

Gateway to the Pacific

Neighborhood Revitalization Strategy Area (NRSA)



Plan for 2025-2029

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Introduction

A Neighborhood Revitalization Strategy Area (NRSA) is created under the federal Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) Program to encourage coordination of resources and facilitate a jurisdiction's ability to engage in comprehensive community revitalization strategies for designated low-income areas. Cities are urged to have strategies that include partnerships among stakeholders in a community involving 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.

HUD states that to achieve this there must be a realistic strategy and implementation plan. Successful neighborhood revitalization strategies bring together a variety of stakeholders in cross-sector partnerships that:

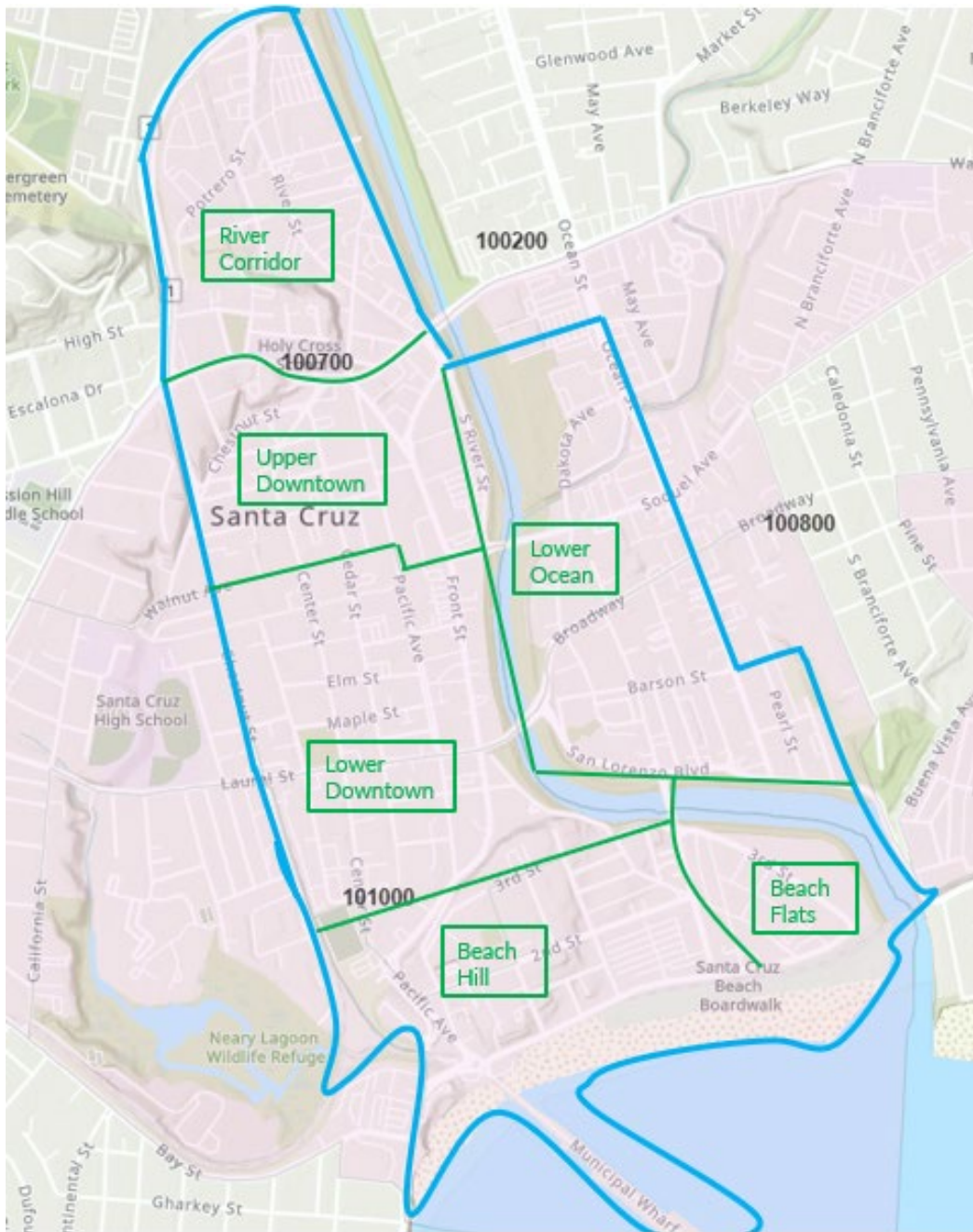
- Lay the groundwork for community growth.
- Make neighborhoods attractive for investment.
- Ensure that the benefits of economic activity remain in neighborhoods for long-term development.
- Support the use of neighborhood intermediary institutions to bridge gaps between local government agencies, the business community, community groups, and residents.
- Foster the growth of resident-based initiatives to identify and address their housing, economic and human service needs.

HUD has multiple incentives that it provides to encourage development of NRSA's. Two of the most relevant incentives for this NRSA designation are:

- 1) Easing of HUD's reporting requirements for a jurisdiction in terms of job creation and/or retention in the NRSA for economic development; and
- 2) Exemption from HUD's Public Service Cap for Community Based Development Organizations (CBDOs) undertaking programs or neighborhood revitalization or community economic development within a NRSA.

Primarily with the latter benefit in mind, the City of Santa Cruz (City) established its first NRSA in 2007 that included the neighborhoods in the Beach/South of Laurel area. Since that time, the City has adopted three five-year plans (2007, 2012, 2017) and a 2-year extension in 2023 with the boundaries of each NRSA evolving to reflect changing needs and activities of the City. The following map shows the boundaries for the proposed 2025-2029 Gateway to the Pacific NRSA Plan. They have slightly shifted from the 2023 boundaries to include eligible block groups to the north and east.

Proposed 2025-2029 NRSA and Neighborhoods



Legend:

- LMI Eligible Census Block Groups
- 2025-2030 NRSA
- Neighborhoods

Purpose

The primary goal of 2025-2029 NRSA Plan is to boost economic development, improve housing conditions, and expand access to public services within identified low- and moderate-income (LMI) areas of Santa Cruz. By targeting specific neighborhoods, this plan aims to generate increased job opportunities, enhance affordable housing options, and strengthen social infrastructure. This plan is not merely a continuation of past efforts but a strategic reinvention to align with the evolving challenges and opportunities of the new stage. It reflects the CDBG's program goals of fostering comprehensive revitalization efforts in areas most in need.

As outlined in the City's Local Hazard Mitigation and Climate Adaptation Plan (2025–2030), the NRSA neighborhoods, particularly Beach Flats and Lower Ocean, are disproportionately impacted by climate-related risks, such as flooding, coastal erosion, and extreme heat. These vulnerabilities are compounded by social and economic challenges identified through a Social Vulnerability to Climate Change Analysis, which highlights the need for targeted investments in these communities.

