



# **Santa Cruz County Homeless System Baseline Assessment Report**

Prepared for Santa Cruz County  
by Focus Strategies

August 2019



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Table of Contents

Executive Summary.....	ii
I. Background and Purpose .....	1
II. Information Sources and Methodology .....	2
III. Community Context: Homelessness in Santa Cruz County .....	3
A. Numbers and Characteristics of People Experiencing Homelessness in Santa Cruz County.....	3
B. Trends in Recent Years.....	5
IV. Framework for Assessment: A Homeless Crisis Response System.....	8
V. Assessment of Community Response to Homelessness: Current Efforts, Strengths, Challenges .....	11
A. Leadership and Governance .....	11
B. Strategies to Reduce Inflow .....	16
C. Homeless System Interventions.....	17
1. Emergency Response.....	18
2. Homeless Targeted Housing Interventions .....	22
3. Coordinated Entry System (CES).....	25
D. Exits: Affordable Housing .....	28
E. Data and Evaluation Capacity .....	31
F. Other System Components and Topics .....	32
VI. Implications of Assessment and Interim Recommendations.....	34
Appendix A List of Interview Participants .....	40
Appendix B List of In-Person Community Engagements and Focus Groups.....	41
Appendix C List of Documents Reviewed .....	42
Appendix D List of Data Reviewed .....	43
Appendix E Homeless Crisis Response System Flow Chart .....	44
Appendix F Total System Capacity - 2019 HIC Beds .....	45

## Executive Summary

The County of Santa Cruz has engaged Focus Strategies to assist community leadership and key stakeholders to evaluate, align, and improve the countywide response to the local crisis of homelessness. This report is the *first step* in a phased technical assistance project that will ultimately result in a design for a coordinated systemwide response to homelessness and an action plan to implement it. The purpose of this initial assessment is to describe current efforts to address homelessness in Santa Cruz County, identify strengths and gaps of the current approach, and make some *interim* recommendations for steps the community can take to improve its response to homelessness in the short-term, including recommendations related to system governance. This initial baseline assessment draws primarily upon qualitative data, collected through review of local documents, available data, and a thorough stakeholder engagement process, including in-person and by-phone interviews with key stakeholders, community engagement meetings, and focus groups.

Following this baseline assessment, Focus Strategies will conduct additional work to reach a more complete understanding of the existing homeless system in Santa Cruz county and assist the community in moving to a more effective response to homelessness. Drawing upon local data, Focus Strategies will conduct a quantitative systemwide analysis to understand local homeless system performance at the project and overall system level using our System-Wide Analytics and Projection (SWAP) suite of tools. The SWAP analysis, which is already in progress, will measure the results the current system is achieving and inform the development of strategies to improve performance results through predictive modeling. Focus Strategies will engage stakeholders in a discussion of the SWAP results and a collaborative process to develop a new homeless system design that is data-informed. The final product of our work in Santa Cruz will be an actionable plan to implement a more coordinated, community-wide and systematic response to homelessness, to be delivered by April 2020. The following graphic shows the general flow and projected timeline of each phase, including this baseline assessment, that comprise Focus Strategies' engagement with Santa Cruz County.



However, forward movement to improving the community's response does not have to wait until all the technical assistance is completed. Focus Strategies has also developed a Short-Term Action Plan as a companion to this baseline assessment. The Short-Term Action Plan lays out our recommended steps for implementation of the interim recommendations in this report, including suggested activities, timelines, and lead entities. Based on the community's needs, Focus Strategies will provide technical assistance to support implementation of the interim recommendations as part of this broader project. Currently planned implementation technical assistance includes:

- Develop and facilitate implementation and learning collaboratives with key community stakeholders to advance interim recommendations from this report, or to support other learning objectives (beginning in September 2019); and
- Design and lead meetings with the reconvened Homeless Governance Study Committee to reach an agreement on revised governance, planning, funding, and implementation structure (also beginning in September 2019).

### Assessment Findings

Overall, Focus Strategies' baseline assessment has found that the Santa Cruz community has a significant homeless problem relative to its population. Funding, functioning, and the size of the homeless crisis response system are not at the scale or level of alignment and coordination needed to begin to reverse current trends. However, many essential system elements are in place and function fairly well, giving local stakeholders a good foundation to build upon. System strengths include a range of emergency responses (outreach, emergency shelter and services) that respond to the basic needs of people experiencing homelessness and, in some cases, operate with strong housing-focused intention. Rapid re-housing inventory is increasing. Permanent housing interventions targeted to people experiencing homelessness are few but seem to be relatively well designed and targeted. Coordinated entry for most system resources is established and largely accepted within the community and has led to improvements in the availability of data on people experiencing homelessness. The Homeless Action Partnership (HAP) is recognized as a valuable forum for stakeholders to engage in dialogue on homelessness and has been successful in its role as coordinator of HUD Continuum of Care (CoC) mandated data gathering and planning. There is a strong track record of collaboration between stakeholders.

A few key programmatic pieces are missing or underdeveloped in the current approach. Most notably, the community lacks a strong and fully integrated diversion/problem-solving practice that deploys problem-solving as an important tool to be used at multiple touchpoints in the community. Diversion/problem-solving is an intervention that can work with people seeking assistance to help some identify immediate housing alternatives and reduce the inflow of people into homelessness. Other programmatic areas that could be strengthened are shelter and outreach; which could be more strongly coordinated and enhanced with housing-focused strategies, training, and resources.

At the system level, well-informed members of the community actively participate in efforts to reduce homelessness and many examples of successful coordination exist. However, robust system-wide alignment around priorities and goals, capacity for data-driven decision making, and a more refined and empowered governance and implementation structure are needed. This aligned system will also need increased staffing capacity to support the system structure and see goals to fruition. Without these elements in place Santa Cruz cannot be said to have a fully realized homeless crisis response system in which all the parts work together toward a common set of measurable goals. And without such a system, progress on reducing homelessness will remain elusive.

