



City Council AGENDA REPORT

DATE: March 3, 2021

AGENDA OF: March 8, 2022

DEPARTMENT: City Manager's Office

SUBJECT: Homelessness Response Programming Quarterly Update, Homelessness Response Action Plan, Homelessness Staffing, and Homelessness Response Funding Sources (CM)

RECOMMENDATION:

- 1) Receive updates regarding Council directed homeless response programs and services including the Camping Services and Standards Ordinance (CSSO) and the Oversized Vehicle Ordinance (OVO).
- 2) Adopt Homelessness Response Action Plan (Action Plan), by motion, acknowledging associated funding requirements and sources, including use of the \$14 million from the state for homelessness response.

BACKGROUND:

The City and County of Santa Cruz continue to grapple with the challenges associated with homelessness. Both entities are working independently and collaboratively to expand services that provide appropriate and stable shelter options and connect individuals to the necessary wrap-around services to facilitate pathways to long-term housing. Both the County and City have significantly expanded their operational capacity, adding homeless response staffing; applying for new and additional funding sources; exploring sheltering best practices; and committing a joint, collaborative effort to effect real change. These important steps are necessary to move our region forward in tackling this enormous public health crisis.

The City recognizes the importance of collaboration at the county, state, and federal level, while also understanding the need for local, independent, innovative programming to minimize the number and impacts of unhoused living within the City. On December 14, 2021, the City Council received and approved recommendations regarding City-specific homelessness response programming efforts tied to the Council-approved Camping Standards and Services Ordinance (CSSO) and Oversized Vehicle Ordinance (OVO). Today's report serves as the first of will be a quarterly homelessness response programming update to the Council to ensure the Council and the public have a clear understanding of the ongoing efforts to respond to the homelessness crisis that the City and County are experiencing.

DISCUSSION:

Homelessness response in our region is currently undergoing a significant amount of change. The COVID pandemic has both exacerbated the issue of homelessness and highlighted what is possible when collective resources are applied to the problem. At the onset of COVID-19, the U.S. Centers for Disease Control distributed recommendations to local jurisdictions to leave unsanctioned encampments in place, believing that closing them could disperse illness and disrupt existing support systems. This policy directive resulted in larger, more visible encampments on the streets of cities up and down the West Coast. At the same time, state and federal governments began allocating funding and creating new grant programs to help local and regional agencies rapidly expand shelter capacity, thereby providing a safe location for the most vulnerable to shelter in place. Although this temporary expansion of shelter capacity was a heavy lift for local governments and caused a significant strain on resources, many lessons were learned, including the important role housing stabilization plays in accessing services more readily and regularly, the shared responsibility that the state and federal government have in supporting and funding local and regional homeless response efforts, and the need for regional collaboration to tackle this shared challenge.

The City of Santa Cruz, like other local jurisdictions in California, has been affected positively and negatively by the state and federal responses to the COVID-19 pandemic. The number and size of encampments in the City have grown significantly – the most visible of which is the Benchlands encampment which was established as a result of a court injunction amid concerns of dispersing individuals during the pandemic. The City has also seen the positive side of the state and federal funding. The state and federal funds allowed the City to invest in additional homelessness prevention efforts, such as security deposit and rental assistance, and it funded expanded restroom and hygiene facilities for those experiencing homelessness. Isolation, Quarantine and Vulnerable (IQV) hotels and the Homeless Outreach Service Sites (HOSS+) were also opened in the County and City. During the COVID pandemic, the number of emergency shelter and transitional housing beds reached a peak of 1,008 beds, more than doubling the pre-COVID shelter capacity of 454 beds in Santa Cruz County.

Now, two years into the pandemic, many of those expanded shelter beds have been closed as the COVID-19 specific resources to maintain that capacity have expired. When the City Council directed staff to add 150 shelter beds and safe parking spots in conjunction with the CSSO and OSV ordinances, expanded COVID-19 sheltering resources were in place. But the County, under the strain of the resource limitations, has shifted its focus from short-term shelter to longer-term temporary and permanent supportive housing. In the long run, this shift should greatly benefit those living on the streets and, by extension, the greater community, as there should be fewer individuals cycling through short-term shelters and the streets. But in the short term, this decrease in emergency, temporary shelter capacity places significant stress on the City.

