantly leverage federal HOME and CDBG funds in each project. HOME funds for the Mission Gardens Acquisition and Rehab project were leveraging about 6.5 times and the Neary Lagoon rehabilitation project will leverage HOME funds about 3.3 times. CDBG funds for social service providers are leveraged over 10 times.

8.06 Managing the Process for the 2010-2011 Action Plan

Lead Agency Responsible for Administering Programs: The City's Housing and Community Development Division (HCD) under the Economic Development and Redevelopment Agency serves as the lead agency overseeing the development of the City of Santa Cruz Consolidated Plan and also manages City grants to the public and private agencies that have programs or projects covered by the Consolidated Plan.

Process by which this Annual Action Plan was developed: The 2010-2011 Action Plan development process was done concurrently with the Consolidated Plan Process, with the exception of solicitation of applications for the 2010-2011 PY funding. The entire process is described in detail in Section 6.01. (See Section 6.01 for a full description.) The following summarizes that process:

- **Solicitation of proposals.** Grant proposals and input were solicited in November 2009 through a Notice of Funds Available (NOFA) published in the local newspaper.
- **Selection of proposals for funding.** HCD staff review proposal submittals for completeness, consistency with the Consolidated Plan, and compliance with HUD regulations. At a meeting of the City Council Social Services Program (SSP) Committee that includes service providers, the SSP reviews the proposals and makes a recommendation to the full City Council, which makes the final decision.
- **Public hearings and notifications.** Two noticed public hearings were held – on March 23 and April 27, 2007 -- to obtain community input and proposals.

- **Community Participation.** The community participation process was conducted concurrent with the Consolidated Plan process and is also described in Section 6.01.
- **Public hearing process and Plan review.** At the first public hearing, the City Council reviews and provides comment on community needs and priorities and makes the final determination as to the allocation of funds to specific activities. Staff is directed to prepare the Plan, which is then available for a 30 day review period. The second public hearing is the final review and adoption of the draft Plan. Details on noticing and public review periods are provided in Section 6.01.
- **Final Plan review and submittal.** Following adoption of the Plan, a Notice of Submission of the Annual Consolidated Plan and a summary of the Plan is published and the Plan is available for a 15 day review, after which the Plan is submitted to HUD.

Summary of Citizen Comments: Only one speaker spoke in favor of the Plan at the first Public Hearing. No comments were not accepted. All comments and questions were responded to.

To broaden public participation, an additional Community Meeting was held at the Beach Flats Community Center to inform the community about the Consolidated Plan process. Also Spanish translation was available at the public hearings. The notification about the public hearing and community meeting was published in the local newspaper. (For a list of dates, see Section 6.01)

Institutional Structure: Section 6.03 describes the overall “Institutional Structure to Implement Consolidated Plan”. During the 2010-11 Plan Year, staff will continue to implement improvements to program administration. The Focus of improvements include:

- Improve when possible systems for monitoring, outreach, and other maintaining coordination between the Finance and Economic Development Departments.
- Attend additional HUD trainings as appropriate to increase knowledge & skills.
- Conduct continual self monitoring tool to ensure goals and objectives are met of the PY. This includes periodic review and tracking of activities identified in the Annual Action Plan and the NRSA strategy chart.
- Better utilize IDIS tables to ensure both CDBG and HOME Program compliance, including timeliness requirements.

Enhancing Coordination between Public and Private Agencies. As noted in Section 6.03, three key structures will be utilized to better coordinate activities between agencies. A full description can be found in Section 6.03. These structures include:

- **City Council Social Service Provider (SSP) Committee:** The SSP brings social service providers together with City Council members and staff.
- **The Neighborhood Services Team (NST).** The NST provides a vital link with the community through the Santa Cruz Neighbors (SCN) and City department heads. CDBG/HOME staff organize and lead the the NST.

- **Homeless Action Partnership (HAP):** Coordinates homeless planning and services on a regional basis as a part of the Continuum of Care.

8.07 Monitoring

The City has three basic types of monitoring.

Sub-recipients or Loan Recipients: The first type is the direct monitoring of sub-recipients or loan recipients which occurs while projects are being developed or programs being implemented. Before initiating and/or funding any project/program, the City enters into a contract with the sub or loan-recipient which spells out all requirements or obligations dictated either by HUD or the City. Over the life of the contract, City staff ensures compliance by reviewing periodic reports, special reports for items such as Davis Bacon compliance, and conducts a budget line item approval for any funding request. In addition to these actions, for the City's Unified Housing Rehabilitation Program, City staff directly works with designers, approves any plans, manages contractors, and inspects any work that is done.

CDBG Operation Funding: The second type of monitoring is for CDBG operation funding for social service providers. Each sub-recipient is required to submit quarterly or an annual report (depending on funding levels) detailing services that were provided and client statistics as required. These reports are reviewed to ensure that the organization is in compliance with both City and HUD regulations. Staff also conducts on site monitoring as needed.