## Next Steps and Interim Recommendations

In the next phase of this technical assistance project, underway beginning in July 2019, Focus Strategies will prepare a quantitative analysis of homeless system performance using our Systemwide Analytics and Prediction (SWAP) suite of tools. Over the next several months, Focus Strategies will engage the community in a process of preparing, reviewing, and understanding the SWAP results, conduct predictive modeling, and develop data-informed strategies to re-design and improve the overall community response to homelessness.

The upcoming SWAP analysis and data-driven system planning will result in a long-term strategy and action plan to establish an effective, coordinated system to reduce homelessness. In the shorter-term, however, the community can move forward with system improvement efforts even as this longer-term work is underway. While the next phase of analytic and system re-design work is taking place, this baseline report provides the community with initial suggestions about recommended key strategies that may be developed and implemented *immediately* to help jump-start improvements to the homeless crisis response.

Suggested short-term system improvements are:

1. *Implement a Systemwide Diversion Practice to Reduce Inflow.* To begin reducing the numbers of people entering homelessness, we advise fast-tracking existing plans to launch diversion and scale up these efforts as rapidly and at as many appropriate service locations as possible. Diversion provides practical support and, in some cases, small amounts of flexible funding to people who are experiencing homelessness to help them self-identify a housing solution, such as moving in with a friend, finding a shared housing situation, or returning to family. Standing up a community-wide diversion practice will require regular and ongoing training, as well as peer-to-peer learning (such as a learning collaborative) and a method for collecting data on diversion to track impact. Improvements to the Coordinated Entry System (CES), aligned with the diversion approach, can also help reduce inflow.
2. *Build Capacity of Emergency Shelters to Deliver Housing-Focused Services and Supports.* Our assessment shows that the existing shelter providers in the community are already taking steps to integrate services that help residents move from shelter to housing. While the community is working to establish new navigation centers, building the capacity of existing shelters to provide more housing-focused services and supports would yield immediate impact. We recommend convening a working group of shelter providers and funders to identify elements that are working well and those that can be expanded or improved to increase the rate at which people leave emergency shelters for housing.
3. *Coordinate and Standardize Outreach Efforts:* In Santa Cruz county, several entities conduct outreach to unsheltered people; however, there is currently no formal coordination of these efforts, agreed upon goals, shared protocols, consistent data collection, or common outcome measures. Over the long-term, the Santa Cruz community needs a proactive strategy for addressing unsheltered homelessness and encampments as part of the creation of a systematic response to homelessness. This will be a significant undertaking that requires an updated

governance and implementation structure to be successful. In the interim, we recommend that stakeholders begin working immediately on coordination and alignment of outreach efforts – bringing the different outreach teams and their funders together to develop agreements on a shared approach, purpose, outcomes, and geographic coverage. Ensuring that outreach is efficiently deployed and connected to the rest of the system will help prepare the way toward a more comprehensive approach to unsheltered homelessness.

#### Governance Recommendations:

Focus Strategies has reviewed the work of the Homeless Governance Study Committee convened by the County (CAO) in 2017-2018. This group made great strides toward developing a revised Governance structure based on the existing HAP that we believe it is important for the community to complete and implement. The recommendations from that effort propose a workable structure that could act as a backbone for a new system approach. However, key questions about its authority, relationship to other entities, and how it will make and communicate decisions remain to be answered. We recommend that this group be reconvened, with the County CAO's office continuing to serve as the convener, while bringing in Focus Strategies to develop agendas, facilitate the discussions, and help guide the group to a final set of recommendations.

This process will answer critical questions about how the revised structure will operate, what purview it will have, and what resources and efforts it will jointly oversee. We recommend a series of four to five meetings between September and November 2019. Focus Strategies will design and facilitate a set of agendas to address specific topics, building from each meeting to arrive at agreement on a new governing structure, how it will function and make decisions, what specific funding sources it will oversee or coordinate/align, and how it will communicate decisions to the larger membership and the public. The meetings will focus on fleshing out and documenting how the new structure will accomplish key system planning functions; particularly: (1) setting strategic direction and priorities, (2) aligning funding to advance identified priorities, (3) creating a structure for public and private funders to work together, (4) ensuring the new structure complies with Federal requirements for Continuums of Care (CoC), and (5) building in communication protocols to ensure transparency. The end result of this reconvened governance process will be agreement on the new structure, including protocols and procedures for the items noted above. Focus Strategies will document the agreements in a written governance proposal to be presented to and approved by all relevant decision-making bodies (e.g. HAP, BOS, city councils, others).

#### Conclusion

This baseline assessment identifies some significant strengths in the existing homeless response in Santa Cruz County, including strong collaborative relationships, a broad array of necessary programs and services for people experiencing homelessness, and a desire to improve overall coordination of efforts toward a shared strategic direction. Focus Strategies has recommended some areas for immediate action to begin filling some of the identified gaps while we move into the next phase of deeper data analysis, modeling, and community engagement to develop long-term strategies and an action plan for a coordinated, systematic community response to homelessness. Steps for implementing the interim recommendations are laid out in a companion Short-Term Action Plan.

## I. Background and Purpose

The County of Santa Cruz has engaged Focus Strategies to assist community leadership and key stakeholders to evaluate, align, and improve the countywide response to the local homelessness crisis. As a first step in this process, Focus Strategies has conducted this initial baseline assessment of the state of homelessness in Santa Cruz County and the effectiveness of the community's response. The baseline assessment primarily draws upon qualitative information gathered from a review of available documents and a wide range of individual interviews and group engagements with key stakeholders. The purpose of this assessment is to describe current efforts to address homelessness in Santa Cruz County, identify strengths and gaps of the current approach, and make some recommendations for *interim* steps the community can take to improve its response to homelessness in the short-term, including recommendations related to system governance. This assessment also lays the groundwork for the next phases of Focus Strategies' technical assistance, in which we will engage the community in a deeper dive into system performance measurement and system planning.