In response, this plan incorporates forward-thinking strategies, including active transportation projects, renewable energy initiatives, and housing electrification programs aimed at reducing greenhouse gas emissions and improving resilience. Concurrently, efforts to enhance housing affordability and stability, bolstered by funding opportunities like the \$2 million HUD Pro Housing Grant, aim to empower residents and encourage sustainable economic growth.

By uniting community stakeholders, leveraging innovative partnerships, and integrating data-driven strategies, the 2025-2029 NRSA Plan envisions a future where all residents of Santa Cruz's most vulnerable neighborhoods can thrive. This bold initiative underscores the city's commitment to equity, sustainability, and the long-term well-being of its communities.

The 2025 NRSA Plan focuses on two strategic areas:

1. **CBDO Community Services:** Nueva Vista Community Resources (Nueva Vista) is the only designated CBDO serving households and individuals in the NRSA. Nueva Vista will continue their current bilingual client services which help households access resources that offer greater stability and to provide educational opportunities for adults and students.
2. **Housing and Economic Development:** Ongoing support of new developments in the NRSA that may provide job opportunities and increased access to housing, that in turn will help improve economic stability and household self-sufficiency. It is important to note that because households must be able to find housing that meets their needs, HUD encourages grant recipients to develop housing available for a broad range of household incomes. This includes housing for moderate to middle income households as well as low, very low and extremely low-income households.

Boundaries & Eligibility

The City is situated at the northern end of scenic Monterey Bay. The 2025 Gateway to the Pacific NRSA lies between the commercial uses in the main part of downtown (DT) and along Ocean Street. Part of the NRSA includes the City's Main Beach area as well. The NRSA runs alongside the San Lorenzo River which flows from north to south, directly into the Pacific Ocean. The NRSA includes tourist attractions such as the historic Santa Cruz Beach Boardwalk, Main Beach, and Monterey Bay National Marine Sanctuary Exploration Center. These and other attractions help bring about 1 million visitors to the City each year. Despite the NRSA's proximity to Monterey Bay with its extensive tourism as well as other areas of employment, NRSA neighborhoods continue to have the lowest incomes in the city.

NRSA Boundaries

Census Tracts and Census Block Groups must have at least 51% of households at or below 80% of Area Median Income (AMI) to qualify to be included in an NRSA in accordance with 24 CFR 570.208(a)(1)(ii). The Gateway to the Pacific NRSA exceeds this percentage at 74.5%. The following table demonstrates qualifications of each Block Group included in the NRSA.

NRSA Areas	Census Tracts	Block Groups	% of Households at or below 80% of AMI
River Corridor	100700	1	77.2%
Upper DT Area	100700	2	58.3%
Downtown Area	101002	1	72%
Lower DT Area	101002	3	65.4%
Beach Area	101002	2	88%
Lower Ocean	100800	1	73.2%
Beach Flats	100800	2	87.9%
		Average	74.5%

Source: U.S. Department of Housing and Urban Development, U.S. Census Bureau

https://services.arcgis.com/VTyQ9soqVukaltT/arcgis/rest/services/LOW_MOD_INCOME_BY_BG/

The proposed 2025-2030 NRSA boundaries almost entirely encompass the Downtown Plan Area, which seeks to create a stronger connection between downtown and the beach, and includes in its goals the following:

1. Providing additional affordable and market-rate infill housing in the downtown,
2. Creating public amenities like parks, public plazas, or better pedestrian infrastructure,
3. Improving the connection to the San Lorenzo River and beach areas; and
4. Creating new economic opportunities for local businesses and workers.

These goals align with the goals of those of the NRSA designation, enabling the City to better leverage its focus of investment and resources in the area.

- LMI Eligible Census Block Groups
- 2023-2025 NRSA
- Downtown Plan Area
- 2025-2030 NRSA

Neighborhoods & Demographics

HUD regulations require that an NRSA must be predominantly residential. Although the Gateway to the Pacific NRSA includes several commercial areas, including Downtown, by encouraging in-fill housing development and mixed-use development in these areas, the residential component in commercial areas is growing and creating stronger neighborhoods as well.

The NRSA can be divided into five distinct areas in terms of land use and character, as described below and shown in the map below.

1. **Lower Ocean Street Neighborhood:** Although the Lower Ocean Street neighborhood is mostly residential, due to its proximity to Monterey Bay and its beaches, motels are scattered throughout the area with some of the larger hotels being located along Ocean Street. There is also newer (within the past five years) hotel development along Broadway. There are parks along the river in this area including the San Lorenzo Park area, which is undergoing temporary renovations with longer-term improvements being discussed and planned in future years. Prior to the COVID-19 pandemic, NOLO or Neighborhoods of Lower Ocean, had been one of the City's most active neighborhood associations. Lower Ocean includes almost all the NRSA east of the San Lorenzo River.
2. **River Corridor:** This area consists mainly of neighborhood commercial and low to medium density residential space and includes a mobile home park (El Rio Mobile Home Park). This area of the city has been the focus of some redevelopment efforts in the past decade and has seen the introduction of 100% affordable housing projects (both existing and future proposed projects). This section also includes Holy Cross School and Church as well as the Santa Cruz Mission State Historic Park.
3. **Upper Downtown Area:** This area stretches from the one of the city's recognizable icons (the Town Clock) down to the Walnut Ave/Soquel Ave part of Downtown. This area includes low- to medium-density residential along the western boundary and includes regional visitor commercial with some community facilities and office spaces. This area has potential for future housing development and redevelopment of the Downtown Branch of the Santa Cruz Public Library. This area is also included in the upper portion of the City's Downtown Plan, which was intended as a creative framework to guide the efforts of a wide range of participants over an extended period and has been amended to reflect changing state laws and community input. The City is currently funding accessibility improvements to the Civic Auditorium with CDBG funds. This facility is used by the community for public meetings, private events, emergency shelter services, and community events.
4. **Lower Downtown Area:** Neighborhoods in the downtown area south of Lincoln/Soquel Streets, east of Chestnut Street, and west of the San Lorenzo River relate strongly to the city's Downtown centered along Pacific Avenue. For discussion purposes, this area can be subdivided into two parts – the area included in the Downtown Plan and Proposed Downtown

Expansion, and the remainder, which tends to be mixed residential, including single family homes, with scattered auto-related commercial properties and motel complexes.

The area that includes the lower portion of the Downtown Plan Area and the proposed Downtown Expansion Area, is currently one of the city's most active areas being developed. A 2010 City study found that in the lower Downtown area about 50% of the properties were vacant or underutilized (i.e., parking lots or other low intensity uses). With eight new mixed-use developments either in the planning or construction stages, this will be changing. These projects are briefly described below.

