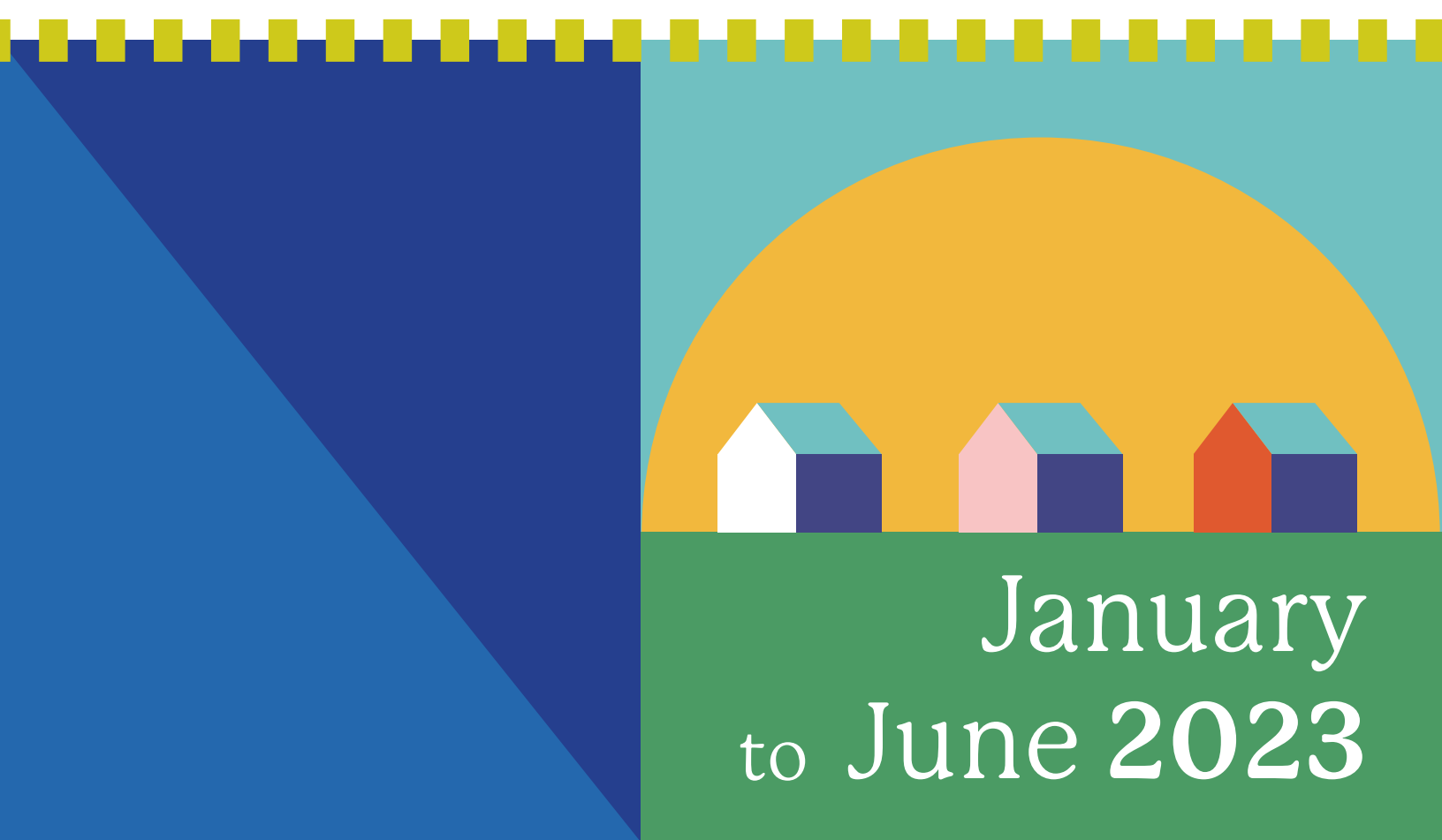
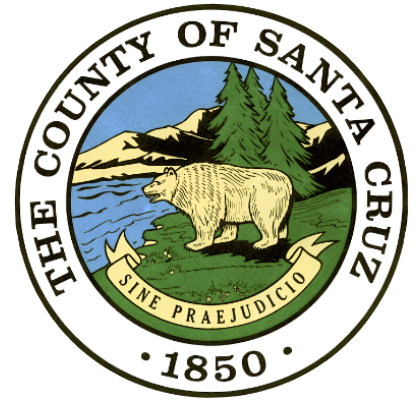


