

Expected Resources

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

Introduction

The City of Santa Cruz is a CDBG and HOME entitlement jurisdiction has been allocated \$475,002 in CDBG funds and \$248,458 in HOME funds for Program Year (PY) 2025. Santa Cruz does not receive funding under the Emergency Solutions Grant (ESG) or Housing Opportunities for Persons with AIDS (HOPWA) programs.

In recent years, the levels of CDBG and HOME funds for Santa Cruz have begun to decline after a brief period of increases. In estimating the amounts of funding available over this Consolidated Plan period, the City took a conservative approach to assume about the average HUD funding allocations from the four prior years. This would be about \$510,000 in CDBG funds and \$350,000 in HOME Program funds.

In terms of CDBG program income (PI), the City does not anticipate a steady stream of significant PI over the course of this Annual Action Plan. The City is expects to receive about \$25,000 per year in monthly loan payments. For HOME Program PI, the City expects to receive larger periodic loan repayments based on a share of project income for one or two housing projects. This is expected to average about \$80,000 per year. Additional PI may come from final loan-payoffs for the repayment of Rehabilitation (CDBG and HOME) and First-Time Homebuyer (HOME) loans. These will automatically be re-programmed for affordable housing activities. Specific projects will be identified during the Annual Action Plan process.

This section is intended to describe various resources that are expected to be available to meet the goals of the 2025-2026 Action Plan. The list does not include all sources that eventually are expected to be used. These resources are financial, involve partnership opportunities, and include the ability to leverage additional funds.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$	
CDBG	Public-Federal	Community Facilities & Programs; Homeless Services; Affordable Housing Programs	475,002	25,000	0	500,002	City receives funds annually from HUD. Used to fund Community Programs, and Infrastructure & Facility Improvements and 2 Housing Program's Delivery Costs.
HOME	Public-Federal	Affordable Housing	248,458	100,000	276,000	624,458	City receives funds annually from HUD. Used to fund Housing Development and Security Deposit Programs.
City General Fund	Public – Local	Public Improvements Public Services	3,000,000	0	0	3,000,000	General Funds used for social services, housing, and homeless programs.
Affordable Housing Trust Fund	In Lieu of Fees	Acquisition Admin & Planning Housing Multifamily Rental New Construction Multifamily Rental Rehab	5,300,000	0	0	5,300,000	Funding can be used for community programs or housing related activities: Affordable Housing Development and Preservation. Most flexible funding.
LIHTC	Public – State	Acquisition Housing Multifamily Rental New Construction Multifamily Rental Rehab	0	0	0	0	Funding is dependent on individual projects receiving Tax Credits.

Other – Red Cross	Private	TBRA Public Services	0	0	0	0	Prior uses of funding include Beach Flats Community Center, the Security Deposit Program, and Emergency Housing Assistance for Beach Flats and Lower Ocean neighborhoods.
Other State Cap & Trade – Infrastructure	Public – State	Homebuyer Assistance Housing Multifamily Rental New Construction Multifamily Rental Rehab	0	0	0	0	Includes funding from IIG and AHSC programs for the Metro and Library projects.

Table 1 - Expected Resources – Priority Table

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

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

Federal match requirements apply to the City's HOME funds. The HOME program requires that for every HOME dollar spent, the City must provide a 25% match with non-federal dollars. Currently, the City maintains an excess in match requirements from previous fiscal years of over \$16 million from when the City had substantial redevelopment funding that far exceeded the match requirement. This excess match will fulfill the City's HOME match requirements for many years at the current level of HOME funding.

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

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

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

The City recently acquired another property near Housing Matters and the Tannery for future affordable housing or housing adjacent services and has completed the Coral Street Visioning

Report. Implementation of the Visioning Report will occur in future program years.

Discussion

The City of Santa Cruz has been allocated \$475,002 in CDBG funds and \$248,458 in HOME funds for Program Year 2025 (PY25). The City leverages these funds with state, federal, and private grants to meet housing needs.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Develop & Rehabilitate Affordable Housing Units	2025	2029	Affordable Housing Homelessness	Citywide	Increase and Preserve Affordable Housing Opportunities	HOME: 589,612	1 multifamily rental unit constructed (to be awarded to future 100% affordable housing project)
2	Increase Access to Affordable Housing	2025	2029	Affordable Housing Homelessness	Citywide	Increase and Preserve Affordable Housing Opportunities	HOME: 100,000 CDBG: 6,900	30 households served
3	Develop & Rehabilitate Housing & Facilities for Unhoused Persons	2025	2029	Homelessness	Citywide	Reduce Homelessness	0	0 homeless persons served by homeless services
4	Provide Services to Prevent & Reduce Homelessness	2025	2029	Homelessness	Citywide	Reduce Homelessness	0	0 homeless persons served by homeless services
5	Resilient Infrastructure & Public Facilities	2025	2029	Non-Housing Community Development	Citywide	Resilient & Healthy Communities	CDBG: 169,102	100 persons served 20,000 persons served

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Healthy Neighborhoods & Residents	2025	2029	Non-Housing Community Development Non-Homeless Special Needs	Citywide	Resilient & Healthy Communities	CDBG: 220,000	30,000 persons served
7	Planning & Administration	2025	2029	All	Citywide	All	HOME: 34,846 CDBG: 100,000	

Table 2 – Goals Summary

Goal Descriptions

1	Goal Name	Develop & Rehabilitate Affordable Housing Units
	Goal Description	Preserve, improve, and expand the supply of decent affordable housing for lower-income households. Provide homeownership opportunities for low-income first-time buyers. Assist existing low-income owner-occupied households keep their homes safe and well maintained by providing rehabilitation funding and other needed assistance.
2	Goal Name	Increase Access to Affordable Housing
	Goal Description	Provide services for the City's low- and moderate-income populations to increase access to stable and affordable housing.
3	Goal Name	Develop & Rehabilitate Housing & Facilities for Unhoused Persons
	Goal Description	Provide housing and facilities for the City's homeless populations, including emergency, transitional, and permanent supportive shelter.
4	Goal Name	Provide Services to Prevent & Reduce Homelessness
	Goal Description	Provide prevention and supportive services for the City's unhoused populations to improve outcomes and stability.
	Goal Name	Resilient Infrastructure & Public Facilities