Although the continually changing landscape of shelter capacity has been a challenge, there have been noted positive outcomes as well. As mentioned above, the region has had the opportunity to experience the benefit, albeit short term, of an influx of state and federal funding devoted specifically to homelessness response. In addition, the County and City of Santa Cruz have come to the table to discuss short- and long-term planning and resource allocations. This collaboration, though complex, as both entities have differing mandates and immediate needs, has been a welcomed change and marks a new chapter in collective efforts to solve these challenges together. The path forward must be a regional approach. One example of the regional collaboration has been the City and County working with developers and applicants to pursue

Homekey funds in four project applications throughout the County, including one in the City. The City and County are also working with additional applicants so they are poised for the Homekey round expected in Fall 2022, and some of the upcoming actions and funding support these efforts, both in the City and throughout the County.

As City staff has been navigating this changing landscape and working to operationalize the Council directed homelessness response policies, the need to revisit and update the City's homelessness plan became apparent. Existing plans and recommendations from the 2017 Homelessness Coordinating Committee and the 2020 Community Advisory Committee on Homelessness are both valuable resources that have guided the City's homelessness response. The County's *Housing for a Healthy Santa Cruz: A Strategic Framework for Addressing Homelessness in Santa Cruz County* has also helped shape and inform the City's direction following the Council's endorsement of that strategy document. However, a new, holistic, coordinated, and action-oriented plan that articulates the role of all City departments within the current landscape is needed. To this end, staff engaged in an action planning process and developed the new Action Plan to guide and focus the City's efforts over the next three years.

Contained in this agenda report is a comprehensive update on the City's homelessness response programming, an update on ongoing City-County collaborations, and an overview of the newly developed Action Plan.

UPDATES:

CSSO Implementation

Implementation of the CSSO requires "an available 24/7 sanctioned sheltering location or available homeless persons' storage." Since the ordinance's passage, the Homelessness Response Team has worked to stand up sanctioned sheltering locations to augment limited County shelter options. The team launched the 30-space transitional community camp at 1220 River Street in January and continues the contracting process with the Salvation Army to open a 75-space program at the Armory, including 10 emergency spaces to facilitate enforcement of the ordinance. The team is also working on a second transitional community camp that will host 20-30 sites, as well as expanded shelter capacity on Coral Street. Until additional programs are operational, the encampment at the Benchlands in San Lorenzo Park continues to serve as an alternate location for individuals as the CSSO is enforced in other areas of the City, such as recently closed areas at Lot 27 (northeast corner of Laurel and Front Streets) and behind the Santa Cruz Memorial cemetery. Limited staffing in Police, Public Works, Parks & Recreation, and the City Manager's office poses challenges to the ongoing ordinance implementation, and the team continues to address ad hoc locations on a complaint-driven basis. More information on the efforts to stand up additional sheltering resources and recent enforcement efforts is provided below.

Safe Sleeping Programs

In conjunction with the revision to the CSSO passed by Council on June 8, 2021, direction was given to create 150 emergency shelter beds and an associated storage program. Since the ordinance's passage, the Homelessness Response Team has worked to stand up sanctioned sheltering locations and storage options for individuals living outdoors. Between the Benchlands camp and the 1220 River Street transitional community camp, the City currently exceeds the 150-space capacity required for enforcement. The Council has directed that the sanctioned camp at the Benchlands be closed in favor of full-managed programs in other locations. Additional safe sleeping spaces are currently provided at the Armory, where the City shares costs with the County, and additional capacity will be added there in the near future. Following the Benchlands closure,

the remainder of the required safe-sleeping capacity will be provided through a combination of new transitional managed camps and partnerships with local community-based organizations to expand our existing capacity.

The Benchlands closure, additional safe sleeping sites, and the Action Plan are discussed later in this report.

Armory City Overlook:

At the December 14, 2021 meeting, the Council approved a contract between the City of Santa Cruz and the Salvation Army to run the Armory City Overlook managed camp. This 24/7 camp will have a total of 75 sites, 10 of which will be on-demand for any immediate overnight need. Since approval by the Council, the contract has been in the hands of The Salvation Army, and its internal approval process has taken longer than expected. Given the delay in executing this agreement, the term will need to be adjusted to reflect a six-month contract term commencing when the contract is signed by The Salvation Army. The City has been in recent conversations with the local Salvation Army leadership, and they expressed optimism at being able to get the contract signed and the program operational in the next few weeks.

The City's Homeless and Housing Services Request for Qualifications (RFQ) was created to be open for a year with rolling submission dates. The City has received additional submissions since the first deadline, but no additional application for a large managed camp. The final submission date is June 6, 2022 and the City welcomes additional submissions from local and regional service providers.