Multi-year Programs or Projects: The third type of monitoring is for programs or projects where obligations extend beyond the funding period. For the City of Santa Cruz, this mostly applies to affordable housing programs or projects. Deed restrictions and/or Development Agreements are typically the tools to monitor compliance. For on-going monitoring, the City has four types of programs: (1) rental unit development projects; (2) first time homebuyer loans; (3) affordable housing inclusionary units; and (4) affordable housing fee waiver program recipients. The responsibility for monitoring depends on the funding source, City regulations, written regulatory agreements between the City and the property owner or developer, and housing codes. The following summarizes the City's monitoring process for each of the four types of affordable housing programs or projects.

HOME Assisted rental unit projects: Anytime a residential project is fully or partially financed by HOME funds, the developer, or recipient of the funding, signs a HOME Regulatory Agreement, Financing Agreement, Promissory Note, and Deed of Trust, depending on the specific project. These instruments secure the investment of HOME funds as well as the affordability of the project. The City maintains an annual monitoring schedule in compliance with HUD requirements, which includes periodic on-site inspections (including code compliance) and a review of owner's records. For HOME assisted projects that have more than 5 HOME units, this includes review of their affirmative marketing plan. Staff conducts annual monitoring in the first quarter of each year.

- **First Time Homebuyer:** Deed restrictions require title companies to notify the City when property is sold. The Housing Authority qualifies each new buyer before a sale can be complete. Buyers are only required to qualify when they purchase the home. Monitoring only occurs at the time the property is sold.
- **Inclusionary units:** The City establishes the sale price, rent, & income levels. The Developer/Owner and City enter into an Agreement that is recorded in first position on the subdivision or the property title for the affordable unit. This ensures that the restriction will remain and that the City will be notified if the property is refinanced, sold or transferred. The Housing Authority contracts with the City to qualify the tenants or buyers income and/or assets. (This Program does not use any HUD funding.)
- **Fee Waiver/Replacement Rental Housing Units:** Newer agreements require home owners to report annually to the City. Although the City sends annual letters requesting homeowners to income certify their tenants through the Housing Authority. This is the most difficult Program to monitor since these are typically smaller developments or single family homes with accessory dwelling units. (This Program does not use any HUD funding.)

HCD staff takes the lead in monitoring affordable projects when the City is the only or primary funding source or the City's affordability requirements for the project are the most stringent. When another funding source has more rigorous requirements, typically the City will receive copies of those monitoring reports to ensure compliance with City agreements and HUD funding requirements.

Affirmative Action: All contracts include affirmative action requirements to ensure equal employment opportunity. The evaluation of sub-recipients or contractor's compliance with requirements is based upon their efforts to achieve maximum results. Among other EEOC requirements, they must maintain a current list of minority and women recruitment sources provide written notification to minority and women recruitment sources and to community organizations when employment opportunities are available.

Under the guidance of the City Attorney's Office, violations are dealt with on a case-by-case basis. No matter what monitoring procedures are put in place, there is by necessity a need to rely upon the honesty of self-reporting by both the property owner and the tenant. To provide the necessary monitoring, the City continues to balance the need for tenant privacy/boundaries and the need to monitor the units.

8.08 Barriers to Housing Development

As noted in the Consolidated Plan, removal of barriers to creation of affordable housing is a priority for the City of Santa Cruz. The greatest barrier to affordable housing is the high cost of housing and land. Two key factors affect the cost of affordable housing in the City of Santa Cruz:

1. The high cost of building new housing.
2. Scarcity of funding for low income housing.

The following is a description of these barriers and actions the City will take during the 2010-2011 PY to reduce these barriers.

The high cost of building new housing. The scarcity of land for development drives the cost of land. In addition, since the City has little vacant land remaining, new housing is likely to occur in areas that have added development costs for preparing the land. The site may have environmental or spatial issues or there may be existing development on the site which must be removed and tenants who may require relocation.

- **Higher Densities:** The first strategy is to encourage higher density development. Sharing the high cost of the land between more units reduces the impact that land and land preparation costs have on each unit. The 2030 General Plan Update as well as plans or studies developed for Ocean Street as well as River/Front and Lower Pacific Avenue recommend zoning changes that would increase densities in key locations.

2010-2011 Activities:

- (1) Staff will continue to promote mixed use, smaller unit single room occupancy (SRO) units and the new Small Ownership Unit (SOU) developments in commercial areas.
- (2) HCD staff will work with Planning Department to initiate implementation of recommended zoning changes in the Lower Pacific Avenue area will result in increases in density.