5	Goal Description	Prioritize the maintenance and improvement of municipal services, facilities, and infrastructure and prepare additional sites to serve the needs of City residents.
6	Goal Name	Healthy Neighborhoods & Residents
	Goal Description	Provide funding to services that are critical to maintaining healthy residents, including those in the City's NRSA.
7	Goal Name	Planning and Administration
	Goal Description	Efficient use of administrative funding for general management, oversight, coordination, and subrecipient monitoring.

Table 61 – Goal Descriptions

Projects

AP-35 Projects – 91.220(d)

Introduction

The allocation of funds is aligned with the top housing and community development needs identified in the Con Plan, input received in public meetings, and discussions of elected officials during plan development.

Projects

#	Project Name
1	2025 PY CDBG Program Administration
2	2025 PY Second Harvest Food Bank
3	2025 PY Nueva Vista Community Resources
4	2025 PY Teen Center
5	2025 PY Market St Senior Center Renovation
6	2025 PY Depot Park Building ADA Improvements
7	2025 PY Rehabilitation Program Delivery Costs
8	2025 PY HOME Program Administration
9	2025 PY Security Deposit Program Administration
10	2024 PY Security Deposit Program Delivery
11	Future 100% Affordable Housing Project & CHDO set-aside

Table 3 – Project Information

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

The major obstacle to addressing the underserved needs is the lack of adequate funding, especially for affordable housing activities and supportive housing as well as programs to provide for the homeless population. With the dissolution of Redevelopment Agencies in California and reduced State and Federal funding for community programs and affordable housing, the City's ability to address the extensive needs of the community has been seriously reduced.

AP-38 Project Summary

Project Summary Information

1	Project Name	2025 PY CDBG Program Administration
	Target Area	Citywide
	Goals Supported	Planning & Administration
	Needs Addressed	All
	Funding	CDBG: \$100,000
	Description	Administration funding would partially support 4 staff persons, training and other expenses incurred for operation of the HOME Program.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	Program administration does not require an outcome.
	Location Description	Economic Development and Housing Department offices are located at 337 Locust St. and 809 Center St.
	Planned Activities	Administration of CDBG Program.
2	Project Name	2025 PY Second Harvest Food Bank
	Target Area	Citywide
	Goals Supported	Healthy Neighborhoods & Residents
	Needs Addressed	Resilient & Healthy Communities
	Funding	CDBG: \$25,000

	Description	Since March 2020, Second Harvest Food Bank has recognized the rippling impact of COVID-19 and the demand for food in Santa Cruz. The demand for food exceeds pre-pandemic numbers, and there continues to be a significant increase in costs of personnel and operations. These distributions are serving roughly 30,000 people needing food assistance county-wide with a large portion residing within the City of Santa Cruz. National Objective: LMA; Matrix Code: 5W Food Banks; Presumed benefit: No.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	26,000 low-income persons.
	Location Description	Beach Flats food pickup as main distribution and city-wide in food pantries all over the City.
	Planned Activities	Food distribution at location within NRSA and at foodbanks throughout the City of Santa Cruz.
3	Project Name	2025 PY Nueva Vista Community Resources
	Target Area	Neighborhood Revitalization Strategy Area
	Goals Supported	Healthy Neighborhoods & Residents
	Needs Addressed	Resilient & Healthy Communities
	Funding	CDBG: \$150,000
	Description	Activity provides for operating expenses for Nueva Vista Resources, which includes the Nueva Vista Resource Center and the Beach Flats Community Center. Nueva Vista Resources is a Latinx based center with a primary focus to serve the low-income families in the Lower Ocean Street and Beach Flats Neighborhood, including community services and youth programs. Nueva Vista is designated as a qualified CBDO which operates under Community Bridges. This project will be linked to two separate activities. Matrix Code: 5D and 5Z; Eligible Activity: Youth Services National Objective: LMC - Low/Mod Limited Clientele Presumed Benefit: No.
	Target Date	6/30/2026

	Estimate the number and type of families that will benefit from the proposed activities	About 1,000 individuals will benefit from program services. The NRSA neighborhood has the largest minority (Latinx) populations in the City. About 44% are Latinx versus 21% City-wide.
	Location Description	Neighborhood Revitalization Strategy Area
	Planned Activities	Nueva Vista Resource Center has two programs assisted with CDBG funding. The first program is Client Services which assists families through advocacy, crisis support, mental health support, and emergency food and preparedness, support with housing application assistance, vaccine helpline outreach and promotion, and help with enrollment into government programs including Social Security, CA Rental Assistance program, CalFresh, MediCal and Covered CA. The second program provides youth programs and activities, including academic tutoring, a recreational summer camp and spring break camp to foster youth development, as well as serving as a community center for the neighborhood.
4	Project Name	2025 PY Teen Center
	Target Area	Neighborhood Revitalization Strategy Area
	Goals Supported	Healthy Neighborhoods & Residents
	Needs Addressed	Resilient & Healthy Communities
	Funding	CDBG: \$45,000
	Description	CDBG funds will be used toward staff costs for the Teen Center to provide a safe place and programs for teens in a low-income area of the City. Matrix Code: 5D Eligible Activity: Youth Services National Objective: LMC - Low/Mod Limited Clientele Regulatory Citation: 570.208(a)(2); Presumed Benefit: No.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that about 130 Teens participate in the program throughout the year. About 45% are from households that are at or below 30% of Area Median Income (AMI) with almost 79% being below 50% AMI.
	Location Description	Low-income target area within the NRSA