The Armory location is itself a changing landscape. Through most of 2021, the City-leased National Guard property hosted three different County-funded emergency shelter programs. Two of these programs have already been closed and the final program may cease operating at that location by the end of this fiscal year. These closures have put a strain on the remaining limited emergency shelter programs and contributed to the continued existence of encampments within the City. Once the City's contract with The Salvation Army contract is executed, the City Overlook camp will open on the site of the former County-funded "Golflands" program. Staff are also planning for the City's Tier 3 Safe Parking program at the National Guard property where the County-funded Pavilion program operated until recently. If the County-funded program inside the Armory building closes at the end of this fiscal year, the City will have access to that space to use for shelter programs.

Transitional Community Camps:

Transitional Community Camps (TCCs) are smaller camps (approximately 20-30 participants each) aimed at stabilizing individuals who are committed to work toward change. These TCCs are small by design to ensure participants have sufficient access to the critical case management services needed to connect them to supportive services and to get them on an effective pathway to housing. TCC's allow for more hands-on case management services and also help to mitigate impacts on surrounding areas, thereby helping to address some of the community concerns often associated with siting shelters.

The City's first TCC has been open and operational since the beginning of this calendar year. It is located at the City-owned 1220 River St. property and currently has 30 participants. This low barrier camp offers basic services such as showers and cooking facilities, with staff providing daily oversight and case management. A cohesive camp community and camp council has been

established, with participants working together to maintain the facilities and support one another in adhering to the rules and expectations.

The TCC model is founded on a commitment by participants to engage in case management. Participants are required to meet with staff weekly to assess progress on their individual service plans. Such case management is essential to assist the participants in connecting with and advocating for access to available services. Although the 1220 River TCC has only been operational for a few weeks, some very positive outcomes have already been achieved. To date, three participants have exited to more stable shelter/living environments, two participants have obtained housing vouchers, and two participants have been referred to Janus' addiction treatment services. In addition, the County recently expanded access to federal Housing and Urban Development vouchers in advance of a February expiration, and the City team jumped into action, facilitating the acquisition of vital documents for 1220 River St. participants and completing voucher referrals to the Housing Authority. It will take a few weeks to know how many of the voucher referrals from this time-constrained push will be approved, but staff expects that a handful of 1220 participants will gain access to housing vouchers.

Based upon the success and learning from piloting this model at 1220 River, additional TCCs could be opened in the coming months. The next TCCs are envisioned to be designed for focused clientele, such as individuals with mobility challenges, women only, or unhoused individuals who are in substance abuse recovery and are seeking a sober environment. The decision as to what population the additional TCCs will target will be based on a number of factors, such as site assessment and outreach staff's assessment of demand.

Housing Matters' Shelter Expansion

Recently, the City, the County, and Housing Matters have engaged in collaborative discussions around providing an additional capacity of 30 shelter beds as a part of Housing Matters' current operations. This proposed program will utilize Pallet Shelters (or similar sleeping structures) and will include the other necessary infrastructure to support the program. This new 24/7 shelter will be operated by Housing Matters, offering program participants access to Housing Matters' staff who will provide case management and housing navigation. Housing Matters is a highly experienced local shelter provider with existing contracts with the County that can be further leveraged. In the City's open Homeless Services RFQ there have been proposals for managed camps, but there have been no responses from experienced shelter operators that include case management and housing navigation services. The specific details and budget for this new shelter program are still being developed, but the plan is to use a portion of the \$14 million in state funding to purchase the Pallet Shelters (or similar structures) and cover the first year's operating costs.

OVO Implementation and Safe Parking Program (Tier 1, Tier 2 and Tier 3)

The OVO was adopted by Council on November 9, 2021. The key elements of the OVO include parking restrictions on City streets between midnight and 5 a.m., a new residential permit program, and the restriction of discharging sewage or greywater on streets or in storm drains. The Council also directed staff to launch a three-tier safe parking program to allow oversized vehicles a legal overnight parking option within the City limits.

In the Coastal Zone, parking regulation changes are considered "development" under the Coastal Act, and parking regulation changes trigger a Coastal Permit. Because the ordinance includes changes to parking allowances in the Coastal Zone, a Coastal Development Permit is needed. A Coastal Permit and Design Permit are also triggered to implement Safe Parking Program spaces

in the Coastal Zone. The Zoning Administrator approved the ordinance's Coastal and Design Permits, but the decision was subsequently appealed by two parties, and they will now go to the Planning Commission for review.

The Planning Commission is scheduled to hear the item on March 3, 2022, so a verbal update on the status of the applications will be provided to the Council at the March 8th meeting. If the Planning Commission approves the permits, the decision can be appealed to either the Council or directly to the Coastal Commission. If appealed to the Council, a Council approval would still be appealable to the Coastal Commission. Enforcement will begin following the conclusion of the appeals process, assuming permits are approved, and following completion of the following steps: establishment of a rate structure for residential permits via Council resolution (April 2022); rollout of the residential permit program, including public education (as soon as mid-May 2022, but dependent on the timing of the Coastal and Design Permits); augmentation of staffing and operations for safe parking (July 2022); and installation of applicable signage (Summer 2022).