Housing for a  
Healthy Santa Cruz

# Six Month Update Report



January  
to June 2023

## Background

On March 9, 2021, the Santa Cruz County Board of Supervisors (BOS) approved the Housing for a Healthy Santa Cruz three-year strategic framework (January 1, 2021 – December 31, 2023) to address homelessness within the County. The Housing for Health Division of the Human Services Department supports implementation of this framework and provides the BOS updates every six months. This is the fifth six-month report related to framework implementation and covers the period January 1, 2023, to June 30, 2023.

## Overall Goal and PIT Counts

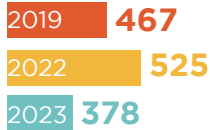
The Framework established a three-year goal of a 50% reduction in unsheltered homelessness and a 25% reduction in homelessness overall between the 2019 Point-In-Time Count (PIT) of persons experiencing homelessness and the 2024 count to be conducted in January 2024. PIT Counts are federally-required, estimated counts of the number of households and individuals experiencing homelessness on a single night. The 2023 PIT Count showed an overall decrease in the number of people experiencing homelessness: nearly 22% compared to the 2022 PIT Count, from 2,299 in 2022 to 1,804 in 2023. This represents a 17% reduction from the 2019 Count. The 2023 Count represents the lowest count since this report methodology was first used in Santa Cruz County in 2011.



1

## Homeless Persons Over Time (PIT Counts)

### Sheltered Persons



### Unsheltered Persons



### Total Homeless Persons

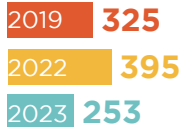


Figure 1 shows how the number of homeless persons changed over time in three PIT Counts (2019, 2022 and 2023). The number of sheltered individuals is lowest in 2023 due to the closure of COVID-related shelters in 2022.

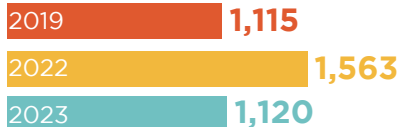
2

## Homeless Households Over Time (PIT Counts)

### Sheltered Persons



### Unsheltered Persons



### Total Homeless Persons



Figure 2 shows how the number of homeless households (groups of people that want to live together) changed over time in three PIT Counts.

The number of households experiencing homelessness in 2023 has not declined as much as the number of people experiencing homelessness, indicating a more substantive decline in multi-person rather than single person households. Even with the positive reductions seen in the 2023 count, the County is far from reaching the overall goals outlined in the Framework.

The 2023 PIT Count showed reductions in the number of people experiencing homelessness in all geographic areas of the County, except for Watsonville and the County Office of Education. Watsonville showed a 15% increase in overall numbers between 2022 and 2023. Most of this increase is attributable to increasing levels of homelessness among Hispanic/Latino(a) households with children. The percentage of people experiencing homelessness in the PIT Counts that identify as Hispanic/Latino(a) also increased from 33% in 2019 to 44% in 2023. The increased percentage of Hispanic/Latino(a)s experiencing homelessness mirrors a trend seen in many jurisdictions in California.

Among unsheltered households in the 2023 Count, 46% were sleeping in a vehicle, an increase of 8% when compared to the 2022 count. Households living in vehicles are more likely to have one or more member with employment and to have more income and assets than those without vehicles.

Twenty-five percent of individuals surveyed in the 2023 PIT count were involved in the criminal justice system in the past 12 months. This represents a reduction from the 34% of survey respondents in 2022. The recently released California Statewide Study of People Experiencing Homelessness (June 2023) found that 30% of survey respondents experienced time in jail or prison during their current episode of homelessness. The report recommends a greater focus on transitions from institutional settings to prevent and reduce homelessness.

### System Capacity and Performance

The Framework established goals for Housing for Health System Capacity and performance. The capacity goals and current state are listed in **Figure 3**. There has been a slight increase in rapid rehousing capacity over the past six months and no increases in temporary or permanent supportive housing. The number of very low-income housing units issued construction permits increased to 473 from 156 since the last six-month update.