As a companion to this initial baseline assessment, Focus Strategies has also produced a suggested set of action steps that the community can take to implement the interim recommendations over the next several months (August to December 2019), with our technical assistance. The Short-Term Action Plan also details the next steps in the broader system assessment and redesign that Focus Strategies will be undertaking in collaboration with community stakeholders, which include:

- System Performance and Predictive Modeling (July 2019 to February 2020): Focus Strategies has already begun the next phase of this technical assistance, which is a quantitative analysis of homeless system performance using our Systemwide Analytics and Prediction (SWAP) suite of tools. SWAP uses the community's local data (from the local Homeless Management Information System (HMIS) and other sources) to develop an assessment of performance on key outcomes at the project and system levels and model the impact of system changes. These performance outcomes include the rate at which people experiencing homelessness are rehoused and whether they become homeless again, as well as other key outcomes that assess the how well the system targets its resources to those with the highest needs and longest histories of homelessness.
- Homeless System Design (August to December 2019): In parallel with the data analysis work described above, Focus Strategies will engage the community in a process to envision and design a fully-realized homeless crisis response system. The ultimate goal is for Santa Cruz County to move from having a collection of coordinated but still largely independent programs and projects serving people who experience homelessness to an aligned homeless crisis response *system* in which all the individual efforts work together to advance a shared set of clear objectives. Across each part of the system, roles and connections are clearly defined, and each player maintains shared accountability for results of the entire system. All stakeholders in the system work towards the common goal of assisting all people to exit homelessness into permanent housing, prioritizing those with the highest needs for homeless system resources. The system also works towards making homelessness rare, brief, and non-recurring, per the goals of *Home, Together*, the federal strategic plan to end homelessness.

Technical assistance Focus Strategies will provide to guide the system design include:

- Presentations and discussion of this Baseline Assessment Report including the interim recommendations (August-September 2019)
  - Formation and launch of one or more Implementation and Learning Collaboratives facilitated by Focus Strategies to support implementation of Interim Recommendations, and foster system-wide learning and improvement, as detailed in the Short-Term Action Plan (September-December 2019)
  - Restarting the Homeless Governance Study Committee and reaching agreement on a new governance, funding, planning and implementation structure, as detailed in Short-Term Action Plan (September to December 2019)
  - Presentations and discussion of the SWAP system performance and modeling results (November - December 2019) to develop a homeless crisis response system design that is strategic and data-informed
  - Development of a recommended Administrative Structure (staffing plan) for the proposed system (November-December 2019)
- Action Plan Development (January to April 2020): Creating an actionable plan to implement the homeless crisis response system that the community has designed.

## **II. Information Sources and Methodology**

The purpose of this assessment is to determine the strengths and challenges of the existing community response to homelessness and begin identifying strategies for improvement. In conducting this assessment, our “north star” is a fully realized “homeless crisis response system” that efficiently supports people who are experiencing homelessness to secure housing as quickly as possible and avoid returning to homelessness. A homeless crisis response system manages the “flow” of people from homelessness into housing using a consistent, communitywide strategy in which all the programs and services are aligned to common objectives. Section IV provides an explanation of the features of a homeless crisis response system and how it manages system flow in such a way that the community can measurably reduce the numbers of people experiencing homelessness.

To inform the findings and recommendations of this baseline assessment, Focus Strategies gathered and reviewed information from the following sources:

- Phone interviews with more than 20 key stakeholders representing different sectors, including local government staff, philanthropic funders, non-profit housing and service providers, advocates, and others. A complete list of interviewees and the agencies they represent is included as Appendix A;
- In-person meetings with representatives from the County of Santa Cruz, cities of Santa Cruz, Watsonville and Capitola, the Homeless Action Partnership (HAP), housing and service providers in both North and South County, two focus groups held with people with lived experience of homelessness, and site visits to two provider agencies (Homeless Service Center and Salvation

Army). A complete list of meetings attended and facilitated by Focus Strategies staff with key Santa Cruz County stakeholders is included as Appendix B;

- Review of local reports and other documents regarding system planning, governance, funding and allocations, previous evaluations and analyses, and performance reports. Documents reviewed as part of this assessment are listed in Appendix C; and
- Review of available data on homelessness in Santa Cruz county, including the Housing Inventory Count (HIC), Point in Time (PIT) Count, and Santa Cruz’ results on HUD’s System Performance Measures. These are standard reports that HUD requires from each Continuum of Care and are prepared in Santa Cruz by the staff and consultants that support the Homeless Action Partnership (HAP). Focus Strategies reviewed HIC and PIT data from 2015 to 2019 and system performance measures from 2017 and 2018. Data reviewed as part of this assessment are listed in Appendix D.

### **III. Community Context: Homelessness in Santa Cruz County**

#### **A. Numbers and Characteristics of People Experiencing Homelessness in Santa Cruz County**

The most recent annual Homeless Point in Time Count in Santa Cruz County, conducted in January 2019, found 2,167 people experiencing homelessness on any given night. These 2,167 people were part of 1,440 distinct households experiencing homelessness. Around 78% were unsheltered (living outdoors, in cars, and other places not meant for human habitation). According to local stakeholders, most of these individuals are living in encampments, primarily concentrated in the City of Santa Cruz. The remaining population was staying emergency shelter (15.5%) or transitional housing (6%) on the night of the count.