Although the full OVO cannot take effect until the appeals process is complete, the Safe Parking programming portions of the ordinance have been activated and will be expanded in the coming months. These newly established Tier 1 and 2 programs are seen as pilot programs to hear from participants and help staff assess demand, feasibility, costs, and service provision needs. Prior to full OVO implementation, the City will continue to cite out-of-compliance vehicles, and Police will encourage individuals to make use of the safe parking locations.

Tier 1 Emergency Safe Parking (3 spaces total): Emergency, night only parking spots have been designated in the Santa Cruz Police Department (SCPD) parking lot. SCPD is administering the Tier 1 program and interested participants can contact SCPD directly.

Tier 2 Multiple Safe Parking Sites (30 spaces total): The Tier 2 program has been opened in two downtown City parking lots (#4 and #5 - on either side of Cedar Street, between Cathcart and Lincoln Streets) with the initial pilot containing three spots in each lot. In this initial phase, the program is being administered jointly by the City Manager's Office and the Parking Division of the Public Works Department. In the longer-term as safe-parking expands, a dedicated program manager will need to be hired. In the pilot, participants in the Tier 2 program are able to stay overnight for up to 30 days, with extensions possible based on availability. Program parking spots have designated signs and participants are given permits to display in their windshield. After an initial pilot period, the number of spaces at these locations and the opening of additional locations for safe-parking are anticipated, as dictated by demand. At this time, we are planning for locations to be limited to approximately three to six spots, even though some locations could potentially accommodate more vehicles.

Tier 3 Operator Supported 24/7 Safe Parking Site (number of spaces still to be determined, up to 30): The third tier of the Safe Parking Program is designed to provide more stability to participants, so they may be better able to connect to services. This 24/7 parking program is tied to case management and will be administered by an outside service provider. The siting of the Tier 3 program is currently set for the front parking lot of the Armory. This location has been in use as an emergency shelter inside a state-issued pavilion tent. The County closed operation of this shelter on February 28th, but the program infrastructure is still in place. Currently, the site is expected to be available to the City in approximately one month. The City is in the process of determining the capacity of this site. As it is a 24/7 program, staff does not anticipate that oversized vehicles will

be coming and going from this site on a daily basis, limiting the impact on neighborhood traffic. This program is not designed as a long-term recreational vehicle or mobile home park where participants can stay indefinitely. Program participation will be limited to six months, providing participants stability and time to access services. The goal is to provide case management and connect program participants to more stable shelter and, ultimately, housing.

In response to the City's open Homeless and Housing Services RFQ, two vendors submitted Tier 3 Safe Parking proposals during the February submission deadline. Staff have reviewed the submissions and are in the process of following up with the vendors. Staff expects to bring a contract for a Tier 3 operator to Council at the next quarterly homelessness programming update in June. Staff should also have a better understanding of the status of the Coastal and Design Permits' status at that time.

Encampment Management

A number of events related to encampment management have occurred since the Council's last homelessness agenda item on December 14, 2021. On December 13, 2021, the City implemented an emergency operation to evacuate unhoused individuals in the low-lying areas along the San Lorenzo River due the flood risk created by rising water levels from a winter storm. The City established an immediate short-term evacuation shelter at the River-Front parking garage which is located directly across from the Benchlands encampment and connected by a pedestrian bridge. Approximately 40 people were relocated to that shelter. The City then set-up a short-term evacuation shelter in the parking lot at Depot Park where those who were evacuated were able to remain until January 19, 2022 when the concern for a subsequent flood event subsided, and this camp was closed. During this time, the low-lying areas of San Lorenzo Park that were evacuated were closed and the City worked to ensure that encampments did not redevelop in these areas.

On January 19, 2022, the City was required to close Lot 27, including the encampment around the lot, due to the Pure Water Soquel pipeline project moving through that location. The persons camping in this area were provided advance notice, and City Homelessness Response Outreach staff reached out to assist in facilitating a move to the Benchlands for those who were interested.

On January 26, the City completed a closure of the encampment behind the Santa Cruz Memorial Cemetery to perform an environmental clean-up and mitigate pollutants from entering the river as a result of run-off from winter storms. As with the closure of Lot 27, City staff provided advance notice and conducted outreach to those camping in the area to facilitate a move to the Benchlands area if they were interested. The clean-up effort at the cemetery encampment was conducted by an outside contractor, who completed the project in approximately two weeks and removed 95 tons of refuse from the area, at a cost of approximately \$85,000.