- **Changes in Parking Standards:** The second strategy is to explore ways to reduce the amount of space required to accommodate automobiles. This may involve reduced parking standards, provisions for use of parking lifts, or creation of parking districts which allows for shared parking to occur.

2010-2011 Activities:

- (1) HCD staff will begin to work property owners in the Lower Pacific area (part of the NRSA) to initiate a parking district and zoning to allow parking lifts.

Scarcity of funding for low income housing. Although the City has several relatively steady dedicated sources of funding for affordable housing including the Redevelopment Agency's 20 percent affordable housing set-aside fund, the annual HOME grant, and in lieu funds which are deposited into the City's Affordable Housing Trust Fund, these funds are not enough to provide needed amount of affordable housing and must be heavily leveraged.

- **Promote Programs that do not require government funding:** The first strategy is to encourage development of housing through development incentives or developer requirements to provide affordable inclusionary housing.

2010-2011 Activities:

- (1) Work with developers to encourage rental housing development under the new inclusionary housing ordinance, which was designed to provide developers increased flexibility and incentives to encourage the private market to build rental units with minimal public assistance. (Zoning changes were implemented in 2007, just prior to the economic downturn.)
 - (2) Consider the possibility of an amnesty program for existing illegal accessory dwelling units (ADUs) that would carry an affordable component.
 - (3) Encourage the development of new ADUs through the City's ADU Program. Because ADUs are built as a second unit on an existing home site, they do not have the added land cost burden and are therefore more affordable to build.
 - (4) Continue to implement the City's Inclusionary Housing Program which requires developers to restrict 15 percent of their units as affordable housing.
- **Effectively leverage existing funds:** Although there is not a lot of funding available, the City can help "stretch" existing funding by working with developers who access other funding sources or directly apply for State or federal grants if they are available.

2010-2011 Activities:

- (1) Apply for additional affordable housing funding as it becomes available.
- (2) Work with non-profit housing developers, encouraging them to design their projects in a manner that allows them to access the maximum amount available in non-City funds for each project.

APPENDIX A

SF-424 Form

Consolidated Plan Certifications

(Not included in electronic version)

APPENDIX B

1010-2011 Action Plan Budget Worksheets

1010-2011 Financial Resources

HOME Match Log

2010-2011 PROGRAM YEAR FUNDING

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)	
\$659,462	2010-2011 CDBG Entitlement
\$15,600	Estimated 2010-2011 program income
\$675,062	<i>Basis for formula calculations</i>
\$46,000	Prior year funds to be reprogrammed or allocated
\$721,062	Total available prior to allocation deductions
ALLOCATION DEDUCTIONS	
\$101,259	<i>Public services (15% of Basis per HUD Formula)</i>
\$135,012	<i>Administration & planning (20% of Basis per HUD Formula)</i>
\$10,000	Rehab Housing Services Program Costs
\$474,791	Total CDBG funds available for Projects & Additional SSP Funding
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)	
\$600,086	2010-2011 HOME Entitlement
\$0	Estimated 2010-2011 program income
\$600,086	Basis for formula calculations
\$0	Prior year funds to be reprogrammed
\$600,086	Total prior to formula allocations
ALLOCATION DEDUCTIONS	
\$90,013	<i>Minimum CHDO set-aside (15% of new entitlement)</i>
\$60,009	<i>Administration (10% of Basis)</i>
\$450,064	Total HOME funds available for non CHDO projects.

2010-2011 CDBG BUDGET FOR PROJECTS/PROGRAMS

PROJECTS & CODE ENFORCEMENT		FUNDING
<i>Activity:</i>	Homeless Community Resource Center Improvements	\$210,000
	City Loan Repayment for Construction Costs	
<i>Applicant</i>	Homeless Services Center	
<i>Activity:</i>	River Street Shelter Center Roof Repair	\$12,000
<i>Applicant</i>	City of Santa Cruz	
<i>Activity:</i>	Teen Center Rehabilitation	\$13,000
<i>Applicant</i>	City of Santa Cruz, Department of Parks & Recreation	
<i>Activity:</i>	Target Area Housing Code Enforcement	\$180,000
<i>Applicant</i>	City of Santa Cruz, Department of Planning & Community Development	
TOTAL PROJECT & CODE ENFORCEMENT FUNDING		\$415,000
PUBLIC SERVICES		FUNDING
<i>Activity:</i>	Neighborhood Services - Familia Center	\$61,170
<i>Applicant</i>	Familia Center	
<i>Activity:</i>	Homeless Community Resource Center	\$47,253
<i>Applicant</i>	Homeless Services Center	
<i>Activity:</i>	River Street Shelter	\$32,627
<i>Applicant</i>	Santa Cruz Community Counseling Center	
<i>Activity:</i>	Senior Housing Placement	\$10,000
<i>Applicant</i>	Senior Network Services	
<i>Activity:</i>	Neighborhood Services - B.F. Community Ctr	\$10,000
<i>Applicant</i>	Community Bridges	
TOTAL SOCIAL SERVICE PROVIDER FUNDING		\$161,050
ADMINISTRATION & PROGRAM REINVESTMENT		FUNDING
<i>Activity:</i>	Grant Administration and Planning	\$135,012
<i>Applicant</i>	City of Santa Cruz Planning & Community Development	
<i>Activity:</i>	Rehab Housing Services Program Costs	\$10,000
<i>Applicant</i>	City of Santa Cruz Planning & Community Development	
TOTAL ADMINISTRATION & OPERATING FUNDS		\$145,012
TOTAL CDBG FUNDING		\$721,062