	Planned Activities	The Teen Center has daily activities including a healthy eating program, an outdoor garden, homework assistance with access to 4 computers and free WiFi, games such as foosball and a pool table, and direct access to Laurel Park. The computer stations include 4 internet connected computers for teens to use. Additionally, the Center provides mentorship opportunities for teens. The Teen Center also collaborates with other organizations to provide field trips and other experiences. In the past this has included a 2-day, 2-night camping/white water rafting trip on the American River.
5	Project Name	2025 PY Market St. Senior Center Renovations
	Target Area	Citywide
	Goals Supported	Resilient Infrastructure & Public Facilities
	Needs Addressed	Resilient & Healthy Communities
	Funding	CDBG: \$118,600
	Description	Rehabilitation including ADA improvements, lighting and electrical, mold remediation, plumbing and fixtures. Note: total project scope will be reduced to accommodate the allotment of funds as there are no other sources. National Objective: LMC- presumed benefit. Matrix Code: 3A Senior Centers
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	Annually, the center helps around 250 very low income, extremely low income and low income seniors
	Location Description	Market St. Senior Center at 222 Market St. in Santa Cruz
	Planned Activities	Rehab of building.
6	Project Name	2025 PY Depot Freight Building ADA Renovations
	Target Area	Neighborhood Revitalization Strategy Area
	Goals Supported	Resilient Infrastructure & Public Facilities
	Needs Addressed	Resilient & Healthy Communities

	Funding	CDBG: \$50,502
	Description	Building improvements for general/public long-term use, these improvements will focus on the restrooms and main room. The improvements will include things such as replacing entry doors, paint, plumbing and fixture updates. National Objective: LMA - presumed benefit. Matrix Code: 3F Parks, Recreational Facilities
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	This facility is used by those living in the City of Santa Cruz and those visiting the City of Santa Cruz. It is estimated approximately 40,000 extremely low-, 30,000 very low-, and 30,000 low-income households will benefit from this project on an annual basis.
	Location Description	Depot Freight Building
	Planned Activities	Maintenance and updates to restrooms and main room.
7	Project Name	2025 PY Rehabilitation Program Delivery Costs
	Target Area	Citywide
	Goals Supported	Increase Access to Affordable Housing
	Needs Addressed	Increase and Preserve Affordable Housing Opportunities
	Funding	CDBG: \$4,000
	Description	Activity provides funding for Unified Housing Rehabilitation Program (UHRP) consultant contract to administer existing UHRP loans and staff costs for new rehab projects. Matrix Code: 14H; Eligible Activity: Rehab; Administration National Objective: LMH-Low/Mod Housing Regulatory Citation: 570.208(a)(3); Presumed Benefit: No.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	All participants in UHRP are low-, very low- or extremely low-income, approximately 1.

	Location Description	Citywide
	Planned Activities	Consultant administers existing UHRP loans. Staff oversees and monitors current and past rehabilitation projects and agreements.
8	Project Name	2025 PY CDBG Program Administration
	Target Area	Citywide
	Goals Supported	All
	Needs Addressed	Planning and Administration
	Funding	CDBG: \$100,000
	Description	Administration funding would partially support 4 staff persons, training and other expenses incurred for operation of the CDBG and HOME Programs and related consultant contracts. Matrix Code: 21A; Eligible Activity: General Program Admin.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	Program administration does not require an outcome.
	Location Description	Economic Development and Housing Department offices are located at 337 Locust St. and 809 Center St.
	Planned Activities	Administration of CDBG Programs.
9	Project Name	2025 PY Security Deposit Program Administration
	Target Area	Citywide
	Goals Supported	Increase Access to Affordable Housing
	Needs Addressed	Increase and Preserve Affordable Housing Opportunities
	Funding	HOME: \$100,000

	Description	This is an on-going program supported by the City to provide security deposit assistance for 25-30 low, very-low, and extremely low income households to enable them to secure rental housing. Security deposit loan funding is provided by HOME Program Funding. CDBG are used for program delivery costs. The Housing Authority of the County of Santa Cruz (HA) administers the Program. The project qualifies for HOME Program funding under 24 CFR, Part 92.205(a) for tenant based rental assistance/security deposits.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	30 households of low, very low and extremely low income will benefit.
	Location Description	Citywide
	Planned Activities	Housing Authority processes applications, inspect units, makes payments to landlords, processes any returns when tenant vacates unit and reports to the City.
10	Project Name	2025 PY Security Deposit Program Delivery
	Target Area	Citywide
	Goals Supported	Increase Access to Affordable Housing
	Needs Addressed	Increase and Preserve Affordable Housing Opportunities
	Funding	CDBG: \$6,900
	Description	Activity provides funding for the Housing Authority's program delivery costs to administer the Security Deposit Program. National Objective: LMC presumed benefit; Matrix Code: 14J Housing Services.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	30 households of low, very low and extremely low income will benefit. Same households that will be helped under the HOME portion of this program.
	Location Description	Citywide

	Planned Activities	Activities include processing applications, providing loans to qualified applicants for security deposits, distributing funds to landlords, and receiving reimbursements when tenant vacates unit.
11	Project Name	Future 100% Affordable Housing Project
	Target Area	Citywide
	Goals Supported	Develop & Rehabilitate Affordable Housing Units
	Needs Addressed	Increase and Preserve Affordable Housing Opportunities
	Funding	HOME: \$589,612
	Description	Funding set aside for a Future 100% affordable housing project
	Target Date	TBD
	Estimate the number and type of families that will benefit from the proposed activities	TBD
	Location Description	TBD
	Planned Activities	Affordable housing demolition, acquisition, construction, pre-development activities as permitted, subsidy layering reviews, environmental reviews and other costs as permitted for HOME Affordable Housing creation.