## 3 Framework Capacity Targets and Current Capacity

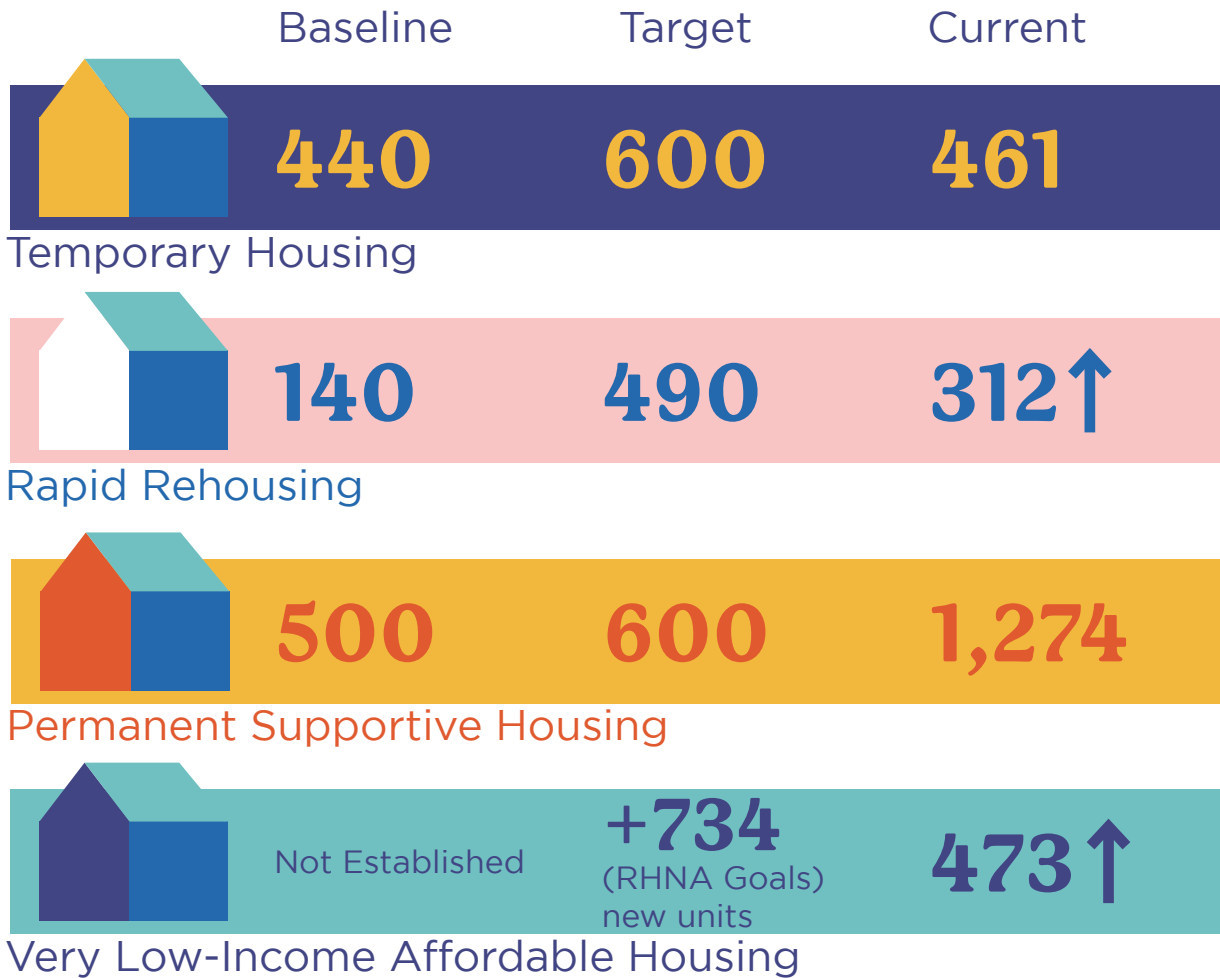
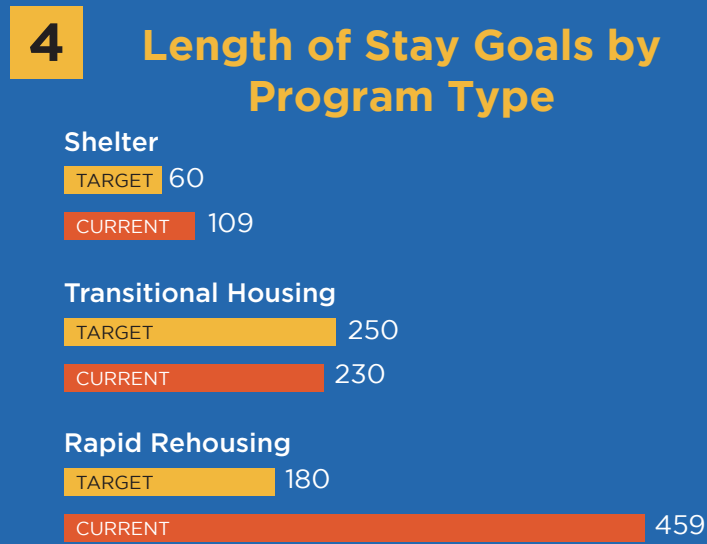
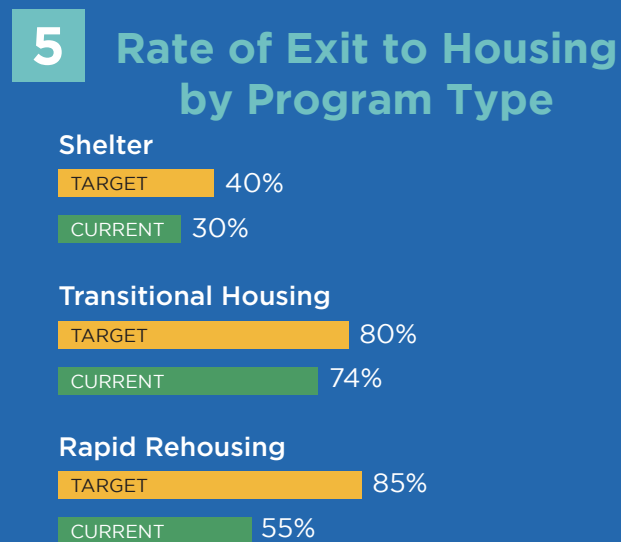