Benchlands Sanctioned Camp next steps

The sanctioned encampment in the lower portion of the San Lorenzo Park known as the Benchlands has been in its current location since April of 2021. Although the court injunction that forced the creation of this camp has been lifted, the region has lacked the available shelter capacity necessary to fully close the encampment. Instead, this encampment has continued as a central site for those living unhoused within the City limits and as an alternative when other unsanctioned encampments need to be closed, as was the case with Lot 27 and the cemetery encampments in January. Limited services such as trash collection, portable toilets, and water have been provided. The Benchlands sanctioned encampment was never intended to be long-term, and with the creation of new emergency shelter capacity through the CSSO, Benchlands campers will be offered more

stable, appropriate shelter locations when the Benchlands is closed in Summer 2022. Through the establishment of sufficient emergency shelter capacity across the region, our goal is to eliminate the use of the Benchlands for purposes of emergency shelter and restore the area as a community park.

Homelessness Response Action Plan

Process

Recognizing the changing landscape of homelessness response as well as the new role the City is playing in shelter provision, staff took the important and necessary step to create the Action Plan to help guide the City's homelessness response for the next three years. Using outreach, research, and findings from the Council's Homelessness Coordinating Committee, the Community Advisory Committee on Homelessness (CACH), California's *Action Plan for Preventing and Ending Homelessness*, and the County's three-year strategic plan (*Housing for a Healthy Santa Cruz: A Strategic Framework for Addressing Homelessness in Santa Cruz County*) as a foundation, staff facilitated a process to identify and prioritize the short-term actions needed to ensure the City's contributions to the homeless crisis are appropriate, effective, and aligned with mutual priorities between the City and County.

The first step in the process of creating this Action Plan was to request feedback from staff throughout the City in all classifications. The voices of staff whose roles and responsibilities are impacted daily by the homelessness crisis is greatly valued, as are the voices of staff who receive regular feedback from constituents regarding the impacts felt in the community. Staff was requested to provide proposed goals, services, projects, and policies that the City should focus on in the next three years.

A two-part facilitated workshop was developed to help management and homelessness response team staff compile and deliberate on the contributions brought forth from the City's workforce. The first workshop was a brainstorming session to ensure all services, projects, and solutions could be presented and considered. No idea was too small or too large for consideration. After the first workshop, the brainstorming outcomes were categorized, integrated, and consolidated to create priority actions and objectives to support those priorities. Also, through the process of the first workshop, a series of values were illuminated and used to create a mission statement for the City's homelessness response efforts.

At the second workshop, the mission, values, priority areas, and objectives were presented, reviewed, and amended. The next step was to create a document that provides sufficient information to explain the priority areas and objectives so as to make the document not only a guide for City staff, but also digestible for the general public so as to ensure transparency and accountability. The result is the Action Plan attached herein.

Summary of Action Plan

The Action Plan commits the City's homelessness response to balancing individual needs and community impacts from prevention to exit, centering on the values of collaboration, health & safety, economic vitality, fiscal responsibility, practicality, resource stewardship, and transparency. Action areas include: Building Capacity and Partnerships, Permanent Affordable and Supportive Housing, Basic Support Services, Care & Stewardship, and Community Safety.

The Building Capacity and Partnerships action area focuses on the City's response to homelessness and housing stability, including actions aimed at creating greater internal

coordination and alignment of services, while expanding the City's overall capacity and effectiveness.

The Permanent Affordable and Supportive Housing action area highlights that affordability and availability are two of the most significant contributors to the region's homelessness crisis. Santa Cruz is a leader in taking proactive and innovative approaches to expanding permanent affordable and supportive housing, and this goal speaks to advancement and continuation of the City's longstanding commitment to expanding housing opportunities in the community.

The Basic Support Services action area addresses the provision of effective care and support services, including basic hygiene, shelter, and storage facilities, that play an integral role in breaking the cycle of homelessness and connecting unhoused residents to the support they need to work towards permanent housing.

The Care & Stewardship action area addresses the necessity of effective care and support for our community's homeless residents to support securing permanent supportive housing, as well as the vital role of managing local habitat restoration in protecting our environment.

The Community Safety action area focuses on developing key partnerships with the County and local agencies and creating new response models that are necessary to keep Santa Cruz a safe environment for all, including enforcement of local ordinances and regulations.