AP-50 Geographic Distribution – 91.220(f)

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

Together with the 2025-2030 Consolidated Plan, the City is seeking to update the Gateway to the Pacific Neighborhood Revitalization Strategy Area (NRSA) as shown in the NRSA Plan. The NRSA is one of the areas in the City with the highest renter rates and lowest median incomes. The NRSA has been priority area for City assistance including CDBG funded projects and programs as well as other City efforts. The Beach Flats neighborhood, which is located within the NRSA, has the highest concentration of the minority Hispanic population in the City and is the most vulnerable to the risks of climate change as mentioned in MA-65. Please see the NRSA Plan for more information on the needs and conditions present in this area.

Geographic Distribution

Target Area	Percentage of Funds
Gateway to the Pacific Neighborhood Revitalization Strategy Area (NRSA)	63%

Table 4 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

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

Discussion

Activities located within the NRSA included in the Percentage of Funds shown above include funding for: Nueva Vista and Beach Flats Community Center at \$150,000, the Teen Center at \$45,000, and the Depot Park ADA Renovations at \$50,502. While not included in the calculation above, funding of \$25,000 for Food Banks in the area provided to Second Harvest Food Bank largely benefit the NRSA as most of the distribution locations are located in the NRSA through community partners.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

Due to the limited amount of HOME and CDBG funds that the City receives, it is difficult to fund larger housing developments. However, HOME funds can be leveraged with other City housing funds and state and private grants to make projects more feasible. The City plans to utilize HOME funds to support its authorized housing activities, including the Security Deposit Program and to fund a small portion of larger housing projects such as a future 100% Affordable Housing Project with ~\$589,612 (includes the 2025 CHDO set aside) of HOME funding. Also, in support of housing programs, CDBG funds will be used to provide program delivery costs for the Security Deposit Program and the City's Unified Housing Rehabilitation Program (UHRP).

One Year Goals for the Number of Households to be Supported	
Homeless	3
Non-Homeless	27
Special-Needs	0
Total	30

Table 5 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	30
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	30

Table 6 - One Year Goals for Affordable Housing by Support Type

Discussion

The goals above do not reflect the housing that will be provided from a future 100% Affordable Housing project as a subsidy layering review will be completed closer to project construction. The goals above also do not include the units that will be developed using HOME and HOME-ARP funds at the Pacific Station North and the Downtown Library Affordable Housing projects as the units will not be completed and leased during this program year for these 2 projects. Numbers above reflect only HOME funded security deposit program.

AP-60 Public Housing – 91.220(h)

Introduction

The Housing Authority of the County of Santa Cruz County (HACSC) administers approximately 5,893 Housing Choice Vouchers (HCVs) countywide. HACSC is not a department of the City of Santa Cruz, and formerly operated 3 public housing developments in the city, but has converted its entire public housing inventory into vouchers.

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

Although no HOME or CDBG funds have been allocated to the HACSC for public housing, City staff will continue to work with the housing authority on the development of affordable housing. HACSC recently completed a Section 22 Streamlined Voluntary Conversion (SVC) of its public housing units to Tenant Protection Vouchers (TPV). This conversion provides tenants with stability and mobility, allowing them to remain in their units with affordable rent or move to another location with the voucher. The community benefits by retaining affordable housing units under a more sustainable funding model.

Additionally, HACSC is increasing its Project-Based Voucher (PBV) stock. Currently, 728 PBV units are under contract, and an additional 825 units are in the pipeline for approval. The Landlord Incentive Program remains a key strategy to encourage property owners to accept Housing Choice Vouchers. The program provides financial incentives, including risk-mitigation funds up to \$2,500, covering costs beyond security deposits, such as vacancy loss, legal fees, and tenant damages. In 2024, \$62,000 was allocated by local jurisdictions, and \$50,000 from New Horizons Affordable Housing and Development, totaling \$112,000.

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

Now that all public housing units have been converted to Housing Choice Vouchers (HCV), there are no public housing residents in the City. HCV residents are encouraged to become more involved through the HACSC Resident Advisory Board, or through the Board of Commissioners (which includes two HCV residents).

The Housing Authority also offers a Housing Choice Voucher (HCV) Homeownership Program, which allows eligible participants to apply their vouchers toward homeownership. Pre-homeownership counseling is required, and financial assistance is available for down payments and mortgage support. Additionally, the Family Self-Sufficiency (FSS) Program, known as Housing Plus, helps residents increase income and financial security. Participants develop a Contract of Participation outlining their self-sufficiency goals. As income rises, a portion of the

rent increase is set aside in an escrow account, which the family can access upon successful program completion.

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

The HACSC is not designated as troubled under 24 CFR part 902.

Discussion

HACSC collaborates with local agencies to provide targeted voucher programs that support vulnerable populations in Santa Cruz. As part of its efforts, it administers Emergency Housing Vouchers (EHV) dedicated to assisting individuals experiencing homelessness or fleeing domestic violence. Additionally, Mainstream Vouchers provide housing support for non-elderly persons with disabilities, ensuring that this group has access to stable housing options. The Family Unification Program (FUP) Vouchers specifically assist families at risk of out-of-home placement for their children due to inadequate housing, addressing critical family stability needs. Moreover, the Veterans Affairs Supportive Housing (VASH) Vouchers serve homeless veterans through a partnership between HUD and the Department of Veterans Affairs, providing long-term housing and support services. These programs, in coordination with local agencies, help ensure that those most in need receive housing assistance tailored to their unique circumstances. The Housing Authority of the County of Santa Cruz continues to maintain its high performer status and has also been awarded the Move to Work program designation, demonstrating its commitment to effective housing management and support for low-income residents.