Longstanding plans for redevelopment of the METRO Pacific Station Bus Terminal are currently underway with the Pacific Station North Affordable Housing development project, which will include a 128-unit affordable housing development with ground-floor commercial space along Pacific Avenue. The bus station is being reoriented to face Front Street. Two more projects to the south are nearing completion, a 70-unit affordable housing project (Pacific Station South) and a 205 market-rate project (Anton Pacific). Additionally, two market-rate housing projects (Riverfront Apartments and 530 Front Street) totaling about 451 units (with 57 affordable units) are also being planned between Front Street and the River. Like those along Pacific Avenue, these projects will be mixed-use with ground floor commercial spaces. They will also have a strong link to the Riverwalk recreation trail that provides pedestrian access along the San Lorenzo River.

On Cedar Street, a 65-unit affordable housing project was recently completed adjacent to Calvary Church (525 Cedar Street apartments). Across Cedar Street, a new project (Downtown Library and Affordable Housing Project) is set to begin construction in 2025. This project will include a new Main Branch Public Library as well as 124 units of affordable housing and a day care center. Farther south on Center Street in the Proposed Downtown Expansion Area, a 233-unit market-rate housing project (Calypso, 130 Center Street) with 35 affordable units and ground floor commercial is proposed.

West of the Downtown Plan and Proposed Extension: The remaining areas within the NRSA located along Cedar, Center, Washington, and Chestnut Streets are primarily a mix of residential use with scattered auto-related commercial properties and motel complexes. It also includes the City's Police Station, which has a large community meeting room often used by the public, and London Nelson Community Center and adjacent park. Currently, the Boys and Girls Clubs of Santa Cruz County are working on a CDBG-funded improvement project for the Downtown Clubhouse.

5. **Beach Area:** The Beach Area includes Beach Hill and Beach Flats, which are predominantly residential with tourist related facilities clustered along Beach Street, the Santa Cruz Wharf, and Lower Pacific Avenue. Tourist accommodations (motels and bed and breakfasts) are scattered throughout the area, mostly on Beach Hill. Beach Flats and Beach Hill both have periodically active neighborhood associations. The following summarizes these three distinct Beach Area neighborhoods.

- **Beach Street Commercial Strip** includes businesses on the north side of Beach Street; the historic Santa Cruz Boardwalk and related businesses and restaurants on the south side of Beach Street; and the 110-year old Santa Cruz Wharf, which is home to about twenty businesses and restaurants. The Main Beach is a major tourist draw with access to water sports, surfing classes, and volleyball facilities. On December 23, 2024, the end of the Wharf collapsed into the ocean while undergoing construction repair work necessitated by winter 2023 storms.
- **Beach Flats** is predominantly residential with some businesses and motels located along or near Riverside Avenue. The Beach Flats Community Center (BFCC), Beach Flats Park, and the smaller Poet's Park are in the center of the neighborhood. Residences are a mixture of single-family homes and multi-family apartments.
- **Beach Hill** is dominated by single and multi-family residences with a scattering of motels. Many of the large Victorian homes that characterize sections of Beach Hill have been subdivided with multifamily ownership and rental units. Although Beach Hill is a low-income area, property values tend to be higher than in the surrounding areas.

Neighborhood Facilities

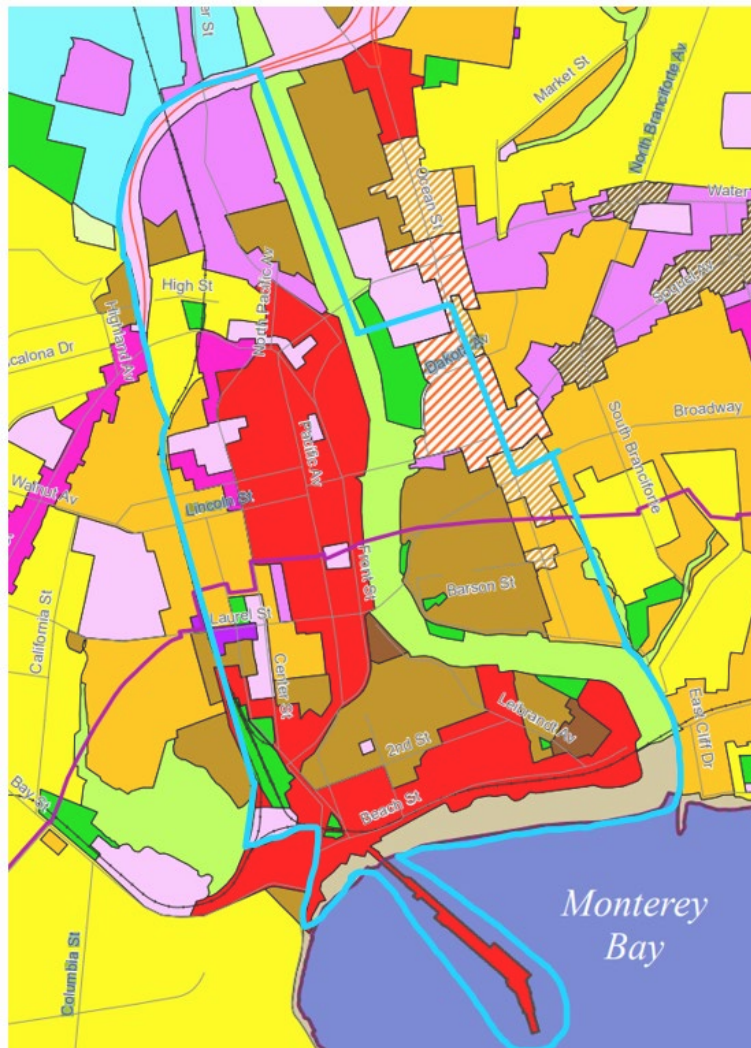
The Gateway to the Pacific NRSA has significant neighborhood and park facilities. The following briefly describes: (1) Nueva Vista; (2) facilities to the west of the San Lorenzo River; (3) facilities to the east of the river; and (4) facilities near the NRSA.

1. Nueva Vista

- **Community Based Development Organization (CBDO):** Nueva Vista is a CBDO that receives federal CDBG and other General Fund assistance from the City. Nueva Vista is affiliated with Community Bridges for most administrative tasks but is registered and operates as a separate non-profit 501(c)3 organization in the NRSA. Nueva Vista primarily serves Latinx communities in the Lower Ocean and the Beach Flats neighborhoods through two separate facilities.
 - **Resource Center:** The Nueva Vista Community Resource Center located on East Cliff Drive in the Lower Ocean neighborhood provides client support, aiding residents in obtaining needed services, connecting them to benefits and delivering on-going case management. A food pantry and donation closet are also provided at Nueva Vista twice a month.
 - **The Beach Flats Community Center (BFCC):** BFCC is located on the west side of the San Lorenzo River in Beach Flats. It serves as a neighborhood gathering and information center as well as providing after school, health related, and other programs.