Figure 4 shows Framework goals for length of stay by program type and the value over a 12-month period ending June 1, 2023.



Average shelter and transitional housing lengths of stay have declined over the past six months while rapid rehousing lengths have increased slightly. The average transitional housing length of stay is below the Framework goal. However, declines in lengths of stay only help with the overall goal of reducing homelessness if declines coincide with increased programs exit to permanent housing.

Figure 5 shows the percentage of participants in particular program types exiting to permanent housing over the 12-month period ending June 1, 2023.



The rates of exits to permanent housing among these program types have remained stable or improved over the last six months.

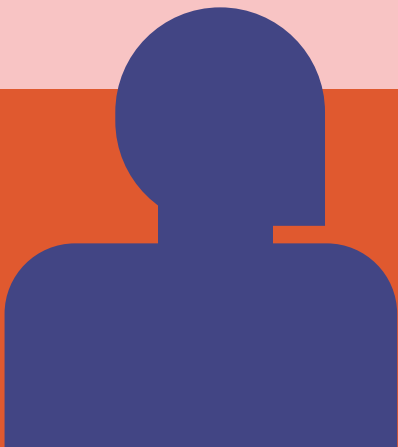
The slight increases in capacity coupled with diminished lengths of stay and improved or stable outcomes likely contributed to the reductions in overall homelessness seen in the County. Over the past six months, Housing for Health launched a centralized Housing Assistance Fund program to help agencies and their participants with one-time expenses that support move-ins to permanent housing. The fund helps reduce financial barriers for returns to permanent housing and likely contributed to slight improvements in outcomes.

Most programs serving people experiencing or at-risk of homelessness within the County collect data in the local, federally required Homeless Management Information System (HMIS). The system includes an annual performance report that summarizes the collective impact of all the programs in a specific timeframe.