The PIT data shows that most of the homeless population in the community is comprised of single adult households, at around 89%. Only 8% of the population counted in 2019 were members of families with children. Santa Cruz County is also home to large number of transition aged youth (TAY) - defined as those who are age 18 to 24. In the 2019 count, youth ages 18 to 24 comprised around 27.5% of Santa Cruz’ homeless population while unaccompanied children (under age 18) comprised 2.3% of the population (around 30% total). Santa Cruz is known as a tourist destination, as well as a beach and surfing community. Some local stakeholders believe that among new arrivals to Santa Cruz County are some persons who are experiencing homelessness; however, the PIT count shows that a majority of those experiencing homelessness were residents of Santa Cruz County before they became homeless.

#### **Total People Experiencing Homelessness in Santa Cruz County in 2019**

All persons	Sheltered		Unsheltered	TOTAL
	Emergency	Transitional		
Number of Children (unaccompanied)	24	1	26	51
Number of Children (with families)	79	37	133	249
Number of TAY (age 18 to 24)	13	4	577	594
Number of Adults (over age 24)	221	88	964	1,273
<b>TOTAL PERSONS</b>	<b>337</b>	<b>130</b>	<b>1,700</b>	<b>2,167</b>

### Total Households Experiencing Homelessness in Santa Cruz County in 2019

All Households	Sheltered		Unsheltered	TOTAL
	Emergency	Transitional		
Number of Single Adult Households	183	61	1,036	1,280
Number of Children Only Households <sup>1</sup>	17	1	20	38
Number of Families w/Children	42	21	59	122
<b>TOTAL HOUSEHOLDS</b>	<b>242</b>	<b>83</b>	<b>1,115</b>	<b>1,440</b>

The table below presents the numbers of people experiencing unsheltered homelessness in Santa Cruz County by jurisdiction, based on Point in Count data from 2017 provided by Applied Survey Research.<sup>2</sup> As shown, around half of the total unsheltered population were found in the City of Santa Cruz. The unincorporated areas of the County are home to around 27% of the total unsheltered population. The City of Watsonville follows with 19% of the total unsheltered population.

### Total Unsheltered Persons by Jurisdiction

Jurisdiction	Unsheltered in 2017	Percent of Unsheltered Population
Total Incorporated	1,314	73%
City of Capitola	21	1.1%
City of Santa Cruz	934	51.9%
City of Scotts Valley	19	1%
City of Watsonville	340	18.9%
Total Unincorporated Confidential Scattered Site	485	27%

### 2019 Homeless Subpopulations<sup>3</sup>

	Sheltered	Unsheltered	TOTAL	Percent of Total Population
Chronically Homeless Individuals	123	280	403	18.6%
Persons in CH Families	32	17	49	2.3%
Veterans	23	128	151	7%
Severely Mentally Ill	71	249	320	14.8%
Chronic Substance Abuse	32	249	281	13%
Persons with HIV/AIDS	5	24	29	1.3%
Victims of Domestic Violence	20	59	79	3.6%

<sup>1</sup> "Children Only Households" is defined as a household in which everyone is under the age of 18. It is not the same as a household composed of transition age youth (TAY).

<sup>2</sup> Data on the geographic breakdown of the 2019 PIT Count is not yet available.

<sup>3</sup> Subpopulation categories are not mutually exclusive, so these figures do not sum to the total homeless population. People may be represented in multiple categories.

In addition to a large proportion of single adults, the data shows that 403 of these individuals met the federal definition of chronic homelessness (18.5% of the total population).<sup>4</sup> Forty-nine people in family households were also chronically homeless, per the HUD definition. As shown in the following section (“Trends in Recent Years”), this represents a significant reduction in the total number of people experiencing chronic homelessness in recent years.

A significant concern raised throughout our stakeholder engagement process was the perceived prominence of behavioral health challenges (mental illness and/or substance use disorder) among the population of people experiencing homelessness in Santa Cruz county. The 2019 PIT data shows around 15% of people self-reported that they had a severe mental illness while 13% report they experienced chronic substance abuse. While it should be noted that local PIT data is based on individuals voluntarily disclosing any disabling conditions and may thus underestimate the prevalence of these issues, the rates of behavioral health issues reported in the Santa Cruz county PIT is comparable to that of surrounding communities.<sup>5</sup>

## B. Trends in Recent Years

Over the past four years, Santa Cruz County has seen an overall growth in the total number of people experiencing homelessness – from a reported 1,960 people in 2015 to 2,167 people in 2019 (a 10% increase). The community did, however, experience an upsurge in homelessness in 2017 (a 33% increase in unsheltered homelessness and 14.5% increase in total homelessness), followed by a slight decrease in 2019. Stakeholders of all types who participated in interviews and other engagements with Focus Strategies continually reported that the prominence and visibility of homelessness in the County has grown in recent years. Many believe that the rate of unsheltered homelessness has simultaneously skyrocketed. However, recent PIT data in fact shows slight decreases in the total and unsheltered population over the past two years, as shown in the following graph. Between 2017 and 2019, unsheltered homelessness decreased by 5.5% with overall homelessness down 4%. At the same time, neighboring Bay Area communities with similar high-cost, low vacancy housing markets to Santa Cruz County have experienced major growth in overall and unsheltered homelessness. Santa Clara County saw a 31% increase in homelessness in the last two years, while Alameda County had a 43% increase and homelessness in San Francisco rose 17%.<sup>6</sup>