Staff at both BFCC and Nueva Vista also do significant outreach to the surrounding neighborhoods and co-sponsor various community events.

2030 General Plan Land Use Designations



Legend

■ 2025-2030 NRSA

- | | |
|-----------------------------|---|
| Community Commercial | Very Low Density Residential (.1-1 DU/Acre) |
| Regional Visitor Commercial | Low Density Residential (1.1-10 DU/acre) |
| Industrial | Low Medium Density Residential (10.1-20 DU/acre) |
| Community Facilities | Medium Density Residential (20.1-30 DU/acre) |
| Parks | High Density Residential (30.1-55 DU/acre) |
| Natural Areas | Mixed-Use High Density (MXHD), 1.0 to 2.75 FAR, 10 to 55 DU/AC |
| Neighborhood Commercial | Mixed-Use Medium Density (MXMD), 0.75 to 1.75 FAR, 10 to 30 DU/AC |
| Office | Mixed-Use Visitor Commercial (MXVC), 1.0 to 2.75 FAR, 0 to 55 DU/AC |

Source: City of Santa Cruz General Plan Update 2030

2. West of the San Lorenzo River

- **Beach Flats Park and Poet's Park:** Beach Flats Park is adjacent to the BFCC which serves as the location for numerous community events. The park also has a children's play and picnic/barbeque area. Poet's Park is one block away and has a smaller play and seating area and community gardens. CDBG funds were used to improve the Beach Flats Park and help construct Poet's Park.
- **Main Beach:** This beach is located adjacent to the Santa Cruz Beach Boardwalk and the Santa Cruz Wharf. Lifeguard services are provided during prime user times. The City maintains 16 beach volleyball courts. Private companies provide surfing lessons on the western end of the beach. Boat and kayak rentals are available on the Wharf. A master plan for the Wharf was completed in 2014 and the City is determining next steps after the Wharf's partial collapse in late 2024.
- **London Nelson Community Center and Laurel Park:** The London Nelson Community Center is home to the Teen Center and a senior lunch program as well as other events and programs. CDBG funds have been used to assist with facility improvements and are currently being used to help fund Teen Center operations. Laurel Park has beautiful lawn areas, a basketball court, and playground.
- **Depot Park:** Depot Park features artificial turf soccer fields and picnic areas. Youth and adult soccer programs as well as after school sports programs use this facility. The Freight Building located in the park hosts theater and gymnastic programs as well as yoga and dance classes. It is also available for rent to the public. City summer camps also use Depot Park and the Freight Building. CDBG funding has been awarded to renovate the Freight Building.

3. East of the San Lorenzo River

- **Riverside Gardens:** This neighborhood park has a playground, picnic tables, and community gardens.
- **Santa Cruz Riverwalk:** City of Santa Cruz maintains a multi-use Pedestrian/Bicycle Pathway along both sides of the San Lorenzo River. Adjacent to and accessible from the Riverwalk are Mike Fox Park/Ken Wormhoudt Skate Park and Mimi De Marta Dog Park.
- **Oceanview Park:** In the Lower Ocean Neighborhood and Beach Area, this park straddles the NRSA boundary and provides a basketball half court, playground, picnic tables, and an off-leash dog area.

4. Adjacent to the NRSA: There are additional facilities adjacent to the NRSA that serve the residents of the NRSA.

- **Neary Lagoon:** Close to the Lower Downtown and Beach Area, this neighborhood park provides wildlife viewing, walking trails, playground equipment, tennis courts, basketball courts, BBQ facilities, interpretative signage, and information.

- **Tyrrell Park:** Close to the Lower Ocean Neighborhood and Beach Area, this park provides a walking path, a Monarch butterfly habitat, an amphitheater, and a life size gray whale sculpture.
- **Seabright State Beach:** Close to the Lower Ocean Neighborhood and Beach Area, this long sandy beach sits between the Beach Boardwalk and the Santa Cruz Harbor. Dogs are permitted on leash, and lifeguards are on duty for the summer.

Demographics

Stark differences become evident when comparing the demographics of the NRSA tracts against those of the city. The NRSA Tracts have a median household income of \$67,359 as compared to the city's significantly higher median household income of \$111,427. The River Corridor/Upper Downtown tract has a population of 1,994 people, with 83% being White and 10.9% Hispanic. The median household income here is \$49,875. Downtown/Beach has 4,749 residents, with 50.6% White and 40.1% Hispanic, and a median income of \$56,208. Lower Ocean has 4,057 people, 64.3% White and 23.2% Hispanic, with a higher median income of \$95,995.

Geography	Population	White %	Hispanic %	Median Household Income
River Corridor/Upper Downtown	1,994	83%	10.9%	\$49,875
Downtown/Beach	4,749	50.6%	40.1%	\$56,208
Lower Ocean	4,057	64.3%	23.2%	\$95,995
NRSA Tracts	10,800	70%	24.7%	\$67,359
Santa Cruz	61,501	65.8%	22.4%	\$111,427

NOTE: Data is not available by block group. Estimates are based data from the census tracts in the NRSA.

Source: ACS 2023 1-year and 5-year estimates

Unfortunately, some of the nuance in the disparities present in the NRSA area are lost as each of the three census tracts being analyzed have geographies that extend beyond the NRSA boundaries. As such, it is important to note a few features of these neighborhoods. Beyond the income disparities present in all the NRSA census tract, the City's Climate Action Plan identifies Lower Ocean and the Beach Flats neighborhoods as "frontline neighborhoods," which are neighborhoods that are impacted first and worst by environmental hazards and climate change. These communities are often communities of color, Indigenous peoples, and people with lower incomes who experience the brunt of systemic inequalities and are actively involved in creating policies, programs, or projects that affect their lives.

The Beach Flats neighborhood, within the Downtown/Beach census tract is also the tract with the highest Latinx population in the city at 40.1%, as compared to the city's Latinx population of 22.4%. Beach Flats has been a historically Latinx neighborhood with higher rates of rental occupancy, lower property values, and limited English proficiency.

The NRSA Tracts have higher levels renter-occupied housing units and much lower median rents than those seen in the rest of Santa Cruz. The River Corridor/Upper Downtown area has 1,186

housing units, with 40.3% owner-occupied and 59.7% renter-occupied, and a median rent of \$1,474. Downtown/Beach has 2,509 housing units, with only 14.7% owner-occupied and 85.3% renter-occupied, and a higher median rent of \$1,939. Lower Ocean has 1,658 housing units, with 23.8% owner-occupied and 76.2% renter-occupied, and a median rent of \$1,924. The NRSA Tracts are 26.3% owner-occupied and 73.7% renter-occupied, and have a median rent of \$1,779. In contrast, Santa Cruz has a higher percentage of owner-occupied units at 47.7% and a lower percentage of renter-occupied units at 52.3%, and a much higher median rent of \$2,302.