For the period, July 1, 2022 – June 30, 2023, the HMIS report indicates 4,515 people received services, including the following:

<b>3,403</b>	<b>Adults</b>
<b>1,100</b>	<b>Children</b>
<b>214</b>	<b>Veterans</b>
<b>909</b>	<b>Chronically Homeless Persons</b>
<b>278</b>	<b>Youth between ages 18-25</b>

Among the 2,449 program exits during this period, 911 exited to permanent housing (37%), 96 exited to temporary housing with friends or family, and 73 exited to an institutional setting (hospital, jail, foster home, behavioral health treatment, skilled nursing). Thirty-seven percent of those that exited left without their exit destination identified in the system. The most common reason for unknown exit destinations is that participants leave a program before staff find out their destination.



## Investments and Impacts (See Attachment 1 for more details)

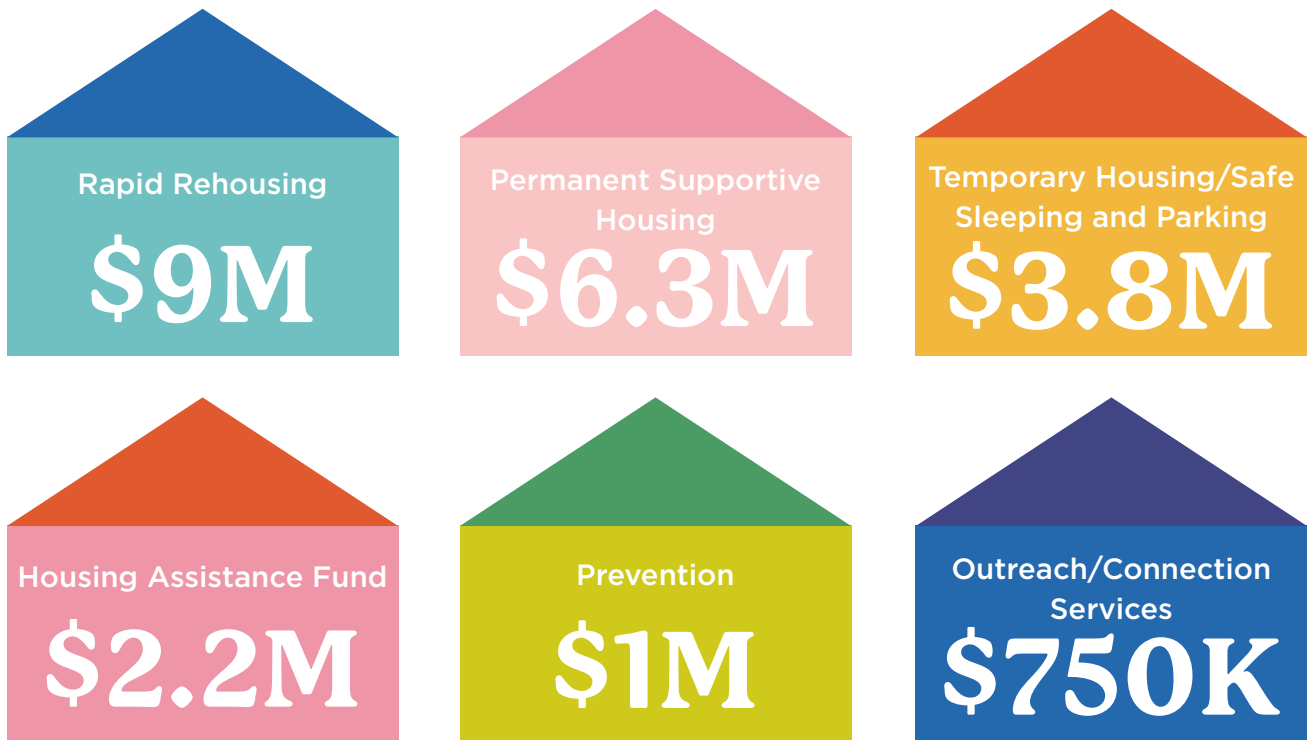
During the period July 1, 2022 – June 30, 2023, the Housing for Health Division supported more than 44 unique, direct services programs and contracts with annual budgets over \$23M. Among the \$23M budgeted, an estimated \$6.5M was focused on southern Santa Cruz County (Soquel and south) and \$16.5M on the northern part of the County. About \$2.1M (11%) of the budgeted programs are funded with local general fund dollars with roughly \$400K in city contributions and \$1.7M of county funds. Federal and state funding cover the remaining budgeted costs.