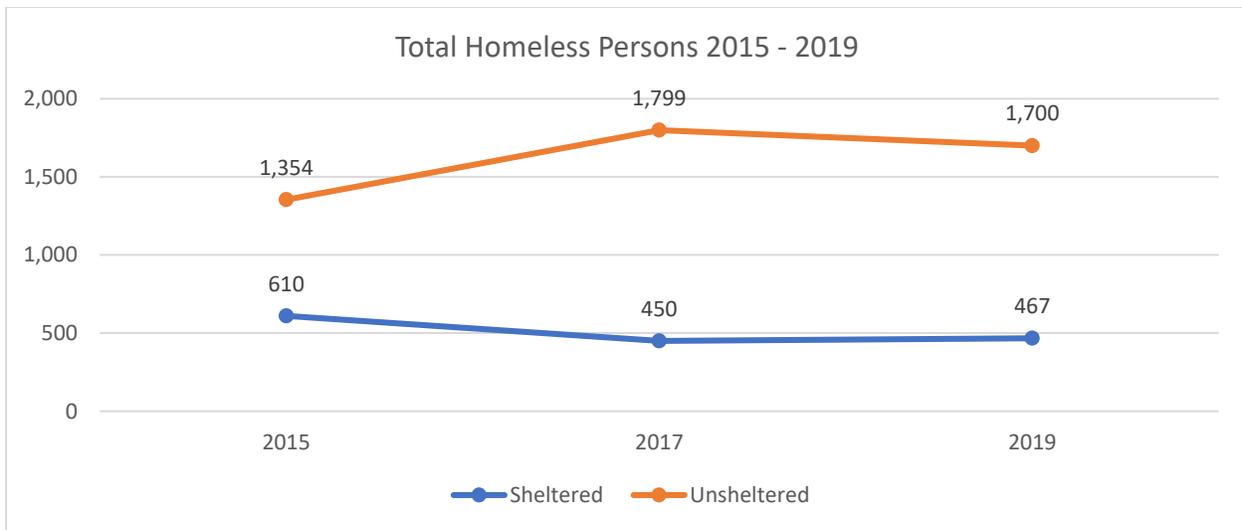
The following graphs show additional trends in homelessness in Santa Cruz County among various subpopulations from 2015 to 2019. It should be noted that these trends are based on PIT data, which, due to complexities of homelessness and PIT methodology, provide only a limited understanding of population dynamics.

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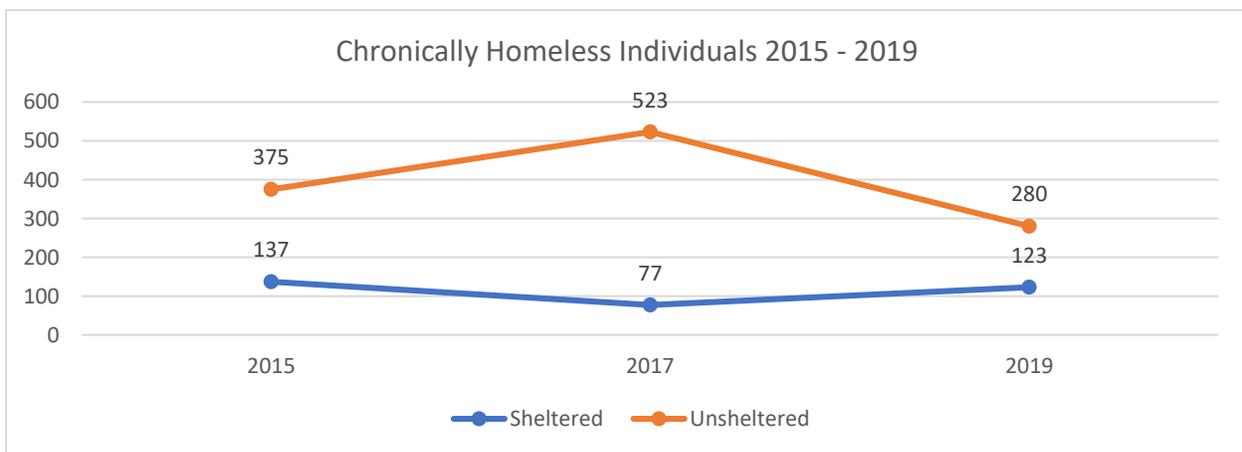
<sup>4</sup> Chronic homelessness is defined as having a disabling condition and more than a year of continuous homelessness, or 4 episodes over the past 3 years totaling to a year or more of homelessness.

<sup>5</sup> In 2018 PIT Counts (the most recent year for which all data is available), Santa Clara County reported 21% of people with SMI and 24% with CSA; San Mateo County 19% SMI and 10% CSA, Monterey County 16% SMI and 18% CSA, Alameda County 27% SMI and 16% CSA.