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

Introduction

The City continues to have a strong commitment to providing housing and services to the population experiencing homelessness as demonstrated by the \$9.6 million the City has allocated in its most recent budget for homelessness-related activities. The priority that is placed on addressing homelessness is also reflected in the 2025 AAP, which is closely aligned with both the CoC's Three Year Strategic Framework to Reduce Homelessness (Strategic Framework) and City's complementary Homelessness Response Strategic Plan (HRSP), July 2024 – June 2027.

While the City has dramatically increased funding, it nevertheless remains challenged to raise the level of funding needed for all the program operational and staffing costs needed to fulfill the goals of the HRSP. In collaboration with the H4HP and County, the City continues to seek out and apply for new funding and resources towards the goal of helping people experiencing homelessness to receive housing and needed supportive services.

Key updates and investments:

- Expanded funding for permanent supportive housing and rapid rehousing services.
- Increased capacity for mobile mental health and outreach teams.
- Strengthened partnerships with Housing Matters and other local service providers to facilitate coordinated entry and case management.
- Continued investment in low-barrier shelters and navigation centers.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The 2024 Homeless Point-In-Time Count recorded 1,850 individuals experiencing homelessness in the County, with 80% unsheltered, highlighting the urgent need for shelter expansion and housing solutions.

The City will continue to support and collaborate with H4HP, the County, Encompass Community Services, Housing Matters, the Salvation Army, and the Association of Faith Communities around outreach to, assessment of, and case management for individuals and

families experiencing unsheltered homelessness in the city. Key actions that will be pursued in PY 2025 include:

- Continue to fund dedicated staff (2.75 FTE) for the Homelessness Response Outreach (HRO) Team.
- Coordinate weekly meetings of the HRO Team, other City departments, and nonprofits to ensure alignment of assistance, public safety, cleanliness, and hygiene efforts.
- Collaborate with the County to implement the Mobile Crisis Response Team and fund Mental Health Liaison positions.
- Support community-based organizations (CBO) to create more transitional employment programs, including expansion of Downtown Streets Team, which engages unhoused persons in work experience and supportive employment activities that include cleanups, beautification projects, weeding, maintenance, encampment/dumping cleanup across the City.
- Work with Housing Matters to implement new \$4 million State Encampment Resolution Grant to address chronic homelessness and encampments around the Coral Street area.
- Continue to support Encompass Community Services (ECS) 2 FTE Downtown Outreach program, which provides outreach to adults struggling with homelessness and/or mental illness in the Santa Cruz downtown corridor.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City will continue collaborating with the County and CBOs to provide and support a range of emergency shelter options for persons experiencing homelessness. This will include the provision of effective care, including basic hygiene, case management, and storage facilities, playing an integral role in breaking the cycle of homelessness and connecting unhoused residents to the support they need to work toward permanent housing in PY 2025. Key HRSP actions in this area include:

- Continue to provide the following emergency programs:
 - 135-tent City Overlook at the Armory transitional community, linked to case management, meals, transportation, hygiene facilities, and health care;
 - 30-tent 1220 River Street transitional community, linked to case management and housing vouchers; and

- Severe Weather Shelter Program at the Veterans Hall, opened when the temperature drops below 38 degrees, or when there is a flood warning.
- Continue providing a Safe Parking Program as follows:
 - 15 short-term emergency parking spaces for oversized vehicles for up to 30 days in downtown City-owned lots, including hygiene services and refuse disposal; and
 - 20 long-term parking spaces for oversized vehicles at the National Guard Armory, linked to case management, housing navigation, healthcare, and hygiene services.
- Partner with the County to secure funding for emergency shelter programs, severe weather shelter, and a navigation center.
- Increase access to housing navigation and essential services by continuing to develop a vision for the Coral Street area including a navigation center. Key steps include:
 - Issuing an RFP to identify and contract with a design firm;
 - Working with County departments to develop the project; and
 - Applying for grant funding to develop the project.
- Partner with the County and CBOs to sustain and expand emergency shelter capacity, women only shelters, tiny homes, and sober living environments.
- Continue to commit general fund dollars to support homelessness-related emergency response, public works, and law enforcement costs.
- Provide storage program for persons experiencing homelessness.

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

The City will continue working with H4HP and many partner agencies to assist persons experiencing homelessness of a variety of types (e.g., chronically homeless, families, veterans, and unaccompanied youth) to make the transition to permanent housing and self-sufficiency.

As mentioned earlier, the City is a very active participant in the countywide CoC and holds two key leadership positions in the CoC governance body, the H4HP Policy Board. The City collaborates with the County, other Cities, the Housing Authority, key health, workforce/business/foundation and education sectors, and agency, community, and lived experience sectors to implement:

- CoC-wide, measurable, actionable goals for reductions in homelessness, first-time homelessness, homelessness recidivism, average length of time homeless, and increases in permanent housing placement and retention.
- A range of plans, strategies, and action steps, detailed in the CoC's Strategic Framework, toward assisting members of all populations experiencing homelessness and chronic homelessness to become permanently housed and self-sufficient.
- \$7 million in CoC-funded PSH, RRH and supportive services projects benefiting chronically homeless adults, families, unaccompanied youth and transition age youth (TAY), and families fleeing domestic violence.
- Approximately \$5 million in State of California funding for prevention and diversion activities connected to CES, navigation center operations, landlord incentives, outreach, and flexible housing fund benefiting all populations, and transitional housing for unaccompanied youth.

The lack of available, affordable housing remains a leading structural cause of homelessness for all populations, and therefore development of such housing continues to be an extremely high priority. In PY 2025, the City will set aside \$589,612 in HOME funds for a future 100% Affordable Housing development. Moreover, CDBG and HOME funds will help persons working toward becoming permanently housed through the Second Harvest Food Banks food aid (\$25,000) and the Security Deposit Program (\$106,900).