This newly developed Action Plan will help guide the City through the next three years of homelessness response. The Action Plan does not promise ending homelessness in Santa Cruz, nor will it be able to fully end the occurrence of unsanctioned encampments. The current homelessness crisis cannot be solved at the local level alone. But this Action Plan will help provide staff a clear trajectory and pathway to focus on the action items that fall within the City's ability and scope. The Plan includes increased staffing for the Homelessness Response Team, but each department in the City will continue to be engaged in implementation of the plan. The Plan also includes advocacy components to achieve reform and garner support and collaboration at the county, state, and federal levels. For the Action Plan to be successful, it will also require the support of the community, including the establishment of shelter sites, expansion of affordable housing opportunities, and understanding the need for additional resources to sustain the new programs set forth in the Action Plan.

Organizational Capacity

The Action Plan identifies the need for a number of new staff positions dedicated to the City's Homelessness Response. Currently, other than a handful of designated employees and temporary workers within the City Manager's Office, homelessness response is an amalgamation of decentralized work spanning twelve City departments. The organizational backbone outlined in the Action Plan is absolutely needed to move to a proactive, integrated support model. While a cost analysis is currently in process, initial estimates of total costs budgeted and absorbed across all departments is \$13.8 million in FY 2022, with approximately 73% of that being estimated costs that are absorbed by departments as they participate in homelessness response work such as outreach, calls for service, transportation, clean-up, remediation, hygiene station deployment, and management, enforcement, etc.

A key part of the Building Capacity and Partnerships action area is a phased approach, with the first step being funding a more robust central administration, dedicated outreach and sheltering

staff, specific resource and land management experts, plus community safety. Additionally, key service areas will be supplemented and in some cases supplanted with vendor resources via competitive proposal processes. With this foundation, the integrated team will lead an effort to re-engineer service delivery with the goal of delivering a transparent and sustainable homelessness response budget by June 2023 (FY 2024).

The Outreach & Shelter Specialist I/II (2.0 full-time equivalents - FTEs - consisting of 2 at 75% and 1 at 50%) will perform outreach and para-professional case management to unsheltered individuals within the City and will be responsible for implementing programs related to the City's sanctioned shelters and encampments. The Resource & Land Management Specialists (2.0 FTE) responsibilities will include response and abatement of illegal encampments, preservation of public lands and environmentally sensitive areas, and restoration of impacted areas. The establishment of this team will reduce the need to pull staff from multiple departments to provide these services.

The Building Maintenance Worker II (0.5 FTE) will be responsible for maintaining the proper function of the physical infrastructure of City safe-sleeping and safe-parking program sites. The Community Relations Specialist (0.5 FTE) will support the Communications Manager in developing and disseminating regular communications updates to the Council and the public on homelessness-related issues and will support community input and engagement efforts related to specific projects.

The Action Plan also calls for adding two full-time Community Services Officers (CSO) to expand the capacity of the CSO team to provide proactive support in homelessness response and enforcement of City municipal code, working in coordination with County outreach, City Outreach and Shelter Specialists, Resource & Land Management Specialists, and the Police Department. Expanding the CSO team will also allow for an increased presence in the downtown.

The implementation of the Action Plan also necessitates some organizational restructuring and changes to existing positions. First, the current Management Analyst (65% FTE) position will be replaced with a higher level Homelessness Response Coordinator position that will be responsible for the operational management of the City's sanctioned encampments, transitional community camps, safe parking programs and ensuring the successful implementation of the City's homelessness response policies and projects across City departments. Second, the staffing plan proposes to convert the vacant Assistant to the City Manager position in the City Manager's Office to a Deputy City Manager I with, among other responsibilities, overall management of the Homelessness Response Team. Last year, the City expanded the Director of Planning and Community Development position to include homelessness response in a newly created role of Deputy City Manager II. While this change has been successful in providing effective executive management of homelessness response functions, the volume of work related to homelessness response and managing the Planning and Community Development Department is unsustainable in the long-term, particularly with the City's expanding role in homelessness response, as detailed throughout this Action Plan.

The additional needed organizational capacity to support the Action Plan and brought via these recommended position changes are further detailed in a separate Human Resources personnel staff report.

Objectives and Costs

Many of the objectives found in the Action Plan impact staff time but do not incur direct financial cost, such as coordination with the County and internal planning and prioritizing. But other objectives will have associated cost, therefore, a fiscal component was added so that both the Council and public understand the fiscal impacts that implementation of this Action Plan will have on the City over the next three years.

The Action Plan incorporates previous direction from the Council, including from the CSSO, OVO, and related actions authorized on December 14, 2021. In the first year, July 1, 2022 - June 30, 2023, the estimated costs associated with implementing the Action Plan totals approximately \$14.56 million, of which \$7.33 million is capital investments, and \$7.22 million is operational expenses. The capital investments include activities, such as property acquisition on Coral Street, purchase of shelter infrastructure (such as Pallet Shelters or similar), hygiene bay repair at 117 Coral Street, and design and pre-development work for a navigation center and other improvements on Coral Street.