<sup>6</sup> <https://www.apnews.com/41b8393c7a434695985cde2a9852e786>



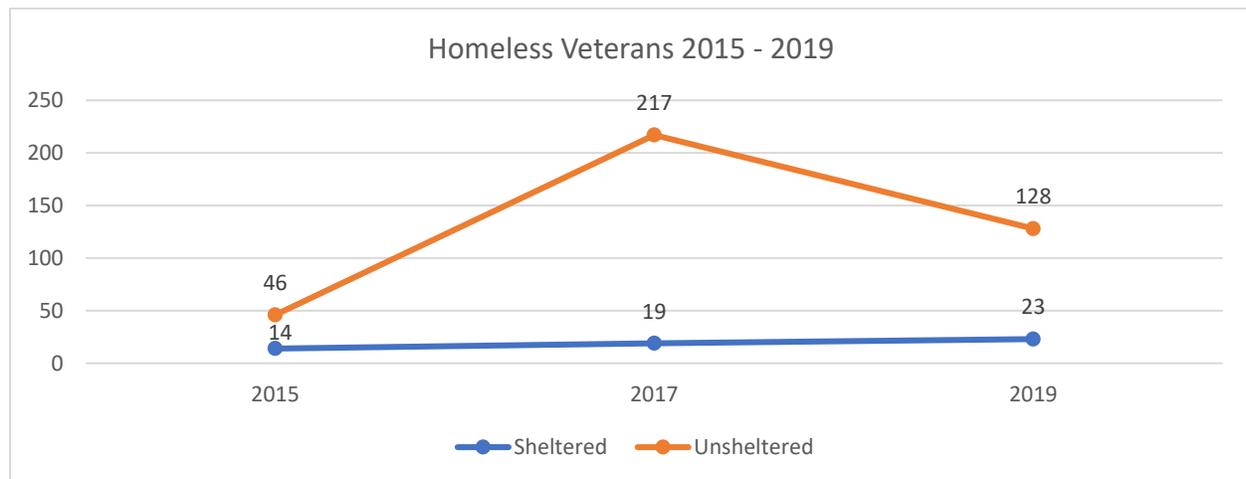
As previously mentioned, in recent years, Santa Cruz County has achieved progress towards reducing the number of people experiencing chronic homelessness. The graph below demonstrates the number of people who met the federal definition of chronically homeless from 2015 to 2019. Individuals or households are considered chronically homeless by HUD’s definition if they have been experiencing homelessness for one year continuously or four times in the past three years, and an adult in the household has a disabling condition.<sup>7</sup> The graph shows dramatic reductions in overall chronic homelessness (33% reduction) and significant reductions in the rate of chronically homeless individuals who were living in unsheltered situations (46%) in the past two years. Chronic homelessness dropped around 21% over the entire four-year time period. The number of people who were identified as chronically homeless living in sheltered situations declined steeply between 2015 and 2017 but has since risen to close to 2015 levels.



Additionally, during our interviews, community members reported that the community has made great strides towards ending homelessness amongst Veterans of the U.S. Armed Forces. Recent PIT data supports this perception, showing that Veteran homelessness was reduced by almost 40% between 2017

<sup>7</sup> <https://files.hudexchange.info/resources/documents/Defining-Chronically-Homeless-Final-Rule.pdf>

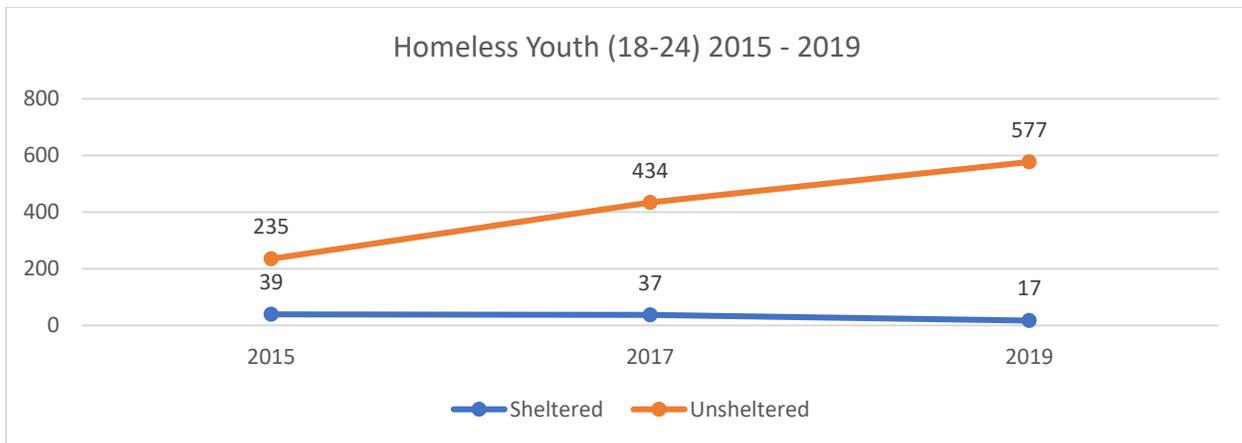
and 2019, though it is still more than two-and-a-half times higher than reported in 2015. Unsheltered homelessness among Veterans also fell around 41% over those two years. Stakeholders attributed these recent reductions in Veteran homelessness to significant and effective housing resources from the VA and HUD targeted towards the subpopulation, as well as highly competent Veteran-focused providers in the community. (See Section V for more on the community’s efforts to reduce Veteran homelessness).



Also consistent with stakeholder reports of unusually high rates of youth experiencing homelessness in Santa Cruz County, the PIT count shows that the rate of youth experiencing unsheltered homelessness in Santa Cruz County increased 117% from 2015 to 2019. Since 2013, the community has conducted a separate, supplemental count of youth experiencing homelessness, using a separate methodology that takes into consideration the unique characteristics and trends of youth homelessness. The youth-specific methodology has been refined slightly each year to improve accuracy of the count.

According to PIT results, both TAY (ages 18 to 24) and unaccompanied minors accounted for around 29.8% of the total homeless population in 2019 and 26.4% of the population in 2017. The County’s rates of homelessness amongst youth is higher than most neighboring high-cost, low-vacancy communities, including San Francisco where 18.8% of the population counted in 2018 was unaccompanied youth (both youth under 18 and TAY ages 18 to 24) and Alameda County where 17% of the population was youth. In San Diego County, which bears similarities to Santa Cruz with its high-cost housing market and beach culture, youth represented only 10.2% of the population. However, Santa Clara County, Santa Cruz County’s most easterly neighbor, saw significantly higher rates of youth homelessness last year at around 34.6%.

As shown in the graph below, sheltered youth experiencing homelessness decreased slightly over the four years but the number of unsheltered youth has grown rapidly. From 2015 to 2019, the number of unsheltered youth experiencing homeless increased 145%. Meanwhile, community attention on and conversation around the issue of youth homelessness has increased. Santa Cruz County was one of the few communities nationally to be awarded the federal Youth Homelessness Demonstration Program (YHDP) grant, a new funding stream from HUD for communities to develop and implement strategies to prevent and end youth homelessness.