In addition, in PY 2025 the City will also prioritize the following actions under the HRSP:

- Move forward with land use and entitlement changes needed to facilitate development of the expanded Coral Street campus.
- Continue supporting Housing Matters in completing development of the 120-unit Harvey West Studios PSH project that will house persons experiencing chronic homelessness.
- Take steps towards meeting or exceeding state housing requirements for low- and very low-income categories over the next 3 years, for example by streamlining housing

permit issuance as outlined in the Housing Element.

- Collaborate with the County to expand substance abuse and mental health treatment services.
- Engage with healthcare providers to reduce exits from the hospital system to homelessness (Janus, HPHP, and Dignity Health).
- Evaluate and enact local housing policies to promote housing development, particularly additional low- and very low-income housing.
- Advocate state and federal legislation for housing funding.
- Monitor state legislation and take positions on bills to further housing production.

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

The City will maintain its long-term commitment to prevention of homelessness, whether resulting from eviction, lack of income or resources, or from discharge from institutional care settings. The need for such assistance is acute due mostly to continued high rents in Santa Cruz which render low wage renters at risk of eviction and homelessness. In PY 2025, the City will continue supporting a range of prevention efforts in these ways:

- Continue providing rental assistance funds for households threatened by eviction to CAB.
- Coordinate with other jurisdictions providing emergency housing assistance.
- Continue supporting CES integration of diversion and problem solving.
- Use the CORE funding approach to fund a broad range of nonprofit organizations that work to meet the “upstream” health, social service, employment, and education needs of low-income residents.
- Participate in CoC strategies helping house persons being discharged from institutional

settings, such as jails, hospitals, foster care, and mental health programs. These include:

- A jail discharge planner and nonprofit reentry programs.
- Post-hospitalization recuperative care bridge housing.
- Independent Living Program and Transitional Housing Plus for Transition Age Youth (TAY), and Home Safe program housing assistance for Adult Protective Services (APS)-involved adults.

Discussion

See above.

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

Introduction

California housing law requires that each jurisdiction include an analysis of government constraints to affordable housing development as a required component of the adopted General Plan Housing Element. The City's analysis, based on the 2023-2031 Housing Element, identifies both constraints and recent efforts to reduce barriers to housing development.

Lack of Affordable Housing Funding and Cost of Development: The City faces substantial economic and market constraints. Housing costs remain high while land availability is limited. The Assessment reveals that 60-80 percent of renters overpay for housing in many areas of the city, particularly in Districts 4, 5, and 6. These challenges are compounded by geographic constraints including the coastal location, UC Santa Cruz campus boundaries, preserved open spaces such as Pogonip and DeLaveaga to the west and north, and the need to maintain industrial zones for employment opportunities.

Planning and Development Fees: Development fees and taxes can significantly add to the cost of housing, zoning, and site improvement fees. While fees remain necessary for permit processing, the City has identified this as an ongoing barrier to affordable housing development. These costs particularly impact development in “transit-rich” corridors like Mission Street, Ocean Street, and Soquel Avenue, where there is significant potential for affordable housing development.

Permit and Processing Procedures: The processing time required to obtain approval of development permits continues to be a contributing factor to the high cost of housing. For some complex development projects, additional time is needed to complete the environmental review process before development can be approved. To streamline plan review turnaround, the City Planning Department maintains regular interdepartmental review meetings to consolidate feedback to developers and cut down on unnecessary delays.

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

The City has developed a comprehensive strategy through their Housing Element to address these barriers. The City's approach focuses on both policy solutions and practical implementation.

Programmatic Policy Development: The City has amended the zoning ordinance to increase accessory dwelling unit development in single-family neighborhoods. The City continues to

facilitate alternative housing types that respond to Santa Cruz's diverse population and housing needs, particularly focusing on single-person households, low-income households, students, and special housing needs groups. These changes continue to be considered on a case-by-case basis as new development projects are proposed in the city.

Development Fees and Processing Procedures: In the past, the City has provided fee waivers for affordable housing development. In some instances, fees have been deferred for a length of time as a loan and are then repaid when the project is operating. With the dissolution of the Redevelopment Agency, the City currently has no consistent funding source to either waive or provide a loan for these fees. The City is investigating and applying for various state, federal, and private sources to provide financing for the construction of new housing and the provision of supportive services that would help offset the cost of the development fees. The City is working to remove barriers to housing choice vouchers and support strategic siting of new affordable housing that furthers fair housing goals.

The City has strategically distributed these efforts across all 6 districts, with particular focus on downtown revitalization (District 4), transit corridor development, and mixed-use development in high-resource areas, while working to preserve existing affordable housing in at-risk areas. The City has also prioritized the development and marketing of accessible housing, senior housing, and tenant services. Targeted support for vulnerable populations through comprehensive policies supporting low-income families, persons with disabilities, and homeless individuals has also been a focus. Financial assistance programs have been established for rental assistance, including support for security deposits and rent payments, as well as rehabilitation assistance to low-income households when feasible. Through this comprehensive approach, the City aims to create more equitable housing opportunities while preserving community character and addressing the needs of its diverse population.

Discussion

While progress has been made in addressing barriers to affordable housing, significant challenges remain. Housing affordability continues to be a pressing issue, with a large percentage of renters experiencing cost burdens that exceed 30% of their income. The City's geographic constraints, increasing construction costs, as well as labor shortages and rising insurance costs, further complicate development efforts. Despite these hurdles, the City's commitment to zoning reforms, financial incentives, and strategic partnerships positions it to make meaningful progress in expanding affordable housing opportunities. Looking forward, Santa Cruz will continue to refine policies that support housing accessibility, particularly for low-income and vulnerable populations. Efforts to balance housing growth with environmental sustainability and economic stability will remain a key focus. By leveraging funding

opportunities, streamlining development processes, and prioritizing equitable housing solutions, the City aims to create a more inclusive and resilient housing market.

AP-85 Other Actions – 91.220(k) Introduction

This section reports additional efforts the City will undertake during the 2025 PY to address resident housing and community development needs.