Geography	Housing Units	Owner-Occupied %	Renter-Occupied %	Median Rent
River Corridor/ Upper Downtown	1,186	40.3%	59.7%	\$1,474
Downtown/Beach	2,509	14.7%	85.3%	\$1,939
Lower Ocean	1,658	23.8%	76.2%	\$1,924
NRSA Tracts	5,353	26.3%	73.7%	\$1,779
Santa Cruz	23,778	47.7%	52.3%	\$2,302

NOTE: Data is not available by block group. Estimates are based data from the census tracts in the NRSA.

Source: ACS 2023 1-year and 5-year estimates

Over the 5-year period from 2019 to 2023, Fair Market Rents (FMR) in Santa Cruz County have shown a consistent upward trend across all unit sizes. Studio rents increased by 41%, from \$1,567 to \$2,212. One-bedroom rents rose by 36%, from \$1,844 to \$2,502. Two-bedroom rents saw a 35% increase, from \$2,439 to \$3,293. Three-bedroom rents went up by 26%, from \$3,241 to \$4,077, and four-bedroom rents increased by 23%, from \$3,701 to \$4,568. This data indicates a significant rise in rental costs over in the last five years, with the highest increase seen in studio apartments.

	HUD Fair Market Rents (FMR)				
Year	0-BR	1-BR	2-BR	3-BR	4-BR
2019	\$1,567	\$1,844	\$2,439	\$3,241	\$3,701
2020	\$1,641	\$1,913	\$2,519	\$3,342	\$3,746
2021	\$1,993	\$2,292	\$3,021	\$3,947	\$4,419
2022	\$2,085	\$2,385	\$3,138	\$4,000	\$4,458
2023	\$2,212	\$2,502	\$3,293	\$4,077	\$4,568
Change	+41%	+36%	+35%	+26%	+23%

Source: HUD Fair Market Rents, Housing Authority of Santa Cruz County

According to the federal government, housing is affordable if costs do not exceed 30% of the monthly household income. If households spend more than 30% of their income on housing costs they are considered housing cost burdened. The NRSA has a median income of \$67,359 which indicates that many households in the NRSA are spending more than 30% of their income on housing. To afford the 2023 HUD FMR of \$2,502 for a 1-bedroom apartment, a household earning less than \$100,080 would be considered housing cost burdened.

As of 2024, the University of California at Santa Cruz is the largest employer in the area with 9,394 employees, making up 31.1% of total employment. The County of Santa Cruz follows with 2,851

employees (9.4%), and the City of Santa Cruz ranks third with 934 employees (3.1%). Other notable employers include Joby Aero Corp with 364 employees (1.2%) and Santa Cruz Beach-Boardwalk with 347 employees (1.1%). The total number of employees across the top ten employers is 15,135, which accounts for 50.1% of the total employment of 30,200 in the area. Combining UCSC's over 9,000 employees with those from the local school systems, educational services account for a much higher percentage of total employment in the City. The leisure and hospitality sector, which includes tourism-related activities, represents 15.6% of total nonfarm jobs in Santa Cruz, indicating that a significant portion of the city's employment is tied to tourism.

2024 Rank	Employer	2024 Number of Employees	% of Total Employment
1	University of California at Santa Cruz	9,394	31.1%
2	County of Santa Cruz	2,851	9.4%
3	City of Santa Cruz	934	3.1%
4	Joby Aero Corp	364	1.2%
5	Santa Cruz Beach-Boardwalk	347	1.1%
6	Costco Wholesale Corp	314	1%
7	New Leaf Community Market	261	0.9%
8	Safeway	246	0.8%
9	Threshold Enterprises, Ltd	213	0.7%
10	New Teacher Center	211	0.7%
	Total	15,135	50.1%
	Total Employment	30,200	

Source: City of Santa Cruz 2024 Annual Comprehensive Financial Report

Community Consultation

During the preparation of the draft NRSA Plan, the City held two public meetings to gather feedback on community needs that would guide the drafting of this NRSA Plan, as well as a discussion on the potential shifting of the NRSA boundaries. These meetings also served to receive feedback on the City's Consolidated and Annual Action Plans. City staff consulted with non-profit organizations through the City's Health in All Policies committee (HiAP), with partner agencies and departments through individual stakeholder interviews, and with developers and service providers through topical focus groups. Information on the NRSA was presented during a HiAP meeting on February 5, 2025. Additionally, participants were asked to submit any questions or comments that they might have to City staff. No comments were received.

Through the stakeholder interviews and focus groups, City staff received feedback and input from six public agency or department partners, and eight partner organizations.

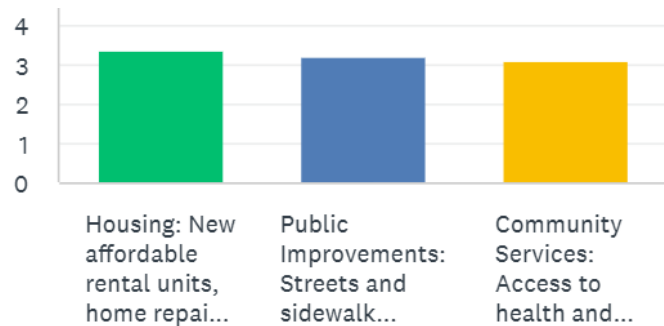
1. Housing for Health Division, County of Santa Cruz
2. County of Santa Cruz Human Services Agency
3. Housing Authority of the County of Santa Cruz
4. City of Santa Cruz, Homelessness Response

5. City of Santa Cruz, Sustainability and Resiliency
6. City of Santa Cruz, Economic Development and Housing
7. Nueva Vista
8. Monarch Services/Servicios Monarca
9. Cruzio Internet
10. Eden Housing, Inc
11. For The Future Housing
12. Community Action Board Inc
13. Habitat for Humanity Monterey Bay
14. Mid-Pen Housing

The City and County homelessness staff cited the need for more permanent supportive housing as the primary need in the effort to end or reduce homelessness. One barrier to this is the reticence of landlords to accept HUD Housing Choice Vouchers (Section 8). A separate interview was later conducted with the Housing Authority of Santa Cruz County that confirmed the primary need as well as issues with enrolling landlords. Business owners noted the need for continued investment and focus on maintaining safe retail areas in the downtown and beach commercial areas. Partner organizations and community members also noted the need for job development investments. Housing developers stated that their two major impediments are long project timelines and the lack of sufficient development resources. Long timelines also increase funding uncertainty, as both public and private funders prioritize investment in shovel ready projects. Community members shared concerns about the lack of affordable housing, rise in housing costs, rise in homelessness, and the increasing need for resilience investments in frontline neighborhoods. A Spanish interpreter was available at both community meetings.