Based on the PIT data, the findings from the quantitative portion of the baseline assessment indicate rates of homelessness similar to large California communities, including San Francisco, Santa Clara, and Alameda Counties. The community has also seen some growth in homelessness (both overall and unsheltered) in recent years, though these increases are lower than that of other California communities, especially in the Bay Area region. As a community, Santa Cruz County has made significant progress on reducing chronic homelessness, despite youth homelessness appears to be on the rise (though this may be partly attributable to changes in counting methodology for the supplemental youth count).

Note, the information presented in this section is all based on Point In Time Counts (PIT) conducted by the HAP as part of their responsibilities as the CoC Board. PIT counts only provide a snapshot of the population of people experiencing homelessness. As people flow into and out of homelessness over time, more people experience homelessness over the course of a year than are counted on a single day. Many communities use their PIT data, along with information gathered from HMIS, to develop an annual estimate of the numbers of people experiencing homelessness. There is no annualized estimate currently available for Santa Cruz County, however, Focus Strategies plans to produce one as part of the SWAP work that will occur in the second half of 2019.

#### **IV. Framework for Assessment: A Homeless Crisis Response System**

A key purpose of this assessment is to determine how the community of Santa Cruz county (including the cities, the County, HAP, providers, funders and other stakeholders) is responding to the problem of homelessness. The guiding framework for this assessment is the concept of a *homeless crisis response system*. Experience from jurisdictions around the country, federal policy direction, and research all point to the need for communities to create a system to effectively end homelessness. While individual programs and initiatives may yield results with a subpopulation or group, making progress on the overall size of the homeless population requires a systematic approach.

A homeless crisis response system treats a loss of housing as an emergency that must be responded to quickly and effectively with a housing solution, targeting resources to this end. To achieve this system approach, all resources and programs are aligned around a consistent set of strategies and work toward shared, measurable objectives. The system’s work is shaped by data – continuous analysis shows what is

working and where improvement is needed. The leaders and funders – both public and philanthropic – of the system hold all stakeholders accountable for results.

A homeless crisis response system is composed of three main programmatic components:

1. ***Strategies to Reduce System Inflow:*** System “inflow” refers to the phenomenon of people becoming homeless (i.e. moving from a housed situation into a literally homeless situation such as living outside or in an emergency shelter). Effective homeless response systems employ a variety of strategies to prevent homelessness and help people avoid entry into homeless programs by identifying alternative housing solutions. Examples of strategies to slow system inflow include:
  - *Targeted prevention*, which targets financial, legal, and other supports to preserve the existing housing situations of people who are at the highest risk of housing loss. Prevention traditionally provides assistance to households that self-identify as at-risk of homelessness and typically have a source of income or minimal barriers to housing stability. Research shows that most traditional prevention programs do not target households at high risk of homelessness, however, *targeted* prevention programs employ a set of criteria to identify households who are most likely to become homeless, which can be developed using local data;
  - *Diversion or housing problem-solving*, which helps people who are seeking shelter or other homeless services to remain housed or identify an alternative housing solution outside of the homeless response system. Generally, diversion specialists assist households that have already lost their housing or living in an informal shared housing situation (doubled up) to move directly to alternative housing, often with family or friends, avoiding a shelter stay or other homeless system response. Ideally, housing problem-solving should be attempted with each household seeking assistance from the homeless system and can be built in as a function of coordinated entry prior to assessment. Diversion should be strengths-based in its approach to help households brainstorm and identify next-step solutions to their housing crisis;
  - *Cross-system efforts* to reduce rates at which people are discharged from institutions such as hospitals, jails, and foster care without an identified place to live or stay. Communities are encouraged to examine and refine discharge practices within other systems of care to prevent people exiting other institutions into homelessness.
2. ***High Performing Homeless System Interventions*** – Every homeless crisis response system has an array of programs and interventions designed to meet the needs of people experiencing homelessness – including mobile outreach, drop in services, emergency shelter, transitional housing, rapid rehousing, and permanent supportive housing. The effectiveness of these interventions is measured by how quickly they help people who are experiencing homelessness to secure housing and not return to homelessness. To achieve strong results, homeless system interventions should be aligned with evidence-based practices and have no or low entry barriers, provide services that concretely support people to develop and implement a housing plan, not require service participation as a condition of helping people secure housing, and operate using

client-centered and trauma informed principles. The community's CES should also play a key role in facilitating the seamless movement of people from homelessness to housing by moving people quickly to the available resources intended to end their homelessness.

3. **Housing Exits:** Successfully reducing homelessness requires that a community have an adequate supply of appropriate, affordable housing for people to exit from homelessness. This includes efforts to expand the supply of rental housing that is affordable to people at the lowest income levels through construction of new rental units as well as acquisition and rehabilitation of existing housing. Expanding the availability of housing exits also includes strategies to assist people to access housing that already exists in the housing market, such as providing either short- or long-term rent subsidies, recruiting landlords to accept subsidies, or providing housing search and navigation services to help people locate and secure housing.

In addition to these client-focused approaches, the homeless crisis response system requires three key structural elements that support its effectiveness, including:

1. **Leadership and Governance:** The most crucial element of a homeless crisis response system is a unified governance structure that brings together the community leadership and key system funders – both public and private – within a single entity or coordinated set of entities. This structure must do more than just support collaboration across the different parts of the system. To be effective, the system governance must be empowered to guide system-level planning and decision-making – bringing decision-makers together to develop, adopt, implement and evaluate a single shared set of strategies and policies, including policies governing how funds are invested.
2. **Planning, Policy Development, Data and Evaluation Capacity.** A homeless crisis response system must have the infrastructure and staffing to support ongoing assessment of performance at both the project and overall system levels. This includes having a robust Homeless Management Information System (HMIS) data system that achieves high participation rates and data quality. Expertise and strong data analysis capacity are also needed so that leadership and key stakeholders can use the data regularly and (as much as possible) in real time to understand system inflow and program and system level performance and use this information to shape strategies that will lead to reductions in homelessness.
3. **Staffing Capacity.** As noted above, developing and implementing a homeless crisis response system requires that there be not only strong leadership but an implementation and administrative structure to support implementation. This means that the functions of system planning, policy development, data analysis and evaluation all must be included as responsibilities of the system's administrative structure and have dedicated staffing assigned to them.