Actions planned to address obstacles to meeting underserved needs

The primary obstacles to meeting underserved needs in the City are limited funding and resources. The City will allocate funding to its community program partners and to homeless programs and infrastructure projects to help meet the basic unmet needs of residents. The City is trying to fill the gap in funding provided by the County of Santa Cruz (through the CoC) as the needs of the homeless community of Santa Cruz far exceeds the available ongoing resources.

The City is facing similar obstacles to fill the affordable housing needs of the community. In addition to funding, there is the challenge of limited land supply. This is combined with the need to develop or redevelop in ways that respond to the community's changing housing needs while being consistent with community values and priorities. With the dissolution of Redevelopment Agencies and reduced State and Federal funding, the City's ability to address the extensive housing needs in the community is seriously compromised. Nevertheless, the City remains committed to regularly pursue State, Federal, and other funding opportunities to increase the supply of safe, decent, and affordable housing in the City for lower-income households. To the greatest extent possible, the City leverages the limited funding that is available. Lastly, the City will obtain additional revenue sources through an increase to the local sales tax rate. Currently, two ballot measures are in the process of collecting signatures to enact new parcel taxes and transfer taxes to provide funding for affordable housing programs and projects, programs and facilities aimed at addressing and preventing homelessness, and other costs as outlined in the two measures.

Actions planned to foster and maintain affordable housing

The City will continue to leverage Federal resources with local and State funds and strive to develop other housing resources. The City currently has several activities and programs that will foster and maintain affordable housing:

- **Downtown Library Affordable Housing Project.** The Santa Cruz City Council approved the development of a new library, childcare facility, a mix of 124 extremely low-, very low- and low-income affordable housing units (includes manager's unit), and a parking structure in Downtown. This project will provide the community with a modern library, needed childcare, affordable housing, and parking at a centralized location.
- **Pacific Station North and South Mixed-Use Developments.** Santa Cruz METRO and the City of

Santa Cruz are partnering to redesign the transit center at Pacific Station to develop multi-story, mixed use buildings that would include 195 affordable units. Pacific Station South broke ground in May 2022 and will provide 69 units of housing to households earning 30% AMI or below and up to 60% of AMI and is completed and leased. Pacific Station North is currently in construction and will be providing 126 affordable units. 25% of the units in both projects will be for supportive housing.

- **Downtown Plan Expansion.** The City of Santa Cruz is working on a planning study to consider future redevelopment of the area south of Laurel Street. City objectives related to housing development include providing additional affordable and market-rate housing in the downtown.
- **Inclusionary Housing Ordinance.** Continued application of the Inclusionary Housing Ordinance ensures that new residential developments are providing a percentage of units at affordable rents and sales prices. Also, continued compliance monitoring ensures that affordable rental and ownership housing is retained in the City of Santa Cruz. The City last revised its Inclusionary Housing Ordinance in 2022.
- **Affordable Housing Trust Fund.** The City of Santa Cruz created its Affordable Housing Trust Fund (AHTF) in 2003 to help develop and preserve below-market-rate housing. Over the past few years, the City of Santa Cruz has been able to leverage the AHTF to successfully secure two \$5 million grants from the State Housing and Community Development (HCD) Department for three 100% affordable housing developments in the City's downtown. The City also receives an ongoing annual allocation of Permanent Local Housing Allocation funding from the State of approximately \$300,000 –to \$600,000 per year.
- **Housing Authority SRO Project.** The HACSC has developed a 20-unit SRO (Single Room Occupancy) project on the west side of Santa Cruz. This project will be 100% affordable and will target very low-income households. This project broke ground in 2023 and received TCO (Temporary Certificate of Occupancy) in December 2024 and is fully leased
- **Harvey West Studios Project.** This project will provide services and 100% affordable supportive housing for the chronically homeless at the Housing Matters campus. This project will include a recuperative care center, a behavioral clinic, and 121 studio units for very low-income households (includes manager's unit). This project broke ground in 2024 and is expected to be completed in 2026.
- **Jessie St Apartments.** This project will provide services and 50 units of 100% affordable supportive housing (includes 2 manager's units). This project broke ground in 2024 and received TCO in February 2025 with the expectation that the whole project will be leased by July 2025, including the return of 11 out of 13 former tenants who were relocated during the

constructions process.

Actions planned to reduce lead-based paint hazards

The City will continue to act, as necessary, to reduce LBP hazards in accordance with HUD regulations. Housing units with LBP hazards will have appropriate actions taken to remove, or otherwise abate, the hazard to legally permissible levels. Due to difficulties, and the potential lack of cost effectiveness associated with the prospect of developing a comprehensive inventory of lead hazards, the City has chosen to pursue an approach through which actions are taken to seek out and identify potential hazards, with abatement taking place as promptly and thoroughly as possible, in compliance with all applicable legislation and guidance.

Actions planned to reduce the number of poverty-level families

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

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

Actions planned to develop institutional structure

During 2021-2022, the City and County of Santa Cruz worked together to update the funding allocations for the coordinated approach for the County and City to fund safety net services in the community, called CORE to last from 2022-2025. It emphasizes results and evidence-based spending over 3 years, focusing funding on four priority areas. CORE funding from the City and County will be used to implement practices based on Evidence-Based Practices (EBPs) to improve outcomes for the target populations.

The City will continue to collaborate with the countywide CoC strategy prevent and reduce homelessness in the region. In addition, the City will continue to work with the County, other cities, and community to apply for and secure new federal and state funding sources, to advocate for new revenue sources for housing, to deepen local and regional partnerships, and to support existing and new nonprofit providers that are adding or expanding homeless housing and services in the Santa Cruz. Internally, City Departments use a series of Managed Meetings to promote greater coordination between all City Departments to minimize the duplication and maximize effectiveness of efforts.