The operational expenses include priorities such as new staff positions focused on resource and land management, outreach and case management, and community safety. It also includes resources to contract with the County for expanded mental health response in partnership with Santa Cruz Police. The Action Plan further identifies critical supplemental capacity needed from vendors, working with departments in areas such as refuse management, environmental protection, and vehicle abatement. Nearly all of the first year expenses will be funded by the \$14 million allocation from the State of California, with the remainder from American Rescue Plan Act and general funds. Subsequent year operating expenses are presently unfunded and a sustainable revenue stream will need to be identified to maintain these services over the long-term. An attached spreadsheet details the expenditure descriptions, approximate costs, and funding sources. Additional information on the expenditures of the \$14 million from the state is included below.

Work in the homelessness space, particularly as the City expands into the delivery of new and expanded services, must be dynamic. The Action Plan is intended to be flexible and adaptable, responsive to emerging needs, informed by what is working, and positioned for leveraging opportunities.

Regional Collaboration on Homelessness & \$14 Million from the State

The scope and scale of homelessness must be addressed collaboratively, with a range of governmental and non-governmental partners. The City continues to engage with many of the partners who help to address homelessness in our region, including regular meetings with the County regarding the allocation of the \$14 million provided by the State of California to the City of Santa Cruz in the current fiscal year for homelessness response work.

Following a meeting with Assemblymember Stone and Senator Laird in late October 2021, the City and County have held regular discussions focused not only on allocation of the state funding but also on improved understanding of roles and responsibilities. Through those discussions, the City and County agreed on the use of the \$14 million to enhance and expand our collective homelessness response efforts. The plan agreed upon includes permanent infrastructure investments, funding for predevelopment work to jumpstart low-barrier interim housing and permanent supportive housing and expansion of operational capacity.

As noted above in the discussion of the Action Plan, the spending of the \$14 million is focused on making infrastructure investments and structural increases to organizational capacity to create and/or link unhoused individuals and families to stable housing, including: (1) expansion of the Coral Street Campus and increasing low-barrier, housing-outcome-focused sheltering capacity; (2) structural investments to expand operational capacity to shift to a consistent and proactive approach to addressing unsheltered homelessness in our community; and (3) a funding pool to support predevelopment for low-barrier interim housing and permanent supportive housing projects. Additional information is provided in a spreadsheet attached to this report, though a few items are discussed below in more detail.

Acquisition of property on Coral Street will be a key focus of the funds. The additional land will facilitate expansion of homelessness services in the immediate area. To help guide investments and development decisions on the properties currently under control and on those sought, the money from the state will also help fund a Coral Street design charrette that will result in a vision and master plan for the campus that will be presented to the Council and County Board of Supervisors. Future land use changes and entitlements will still be necessary after acceptance of the master plan; however, the plan will help provide a path for upcoming investments, subject to those future land use decisions. The City has prepared a Request for Proposals (RFP) for the design charrette work. The draft has been reviewed by the County, and we are completing internal legal and risk management reviews before circulating the RFP, which is expected to occur late this month.

The second area of focused investment will be the creation of a \$500,000 predevelopment funding pool to support the predevelopment work for low-barrier interim housing and permanent supportive housing projects with Santa Cruz County.

The third focus area consists of structural investments to expand operational capacity for emergency shelter for individuals and families. This includes the additional allocation of resources outlined previously to implement the Action Plan. This includes: additional shelter infrastructure procurement, funding the shelter operations at the Armory building, safe-sleeping and safe-parking programs, expansion and stabilization of interdepartmental operational capacity related to homelessness response, and expanding capacity and partnerships through legislative advocacy and communications infrastructure. The \$14 million allocation from the State would be used to cover the operational costs included in the Action Plan for one year. The City would need to fund subsequent years through a new revenue measure, or other sources would need to be identified.

The City also recently learned that the County's Encampment Resolution grant proposal submitted on December 31, 2021 was approved and awarded \$2.3 million. City staff collaborated with the County staff in the development of this proposal, and the Council provided a resolution in support of the proposal submitted to the State of California. The work plan for this project includes targeted outreach to individuals living in encampments along the San Lorenzo River by a rapid rehousing team, who will work to develop an individualized housing plan coupled with housing scholarships to remove financial barriers impeding progress towards securing stable housing.