The City also deployed a Community Needs Assessment (survey) online starting from August 2024, through early February 2025. The public was invited to provide insight and feedback regarding housing, neighborhood, social services, and economic development needs. The survey was made available in English and Spanish. The City received 434 responses. The most common concerns shared by community members in the survey were the need for affordable housing, and investments in public infrastructure and community services. The City partnered with Nueva Vista and attended its events to publicize the survey and to gather additional feedback from the Beach Flats community.

Priorities for Investment



Source: 2025 Santa Cruz Community Needs Assessment

The City has also utilized event opportunities to gather information from the public on various aspects directly related to the Consolidated Plan or somewhat related based on shared topics of interest. Throughout 2022 – 2023, the City’s Planning & Community Development Advanced Planning Division surveyed community members and solicited feedback related to the City’s 6th Cycle Housing Element and received feedback from the community related to housing needs in the city. General feedback included the need for more affordable and multi-family housing is needed within the community. Different neighborhood groups inside the NRSA were also consulted at neighborhood clean-up events. In 2023, the City’s Climate Action team also did outreach and solicited feedback from various stakeholders, including those who work with community members in the NRSA neighborhoods.

EDH staff has attended multiple events from 2024 – 2025 promoting and informing attendees about the City’s Consolidated Plan and opportunities to participate including but not limited to the following events:

- 5/8/2024 – Housing Discrimination Forum where a “Stay Tuned” for the Consolidated Plan survey was provided and links to City resource webpages shared.
- 5/13/2024 – Information on upcoming Consolidated Plan Survey at a forum meeting on 6th Cycle housing implementation measures.
- 5/20/2024 – Pacific Station North affordable housing project groundbreaking event. Posterboard interactive activity available in English and Spanish.
- 9/19/2024 – City Hall to You Districts 3 & 6, provided links to community survey and online zoom Consolidated Plan event.
- September, October, and December 2024 – publication of Consolidated Plan survey flier in English and Spanish during City Council meeting breaks & paper copies of the flier in the Council Chambers.

Review of NRSA Plan

This five-year 2025 NRSA was approved by the City Council on May 27, 2025, together with the 2025-2030 Consolidated Plan and 2025 Annual Plan. This approval included two noticed public hearings at City Council meetings with a 30-day public comment period prior to the second public

hearing. Spanish interpretation was available at both City Council meetings. The public participation schedule was as follows:

- **April 22, 2025:** Introduced at a public hearing with the 2025-2030 Consolidated Plan and 2025 Annual Plan.
- **April 22 – May 27, 2025:** 30-day community review and comment period.
- **May 27, 2025:** Public hearing for 2025 NRSA Plan with the 2025-2030 Consolidated Plan and 2025 Annual Plan.

Community Assessment

The NRSA serves as a gateway from the entrance to Santa Cruz from State Highway 1, the major access road from the Bay Area, to the City's coastal attractions like the Boardwalk and Wharf, and beyond to the Santa Cruz Harbor. As noted earlier, the NRSA is divided into five distinct areas, each with unique land use and character. The River Corridor features neighborhood commercial and residential spaces, including affordable housing projects and historic sites. The Upper Downtown Area includes a mix of residential, commercial, and community facilities, with potential for future development. The Lower Downtown Area, part of the Downtown Plan Area, is undergoing significant development with mixed-use projects and affordable housing. The Beach Area, comprising Beach Hill and Beach Flats, is a mix of residential and tourist-related facilities, including the historic Santa Cruz Wharf and Main Beach, which are major tourist attractions. Lastly, the Lower Ocean Street Neighborhood is mostly residential with a few motels and parks.

The census tracts within the NRSA show significant disparities compared to the Santa Cruz overall. The NRSA tracts have a median household income of \$67,359, much lower than the city's \$111,427. The NRSA tracts have higher renter-occupied housing and lower median rents compared to the city overall. Over the past five years, Fair Market Rents in Santa Cruz County have risen significantly, with studio rents increasing the most by 41%. The NRSA's median income suggests many households are housing cost burdened, spending more than 30% of their income on housing. (For a thorough discussion on the neighborhoods and current demographics in the NRSA, see the Neighborhoods & Demographics section of this Plan.)

The County of Santa Cruz Workforce Investment Board (WIB) coordinates employment, job retention, and occupational skills services. The WIB supports activities to help improve the quality of the local workforce, reduce welfare dependency, and assist businesses in achieving greater success. Additionally, the Central Coast Small Business Development Center (SBDC) offers business planning services and assists businesses that are experiencing difficulties in keeping their business open, retaining employees, and avoiding layoffs.

The County Office of Education (COE) and Cabrillo College provide a Career Technical Education (CTE) collaborative. CTE provides technical training options for high school youth through a network of teachers, employers, and industry-trained instructors. The CTE Advisory Council includes representation from business, including the construction, retail, and culinary fields. For persons

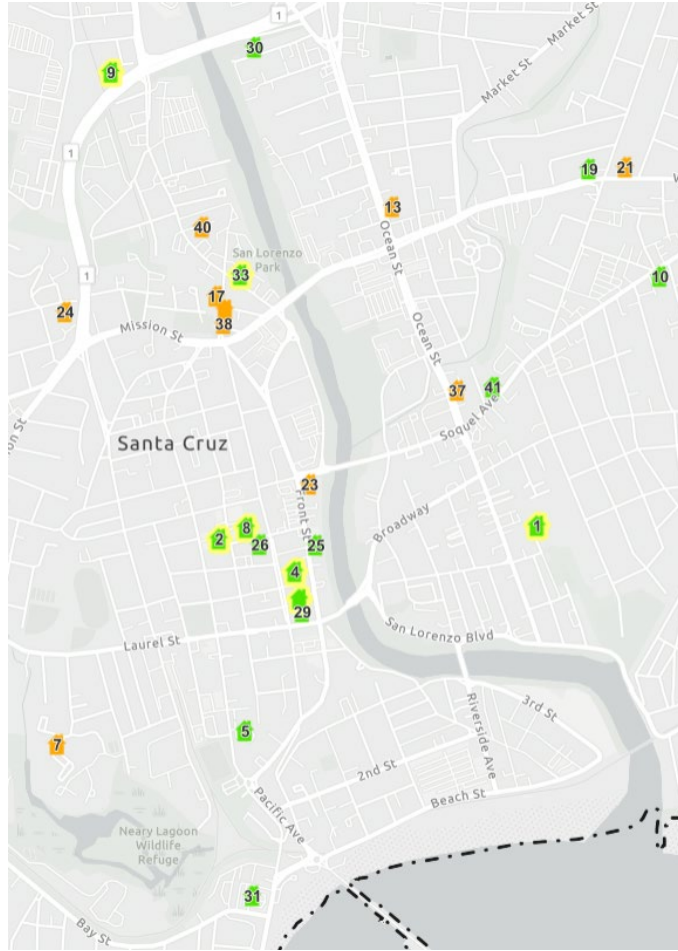
with special needs, programs are provided by the County’s Department of Rehabilitation and the non-profit organization, Central Coast Center for Independent Living. Additionally, Career Center services are available to people with disabilities.