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

The City will continue to work closely with its nonprofit housing providers and nurture relationships with for profit developers to help meet the affordable housing needs of City residents. This includes work being done on the Pacific Station North and South mixed use development projects and the Downtown Library Affordable Housing project.

The City will also continue to prioritize CDBG funding on providing services and upgrading infrastructure needs in the Target Areas. The City has a close working relationship with those providers funded both with CDBG and the City General Fund.

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

Discussion

The City of Santa Cruz faces significant obstacles in meeting underserved needs, primarily due to limited funding and resources. The City will allocate funds to community program partners, homeless programs, and infrastructure projects to address basic unmet needs. Affordable housing challenges are compounded by limited land supply and reduced State and Federal funding. Despite these challenges, the City is committed to pursuing funding opportunities and leveraging available resources. Planned actions include developing affordable housing projects, applying the Inclusionary Housing Ordinance, and collaborating with public and private agencies to enhance coordination and support for vulnerable populations. The City also focuses on reducing lead-based paint hazards and supporting poverty-level families through safe and affordable housing initiatives.

Program Specific Requirements

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

Introduction

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

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

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

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	81%

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

1. A description of other forms of investment being used beyond those identified in Section

92.205 is as follows:

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

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

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

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

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

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

The City is not proposing to use HOME funds to refinance debt secured by multifamily housing projects. Since the City of Santa Cruz is a relatively small community, City staff work closely with affordable housing providers and developers to determine what projects may be eligible for HOME Program funding. Additionally, the City sometimes solicits HOME Program applications through its annual Notice of Funds Available and handles any applications received as a part of the Annual Action Plan process, the City will accept applications for HOME Program funding at any time during a Program Year. Although these are processed on a first come, first serve basis, an emphasis is placed on project readiness and consistency with City and Consolidated Plan housing goals.

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

have specific preferences established.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities.

Not applicable.

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

Not applicable.

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

Not applicable.

City of Santa Cruz Housing Element Assessment of Fair Housing and the Consolidated Plan

The City of Santa Cruz’s 2025-2030 Consolidated Plan (Con Plan) and the 2023-2031 Housing Element are key components of the City’s strategy to address housing and community development needs over the next several years. The Con Plan serves as a comprehensive framework for allocating federal funds from the Department of Housing and Urban Development (HUD), to support affordable housing and community development. The 2023-2031 Housing Element, required by the State of California, focuses specifically on ensuring that communities plan for sufficient housing to meet their growing and diverse needs. Both plans aim to create equitable access to housing and resources for all Santa Cruz residents, particularly those who are low-income or experiencing housing instability.

The Con Plan aims to address the issues outlined in the Housing Element and establish policies to ensure these problems are prioritized and mitigated. The Housing Element includes the requirement for inclusion of an Assessment of Fair Housing (AFH). The requirements for the California AFH were modeled on the federal Affirmatively Furthering Fair Housing (AFFH) guidelines and exceed what is required by a federal Analysis of Impediments (AI). By complying California Housing Element requirements, the City of Santa Cruz is therefore in compliance with federal fair housing requirements and is identifying actions that increase fair housing.

Shared Goals

The 2023-2031 Housing Element identified the following factors that contribute to fair housing issues. The table below links these factors to the related Housing Element and Consolidated Plan goals.

Contributing Factors	Related Housing Element Goals	Related Consolidated Plan Needs
Displacement Risk Due to Economic Pressures (High Priority)	Goal 1: Housing Production Goal 2: Affordable Housing Goal 3: Special Needs Housing and Homelessness	Development and Rehabilitate Affordable Housing Units Increase Access to Affordable Housing
Location and Type of Affordable Housing (High Priority)	Goal 1: Housing Production Goal 2: Affordable Housing Goal 3: Special Needs Housing and Homelessness	Development and Rehabilitate Affordable Housing Units Increase Access to Affordable Housing

Housing Conditions and Senior Housing (Moderate Priority)	Goal 1: Housing Production Goal 2: Affordable Housing Goal 3: Special Needs Housing and Homelessness	Development and Rehabilitate Affordable Housing Units Develop and Rehabilitate Housing and Facilities for Unhoused persons Provide Services to Prevent and Reduce Homelessness
Barriers to Housing Choice Voucher Use (Lower Priority)	Goal 4: Housing Assistance	Increase Access to Affordable Housing
Housing Location (Moderate Priority)	Goal 5: Neighborhood Vitality	Healthy Neighborhoods and Residents
Lack of Fair Housing Services (Lower Priority)	Goal 6: Affirmatively Further Fair Housing	Healthy Neighborhoods and Residents
Environmental Hazards and Risks	Goal 7: Resource Conservation and Environmental Stewardship	Resilient Infrastructure and Public Facilities Healthy Neighborhoods and Residents

The Con Plan uses the Housing Element to provide a foundation for addressing the barriers to affordable housing. This strategy includes programmatic policy development, such as amending zoning ordinances to encourage accessory dwelling units and supporting diverse housing types for low-income households, students, and special needs groups. The City also offers fee waivers or deferrals on a case-by-case basis for affordable housing projects and seeks various funding sources for housing construction and supportive services. Additionally, the City focuses on revitalizing downtown, developing transit corridors, and promoting mixed-use development in high-resource areas. A variety of efforts exist to help the City acquire, rehabilitate, build, or subsidize at-risk affordable housing units. Efforts are made to preserve existing affordable housing in at-risk areas and prioritize accessible, senior, and supportive housing.

The activities the City will fund through its Con Plan are not only aligned with the issues highlighted in the Housing Element, which specifically references the CDBG and HOME programs as key resources, but also expand upon the key actions and strategies outlined. Through these shared goals, Santa Cruz envisions a more inclusive, sustainable, and equitable housing future, addressing the needs of its residents while preserving the City's unique character and environment.

Appendices

Appendix A: Community Participation Plan

Appendix B: Community Needs Assessment

Appendix C: Public Notices and Council Approval