2010-2011 HOME BUDGET FOR PROJECTS/PROGRAMS

PROJECTS		FUNDING ALLOCATION		
		CHDO FUND	OTHER FUNDS	TOTAL
Activity:	Frederick Street Home Ownership Unit	--	\$16,000	\$16,000
Applicant:	Habitat for Humanity			
Activity:	Neary Lagoon Rehabilitation Project	--	\$0	\$0
Applicant:	Central Coast Housing/Mercy Housing CA			
Activity:	Holy Cross Senior Housing Project	\$90,013	\$37,987	\$128,000
Applicant:	Central Coast Housing/Mercy Housing CA	(By Formula)		
Activity:	First Time Homebuyer Program	--	\$210,000	\$210,000
Applicant:	City of Santa Cruz			
Activity:	HOME Housing Services Program Fund	--	\$186,077	\$186,077
Applicant:	City of Santa Cruz			
TOTAL PROJECT FUNDING		\$90,013	\$450,064	\$540,077
ADMINISTRATION				
Activity:	Grant Administration & Planning	--	\$60,009	\$60,009
Applicant:	City of Santa Cruz			
TOTAL ADMINISTRATION		\$0	\$60,009	\$60,009
TOTAL HOME FUNDING		\$90,013	\$510,073	\$600,086

FINANCIAL RESOURCES

The City intends to use all federal, state, local and private sources of funds available to implement the priorities of the 2010-2015 Consolidated Plan. Listed on the below are the resources anticipated during the 2010 - 2011 Program Year.

FUNDING SOURCE	FUNDING LEVEL	USE OF FUNDS IN PROGRAM YEAR 2010-2011
Community Development Block Grant Funds	\$659,462	- Housing Rehabilitation Program - Code Enforcement (Target Areas)
Program Income	\$15,600	- Community Facility Improvements - Familia Center Neighborhood Support Services
Reprogrammed Prior Year Funds	\$46,000	- Homeless Services Center – Services & Improvements - Beach Flats Community Center Services - Senior Network Services: Shared Housing Program - Administration
HOME Funds	\$600,086	Homeownership Assistance Program
Program Income	\$0	Rental and Ownership Housing Development
Reprogrammed Prior Year Funds	\$0	Administration
Redevelopment Tax Increment Funds	\$1,250,000	- Emergency Rent/Mortgage Assistance - Security Deposit & Guarantee of Last Month's Rent Program - Set-Aside for Affordable Rental Housing* - Administration
Affordable Housing Trust Fund	\$0	Set-Aside for Affordable Housing (Note, currently there are no funds available. It is anticipated this will change when the economy begins to revive.)*
Capital Improvement Program	\$1,000,000	Infrastructure improvements in NRSA
TOTAL	\$3,571,148	

**Funds are set-aside in these programs in order to accumulate a sufficient level of funding to assist with the preservation of "at risk" housing or the development of new affordable housing units.*

CITY OF SANTA CRUZ HOME MATCH LOG FOR PY 2009-2010

YEAR	HOME MATCH LIABILITY	HOME MATCH CREDIT
1995-96	\$112,500	\$1,333,533
1996-97	\$77,850	\$67,745
1997-98	\$83,250	\$23,500
1998-99	\$89,775	\$270,843
1999-2000	\$99,675	\$0
2000-01	\$99,650	\$0
2001-02	\$99,750	\$1,404,000
2002-03	145,500	\$261,917
2003-04	\$137,114	\$0
2004-05	\$69,146	\$0
2005-06	\$49,933	\$0
2006-07	\$19,763	\$25,000
2007-08	\$35,000	\$0
2008-09	\$324,230	\$460,000
2009-2010*	\$18,750	\$0
CUMULATIVE TOTALS	\$1,443,136	\$3,846,538
09' MATCH RESERVE*		\$2,403,402

* Estimated for Plan Year 2009.

2009-2010 Match Requirement Summary

\$75,000	1st Time Homebuyer Loan
\$75,000	Total Home Funds Spent
\$18,750	Match Requirement

APPENDIX C

HUD Tables

(Submitted separately in electronic version)