The Santa Cruz County Point-in-Time (PIT) Homeless Census was completed on February 28, 2022. This is the first PIT Homeless Census since January 2019, as the COVID pandemic delayed the PIT Census schedule in January 2021. The results of the PIT Census will be available later this spring, and they will provide important new data to inform our homelessness

response planning. At least six City staff members participated in the PIT Census canvassing on February 28, as did at least four Councilmembers.

Health in All Policies (HiAP)

HiAP is a collaborative approach to improving the health of all people by incorporating health considerations into decision-making across sectors and policy areas. HiAP is based on 3 pillars: equity, public health, and sustainability. The goal of HiAP is to ensure that all decision-makers are informed about the health, equity, and sustainability impacts of various policy options during the policy development process. The actions and approaches support the pillar of equity by providing services, such as safe sleeping, safe parking, and case management services that support individuals experiencing homelessness. They support public health by providing mental health, case management, and hygiene resources to those experiencing homelessness. The actions and approaches support sustainability by providing resource and land management staff, shelter, and hygiene resources, thereby decreasing the amount of litter, debris, and human waste that is disposed of improperly. Therefore, these actions and approaches are consistent with the three pillars of HiAP.

FISCAL IMPACT:

Below is a list of funding sources being used or sought to support Council-directed local homelessness response efforts as well as the costs associated with implementation of the Action Plan.

- The special allocation of \$14,000,000 from the California State legislature has provided a significant level of one-time support for local homelessness response efforts. The City and County have collaborated to finalize the priority areas for use of these funds. Although some funds will be used for program support, these monies will primarily be utilized to create long-term siting and shelter options. The County and City have agreed to use this state funding to purchase land along Coral Street for expansion of homelessness response infrastructure and services, fund the construction of the Housing Matters hygiene bay, purchase Pallet Shelters (or similar sleeping quarters), fund one year of operations of additional shelter capacity operated by Housing Matters, and fund the creation of an expanded City homelessness response team. Additional information is contained in the attached spreadsheet.
- Community Development Block Grant (CDBG) funding has provided a significant level of support to both homeless response expenses and infrastructure. The CDBG Pandemic Response funding from Fiscal Year (FY) 2021 was used to reimburse just under a million dollars of the City's homeless-specific COVID expenses (including the cost associated with the Benchlands camp through 2021). FY 2022 CDBG funds were used to purchase two mobile shower units, one standard and one accessible that will be used at the Transitional Community Camps or other shelter facilities. Staff have submitted a grant application for FY 2023 CDBG funds to help cover additional infrastructure costs associated with the CSSO and OVO programs, which could also be used to support Action Plan infrastructure costs.
- A budget appropriation was approved by Council on December 14, 2021 to utilize American Rescue Plan Act (ARPA) funding allocated to the City to implement the CSSO and OVO programming. These funds are currently supporting the opening and operation of the City Overlook 75-bed shelter, the 1220 River Street Transitional Community Camp, as well as the safe parking programs.

- Congress allocated some of the ARPA funds to be administered through the HOME Investment Partnerships Program. The City qualifies for approximately \$1,400,000 in these HOME-ARP funds to help support building new affordable housing units. These funds will be used to support some of the objectives in the Permanent Affordable and Supportive Housing action area within the City’s Action Plan.
- The County has taken important steps to apply for newly available funds. Recognizing the need for additional shelter and services, the County has sought and received funding for their “Rehousing Wave” aimed at connecting those who were in the COVID sheltering to vouchers and housing as well as behavioral health program funding, providing expanded mental health services to those living on the streets. The Council approved the City’s support of an additional funding opportunity applied to by the County to increase case management and services specifically to homeless encampments. All of these County efforts to seek funding for existing gaps in service will greatly benefit those living on the streets and the City by extension.
- Staff is regularly seeking additional possible funding sources to support these Council-directed programs.
- The Action Plan incorporates previous direction from the Council, including programs and costs related to the implementation of the CSSO and OVO ordinances and other action authorized on December 14, 2021. In FY2023 (July 1, 2022 - June 30, 2023), the total estimated cost associated with implementing the Action Plan is approximately \$14.56 million, of which \$7.33 million is capital investments, and \$7.22 million is operational expenses. The one-time allocation for \$14 million from the State of California will cover the bulk of the first-year costs with implementing the Action Plan, with the remainder being drawn from CDBG, ARPA, and General Fund. The costs of implementing the Action Plan after FY2023 will require additional funding, as detailed in the attached spreadsheet.

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ATTACHMENTS:

- 1) Homelessness Response Three-Year Action Plan DRAFT
- 2) Homelessness Response Three-Year Action Plan Cost Projections DRAFT