Ongoing & Recent Revitalization Activities

With scarcity of available land for development and the economy of scale favoring larger developments, a trend toward multi-family development in the NRSA is evident. As noted in the following map, there City’s Economic Development and Housing (EDH) Department has been working on multiple affordable housing projects in partnership with nonprofits to increase the number of affordable housing units citywide. There are 14 new housing projects either under construction or being planned in the NRSA that will add almost 2,000 units to the housing inventory in Santa Cruz. Additionally, with ground floor commercial being required in Downtown, there may be a significant opportunity for job growth to occur in the NRSA.

Santa Cruz is seeing a variety of new housing projects aimed at increasing both market-rate and affordable housing. Pacific Station North, a net-zero, sustainable building, will provide 128 affordable units and is expected to be ready in two to three years. The 130 Center Street project will add 233 housing units, including 31 affordable ones, enhancing the connection between downtown and beach attractions. The Downtown Library & Affordable Housing Project will bring 124 affordable units, a new library, childcare facilities, and commercial spaces. Other notable projects include 530 Front Street with 37 affordable units out of 276, and Riverfront/Front Street with 20 affordable units out of 175, both contributing to the vibrant downtown area. Additionally, Pacific Station South will offer 70 affordable units in a pedestrian- and bike-friendly environment. Overall, these projects will add a total of 1,054 affordable units out of 3,698 new housing units, addressing the city's housing needs and promoting sustainable development. The table below provides a full list of housing development currently in progress or recently developed by the City in the NRSA area.

Citywide Housing Projects-5 or More Units



Legend:

- **Approved**
- **In Review**
- **100% Affordable (Yellow Halo)**

Project Number	Project Name	Status	Affordable Units	Total Housing Units	Under Construction	Time to Occupancy
2	Center/Cedar Project	Available	65	65	No	Completed
4	Pacific Station North	Approved	128	128	Yes	2-3 years
5	130 Center St	Approved	31	233	No	TBD
8	119 Lincoln St.	Approved	124	124	No	2-5 years
17	2035 Pacific Ave.	Under Review	5	26	No	2-5 years
23	530 Front St.	In Design	37	276	No	3-5 Years
25	Riverfront/Front St	Approved	20	175	Yes	1-2 Years
26	1013 Pacific Ave.	Approved	2	17	No	2-5 years
29	100 Laurel St	Approved	0*	205	Yes	0-1 Years
30	150 Felker St.	Approved	4	32	No	2-5 years
32	Pacific Station South	Approved	70	70	Yes	0-1 years
34	831 Almar	In Design	18	120	No	TBD
38	2020 N Pacific (alt 1)	In Design	24	174	No	TBD
39	2020 N Pacific (alt 2)	In Design	38	260	Yes	TBD
40	232 River St	In Design	3	27	No	TBD
Total			569	1932		

*This project donated land in-lieu of affordable units which made the Pacific South project possible.

Challenges

Several long-standing challenges and the overall economic climate create potential problems for economic empowerment of the low- and moderate-income residents and economic growth in the NRSA. Housing costs remain a major factor in deciding to move or even to stay in Santa Cruz, creating a major impact on both the city's residents and its businesses. Key challenges include:

1. **Lack of Affordable Housing:** The high cost of housing remains an impediment to maintaining a balanced community with adequate housing and jobs. The City is responsible increasing the number of restricted affordable units through the City's inclusionary and other housing programs, but also must encourage the development of smaller, more affordable market-rate housing units. The state requires each jurisdiction to develop a Regional Housing Needs Assessment (RHNA). The City of Santa Cruz is required by the State to build 859 units at for very low income occupants, 562 for low income occupants, 709 for moderate income occupants, and 1,606 for occupants that are above moderate income, totaling 3,736 units total by 2030. Additionally, Santa Cruz is bordered by mountains to the north and west, the Pacific Ocean to the south, and the City of Capitola to the east, leaving a very limited supply land for development. This is one of the driving forces behind the city's high housing prices. This lack of affordable housing, and related increases in the city's unhoused population, also make it more difficult to attract new businesses.
2. **Housing Stock Age:** Like most of the city, the majority of the NRSA's housing stock consists of older single-family homes with some apartment complexes and single room occupancy (SRO) developments. About 80% of the NRSA's housing stock is over 50 years old, with one third being over 80 years old. The Beach Area has slightly older housing stock than the rest of the NRSA. For example, in Beach Hill over 45% of housing is over 80 years old. In the City as a whole, slightly over 50% of the housing stock is over 50 years old with about 18% over 80 years old.
3. **Developer Uncertainty:** Commercial and housing developers have stated that one of the major impediments to developing housing and introducing new economic development is the length of time for and uncertainty of the approvals process. The Planning and Community Development Department already facilitates approvals through coordinated preliminary reviews. But to get the housing densities needed to make a project feasible, developers typically must apply for variances or other zoning exceptions, which take time to process. Developers have indicated that if they could do projects as-of-right this would largely address the barrier.
4. **Seasonal Employment Patterns:** City-wide unemployment typically hovers around 5% but fluctuates about 3% over the year due to the seasonality of the tourist industry and agricultural cycles. Employment in the Beach Area is the most affected in the NRSA.
5. **Safety:** The neighborhoods of Beach Flats, lower Pacific Avenue and lower Ocean Street continue to be some of the highest crime areas in the City. This includes gang and drug related crimes. These factors may discourage some businesses from locating in the area or make it

more difficult for individuals living in the NRSA to have home businesses that require client access, access necessary services, or participate in community and outreach events.

6. **Language Barriers:** Despite the availability of education programs, the Beach Flats neighborhood faces challenges with English proficiency.

Housing & Economic Opportunities

Housing Strategies

The Santa Cruz City Council has identified housing and a vibrant downtown as two of its focus areas. Currently there are several efforts underway to address issues of affordable housing. In late 2022, the City Council approved amendments to the City's Objective Standards for Multifamily Housing for locations outside of the Coastal Zone. These changes, which went into effect in 2023, require replacement housing when existing affordable housing is demolished. A new housing category, Flexible Density Units (FDUs), has been added to City Zoning Codes to provide more flexibility to rental and ownership development projects. FDUs can be built in a development project that also includes larger apartments or condos. Taken together, these changes also have the impact of encouraging higher density development in the NRSA.

In early 2023, the City Council appointed an ad-hoc committee to serve during the preparation of the 6th Cycle of the Housing Element and any associated subsequent General Plan amendments and rezonings to review draft policies and proposals in advance of their presentation to the full Council. This ad-hoc subcommittee considered multiple policies and proposals related to affordable and market rate housing.