These figures only include programs directly managed by Housing for Health staff, Housing and Urban Development (HUD) Continuum of Care (CoC) programs, and housing programs funded by Santa Cruz CORE funds (general fund).

Figure 6 breaks out the budgeted dollars for different program types.

6

### FY 22-23 Budgets (Approximate) by Program Type



Nearly 90% of the funding comes from federal and state sources. Many of these funding sources restrict the use of funds to specific program types. Rapid rehousing programs couple supportive services with short-term rental assistance. Most rapid rehousing budgeted funds cover short-term rental assistance. Most rapid rehousing programs in Santa Cruz County serve households with children (families).

Permanent supportive housing budgeted activities cover services and flexible participant funding with long-term rental assistance covered by the Housing Authority of the County of Santa Cruz.

Temporary housing/safe sleeping and parking programs include shelters with supportive services and safe places for people to sleep or park that do not meet state or federal standards for shelter. For a very small amount of County general funds, the Association of Faith Communities helped 50 individuals exit to permanent housing over the past twelve months.

The newly created Centralized Housing Assistance Fund helped 189 households keep or obtain housing. The fund provides an average of \$5,000 of one-time assistance to help people at-risk of or currently experiencing homelessness with financial barriers to keeping or moving-into housing. The recently released California Statewide Study of People Experiencing Homelessness found that many people experiencing homelessness report that such one-time assistance could help people avoid homelessness.

Housing for Health utilized one-time local funding to support two homelessness prevention programs during the last fiscal year, focused on serving households that had received COVID emergency rental assistance. Final reports on program outcomes are not yet available.

The Housing for Health Division provides funding for only a fraction of the outreach and connection services programs in the County. Most of this funding is managed by the County Health Services Agency with some contributions from the City of Santa Cruz.

Attachment 1, included at the end of this report, includes more detailed information on budgeted costs and estimated expenses for programs in the prior 12 months. Programs funded directly by HUD maintain different operating start and end dates, making it difficult to compare programs during the same operational period.



## Community Development Project Updates

As indicated in prior six-month updates, the Housing for Health Division helped secure over \$19.3M in Project Homekey funding to support the development of three new permanent supportive housing projects in the county. The three projects include 63 new units and are described briefly below.

### **Casa Azul** • Housing Matters • Santa Cruz

7 new units from the conversion of a commercial to a residential building.

**\$2,240,000**

likely occupancy in the next 1-2 months.

### **Park Haven Plaza** • Novin Development • Soquel

36 new, modular construction units for veterans, youth, and families.

**\$10,660,000**

likely occupancy in early 2024.

### **Veterans Village** • Vets Hall Board of Trustees • Ben Lomond

20 units via rehab and modular construction.

**\$6,425,000**

likely occupancy in early 2024.

All three projects have faced challenges due to rising interest rates, material supply and labor shortages, and impacts from the winter storms in 2022. All projects continue to work closely with the California Housing and Community Development Department to ensure compliance with state requirements and expectations.

During the prior six months, the Housing for Health Division submitted two new applications with development partners for the Homekey Round 3 funding opportunity. Collaborative applicants were selected via a local Request for Proposals (RFP) process. The two projects submitted for funding include:

### **Rodeway Inn** • Step-Up Watsonville • Watsonville

93 supportive housing units via hotel acquisition and rehabilitation.

**\$28,371,202**  
requested

funding award determination likely by September 2023.

### **Freedom House** • CFSC, Inc. • Freedom

11 transitional housing units for youth via rehab of vacant residential property.

**\$3,579,400**  
requested

funding award determination likely by September 2023.

In addition to these Homekey projects, the Housing for Health Division worked with other partners to secure over \$18.2M in funding for additional navigation center (shelter with intensive services) capacity in the county.

In partnership with Monterey County, \$8M of Encampment Resolution Funding was secured to build and operate a new, modular construction, 34-bed navigation center in Watsonville. Once developed, the site will initially serve individuals living in encampments along the Pajaro River. After the two-year period of the grant, project partners anticipate beds will focus on serving people experiencing homelessness with significant health issues.

Housing for Health also worked with the County's Behavioral Health Department to secure an award of \$10.2M in Behavioral Health Bridge Housing funding. Funds will be used to build and operate a new, modular construction, 34-bed navigation center in Soquel. An additional \$2.6M of Behavioral Health Whole Person Care funding will help support the development. The new site will serve people experiencing homelessness with serious mental health or substance use challenges. Grant funding will support operations for an estimated 2-3 years.

In addition to the above projects, the Housing for Health Division is working closely with the Behavioral Health Department to support the development and operations of close to 100 new permanent supportive housing projects over the next couple of years. The four projects are supported with California No Place Like Home funding and project-based housing subsidies from the Housing Authority of the County of Santa Cruz. Two of the projects are in the City of Santa Cruz (Harvey West Studios and Jesse Street), one in Live Oak (Bienestar), and one in Watsonville (Tabasa Gardens). The Behavioral Health Department and contracted providers will provide supportive services at the sites once completed.

## Funding Updates

Nearly 90% of services and housing programs supported by the Housing for Health Division are funded with one-time federal and state dollars. Staff must find creative ways to sustain core programs by continually applying for grant opportunities, leveraging additional funding whenever possible, and budgeting grant awards over multi-year periods to ensure staff and program continuity.

Over the past year, Housing for Health and partners increased annual HUD CoC funding to \$6.6M/year. This money primarily funds rapid rehousing and permanent supportive housing programs and is generally renewable on an annual basis. Housing for Health staff recently secured a new federal Housing Opportunities for People with HIV/AIDS grant of \$215K/year and state Permanent Local Housing Allocation funding of \$680K/year.

State funding remains less consistent than the HUD CoC federal funding. In the upcoming FY 23/24, Housing for Health will likely fully utilize state funding grants secured between 2018 and 2022 putting many programs at financial risk in FY 24/25. If additional funding is not secured over the next six to nine months, some programs will need to close or reduce capacity.

In the last state budget cycle, a fifth round of Homeless Housing, Assistance and Prevention (HHAP) funding was approved with a statewide \$1 billion budget. The billion-dollar budget continues the same budgeted amount from HHAP Round 4. This flexible state block grant program helps support ongoing operations of critical programs.

Santa Cruz County was one of the first counties in the state to have its HHAP Round 4 spending and action plan approved. Funding from Rounds 1-3 will likely be fully expended prior to the end of FY 23/24. The HHAP Round 5 funding application process will require the development of an updated local plan to address homelessness that involves gathering commitments from multiple stakeholders including the CoC, County, and cities.

Given the current funding landscape, Housing for Health staff recommend focusing on raising funds to sustain and improve current core programs. For many programs, continued operations will require building the organizational capacity to bill for services through California Advancing and Innovating Medi-Cal.

Housing for Health staff will work with the Central California Alliance for Health and local stakeholders to support this capacity building effort. This will include working with the Alliance to strategically invest one-time Housing and Homeless Incentive Program funds.

## Six Month Plan Status Update

### (See Attachment 2 for Details)

The Housing for a Healthy Santa Cruz Framework calls on staff to develop specific goals to achieve over six-month periods. Between January and June 2023, staff identified 36 goals. Of these goals, staff completed 19, partially completed 16, and made no significant progress on one goal. Attachment 2 provides more details on these fifth cycle goals with green indicating a goal was accomplished, yellow indicating partial completion, and red indicating no significant progress.

Significant accomplishments during this period include:

- 1 Finalizing new coordinated entry procedures and launching the new approach
- 2 Securing nearly \$20M in additional grant funding for the County
- 3 Submitting two Homekey Round 3 project applications
- 4 Improving HMIS data policies and training
- 5 Launching a new Home Safe Adult Protective Services preventions and rehousing program
- 6 Launching a new centralized housing assistance fund
- 7 Executing contracts for improved SSI advocacy efforts

Priorities for the next six-month period include:

1

Developing an updated Housing for a Healthy Santa Cruz Framework to meet state expectations

2

Securing funding to sustain core programs

3

Starting construction on two new navigation centers

4

Supporting lease-up of new supportive housing sites

5

Supporting construction of awarded Homekey sites

6

Launching lived experience action groups

7

Capacity building and securing funding through CalAIM

8

Expanding and improving data sharing across systems