The Economic Development and Housing (EDH) Department has also been working on multiple affordable housing projects (see map and project information on page 18) in partnership with nonprofits to increase the number of affordable housing units citywide. The City has been able to meet the 5th RHNA Cycle requirements for all affordability levels through these partnerships. These projects will create 569 affordable units in the NRSA. Mixed-use development in the NRSA will not only provide new jobs but much needed housing on the upper floors.

Economic Development

The following are City Programs or efforts to provide opportunities that will benefit business development within the NRSA and subsequent job creation potential for NRSA residents.

1. **Grow Santa Cruz:** To make funding more accessible to local businesses, the City and Grow America have partnered to provide Small Business Administration (SBA) guaranteed loans to businesses in Santa Cruz, including those in the NRSA. Grow America is a nationally recognized Small Business Lending Company licensed by the SBA and is also a Community Development Financial Institution as designated by the United States Department of the Treasury, CDFI Fund. Through this partnership, the City promotes the program and refers qualified businesses to Grow America. Grow America then underwrites, funds, and services the loans. Local banks also

invest in the "Grow Santa Cruz" revolving loan fund. Grow Santa Cruz loans can range from \$50,000 to \$300,000, at or below market-rates and for terms up to 25 years.

2. **Partnerships with UCSC to Create Incubator Businesses:** The proposed UCSC Marine Research and Education Center at Terrace Point and other possible incubator space development for start-up businesses represent major economic development opportunities for the City. Collaboration with UCSC on joint economic development can create high-quality, sustainable jobs and catalyze related research and development of "spin-off" business ventures. UCSC and the City are partners in two economic development programs: (1) The Project for Innovation and Entrepreneurship (PIE), which provides opportunities for students to become entrepreneurs within a classroom setting; and (2) The UCSC Business Plan Competition which connects students and faculty from a variety of disciplines to develop and pursue commercially viable business plans.
3. **Year-Round Tourist Venues:** Given the potential seasonality of many jobs in the City and the NRSA, the City continues to promote businesses, events, and tourist attractions that also support off-season employment. One of these efforts is the Monterey Bay National Marine Sanctuary Exploration Center, which is in the NRSA. The City also continues to work with developers on potential convention facility development as well as new off-season entertainment venues.
4. **Workforce Development:** For NRSA residents there are numerous training opportunities to gain the skills needed for economic empowerment. Several workforce development organizations exist within the City with a mission to train workers. These include Goodwill Industries and the Workforce Investment Board. Cabrillo College, located in South Santa Cruz County with some classes taught in the City of Santa Cruz, provides training in health services and computer applications/business technology. The Santa Cruz Adult School also provides job related training. In addition, several non-profit organizations serving the Gateway to the Pacific NRSA assist non-English speaking residents with language skills and job applications.

Leverage of Funds

The City strives to leverage HUD funding whenever feasible. This is in line with the City's goal to attract additional investment into the NRSA and its neighborhoods. The following is list of other funding or in-kind resources that are expected to help leverage HUD funded projects benefitting or within the NRSA.

Nueva Vista: In addition to \$150,00 in program year 2024 in CDBG funds, Nueva Vista receives \$184,903 in other City funding, \$36,000 in City in-kind contributions in the form of waived rent on a City-owned facility, and about \$344,901 from other local, state and federal funding sources. The anticipated total contribution is 6 times the amount of HUD funding.

Pacific Station North Mixed-use Project: Located in the NRSA, the Pacific Station North Project is currently under construction. The project will include a paseo with commercial and retail space on

the ground floor, and 128 units of 100% affordable housing above. Pacific Station North is utilizing over \$3 million in HOME funds and \$1.2 million in HOME-ARP funds. The project includes approximately \$38,500,000 in other funding. The total anticipated funding is almost 9 times the amount of HUD funding.

Downtown Library and Affordable Housing Project: Also located in the NRSA, the Downtown Library and Affordable Housing Project will utilize approximately \$1.7 million in HOME funds and \$74.8 million in other federal, state and local funds. This project will include a new Downtown branch library, a 100% affordable housing development (124 units), and a parking garage. The project is expected to break ground in calendar year 2025.

Performance Measures

As previously noted, this 2025-2030 NRSA Plan is focused on Community Based Development Organization community services, and housing and economic development.

GOAL 1 – Accessible Client Services: Assist NRSA residents to access resources that address needs and support stability for individuals and households within the NRSA.

STRATEGY 1.1: Provide a safe place for all NRSA residents to receive bilingual, bicultural support for families and individuals to assist them in accessing resources and setting goals for housing, employment, and education, including helping with enrollment and reporting for government benefits and services.

- **Indicator 1.1.1:** Number of non-duplicative clients receiving assistance.

Goal/Outcome: 300+ unduplicated households and/or persons assisted with client services per year at Nueva Vista.

GOAL 2 – Youth Support Programs: Provide enhanced educational opportunities for NRSA youth.

STRATEGY 2.1 – Operate afterschool programs regularly at the Beach Flats Community Center during the school year to help elementary and middle school age youth with their homework.

- **Indicator 2.1.1:** Number of days after-school programs are provided during the school year.

Goal/Outcome: 120+ days of after-school programs per year provided.

- **Indicator 2.1.2:** Number of unduplicated youth participating in after-school programs during the school year.

Goal/Outcome: 50 unduplicated youth participants per year.

GOAL 3 – Community Health Program: Provide free supplemental groceries for the NRSA community.

STRATEGY 3.1: Partner with Second Harvest Food Bank in food distribution program at Nueva Vista.

- **Indicator 3.1.1:** Number of times/year free food is available to the public.

Goal/Outcome: Food bank open 20+ times per year.

GOAL 4 – Mixed-Use Developments: City to encourage diversity of housing types and robust opportunities for economic growth in the NRSA, that will provide an opportunity to improve Jobs/Housing Balance within the NRSA and surrounding areas.

STRATEGY 4.1: Provide financial assistance for the development of at least two new mixed-use affordable housing developments to be completed by 2030. Funding for these projects is not limited to federal sources only, may also include state and local funds as well.

- **Indicator 4.1.1:** Number of affordable housing units completed.

Goal/Outcome: 130+ affordable units completed.

STRATEGY 4.2: Through density and other incentives, encourage development of mixed-use market-rate rental housing projects.

- **Indicator 4.2.1:** Number of market-rate units completed.

Goal/Outcome: 205 market-rate units built in new market-rated mixed-use development projects.

STRATEGY 4.3: Use zoning requirements and financial incentives to help create new commercial space for businesses that will result in job growth within the NRSA.

- **Indicator 4.3.1:** Square footage built that will support new businesses in the NRSA.

Goal/Outcome: 40,000+ square feet of commercial space created.

The City will monitor and report on its progress towards the NRSA goals and accomplishments through its annual Consolidated Annual Performance and Evaluation Report (CAPER).