Appendix E provides additional information on homeless crisis response systems, including a system diagram.

## V. Assessment of Community Response to Homelessness: Current Efforts, Strengths, Challenges

This section describes how the Santa Cruz community is currently responding to homelessness and presents Focus Strategies' preliminary assessment of the strengths and challenges of the current approach, which is guided by the framework described above. As noted previously, this initial assessment is largely based on qualitative information, stakeholder input, and readily available data from the Point in Time count and other sources. Deeper targeted data-gathering and analysis will take place in the next phase of this technical assistance engagement, which will allow Focus Strategies to more fully understand some of the issues raised in this initial assessment. This deep-dive analysis will also enable stakeholders to work with the data to create more specific approaches and models for change.

This section presents the different elements of the homeless response in Santa Cruz County. In each section, we briefly describe the current conditions "on the ground," based on available information, as well as our initial assessment of strengths and challenges. In many areas, we do not yet have enough information to make a thorough assessment. As we shift to the quantitative analysis in the next phase of this work, more in-depth assessment will be possible.

The assessment findings are organized as follows:

- A. Leadership and Governance
- B. Strategies to Reduce Inflow
- C. Homeless System Interventions
  - 1. Emergency Responses: Outreach, Shelter, Encampment Response
  - 2. Homeless-Targeted Housing
  - 3. Coordinated Entry
- D. Housing Exits
- E. Data and Evaluation Capacity
- F. Other System Components and Topics

### A. Leadership and Governance

As described above, a key element of any crisis response system is a system governance and oversight structure that holds the authority to make plans and investment decisions, as well as to evaluate progress against goals that the community has set. Governance and oversight of the community's response to homelessness has been a significant topic of conversation in Santa Cruz County over the past several years. As new State funding sources, such as HEAP and CESH, have flowed into the community in 2018 and 2019, the issue has gained even greater urgency. This section briefly describes the existing governance structure(s), recent efforts to redesign the structure through a Governance Study Committee and identified strengths and challenges of the current and proposed structure. Focus Strategies' recommendations relating to governance, as well as other short-term recommendations are presented in Section VI.

### *i. Historical Background and Description of Homeless System Governance and Structure*

The Homeless Action Partnership (HAP) is the Continuum of Care (CoC) lead for Santa Cruz County. HUD defines the CoC as the primary structure for system planning, funding alignment, and implementation of a coordinated community-wide response to homelessness. Specific responsibilities include coordinating the annual CoC funding application, implementing the community's HMIS system, complying with HUD's data collection and reporting requirements (PIT count, Housing Inventory, system performance, etc.), and strategic planning and homeless system development. The HAP has been meeting regularly since 1996. The current HAP structure consists of:

- A general membership (the HAP), which meets six times per year. Its broad membership includes County and city staff, non-profit housing and service providers, victim service providers, faith-based organizations, advocates, school districts, social service providers, mental health agencies, research organization, affordable housing developers, and Veteran-serving agencies. The HAP has a wide range of responsibilities including appointing the Collaborative Applicant for CoC funds, appointing working committees, developing CoC policies and procedures, implementing coordinated entry, overseeing HMIS, conducting the PIT, and overseeing the CoC application to HUD.
- The HAP Governance Board, which meets at least two times per year and is made up of selected/seated membership that includes city representatives, the County's Homeless Services Coordinator, selected funders and service providers, and a person with lived experience of homelessness. The Governance Board is primarily responsible for reviewing and ranking CoC funding applications, developing any changes to the CoC Charter, and acting as the primary policy decision-maker for the HAP.
- A Jurisdictional Executive Committee, which by charter meets two times a year in spring and fall but has met more frequently in recent years. Membership includes city representatives and County department representatives. Its role is to coordinate inter-jurisdictional activity on homelessness, as well as to review and approve jurisdictional cost sharing for homelessness activities (HAP staffing, PIT, winter shelter, etc.).

The HAP is a collaborative planning body that does not hold legal status as an entity (i.e. it is not a non-profit organization or formally seated governmental Board). Since 2008, it has been staffed by the Santa Cruz County Planning Department, which also serves as the Collaborative Applicant for CoC funding. A CoC consultant provides technical and strategic support to the HAP and the Planning Department. As of July 1, 2019, the CoC Collaborative Applicant and system planning role is shifting to the Homeless Services Coordinator within the County Administrative Office (CAO), with continued support from a CoC consultant.

Other entities in the community have also played a role in homelessness system planning and development. These include:

- Smart Solutions, which was formed in 2011 to develop a collaborative, community-wide discussion on homelessness involving the broader community. This group held a Homelessness

Summit in 2012 and in 2014-2015 partnered with the County, HAP and United Way to develop the *All In Strategic Plan* to address homelessness.

- South County Homeless Steering Committee, which has been meeting regularly to coordinate and plan the response to homelessness in Watsonville and South County area to implement strategies in the *All In Plan*.
- County Homeless Coordinating Committee, which was convened by the County of Santa Cruz as an internal group of departmental County representatives tasked to work on developing a more coordinated response to homelessness among County departments (CAO, Human Services, Health, Behavioral Health, etc.).
- City Coordinating Council, which include individual sets of strategies developed by the four cities in the community (Santa Cruz, Watsonville, Capitola, Scotts Valley). The City of Santa Cruz has developed a 20-point homeless plan and has recently launched plans to convene a Homeless Advisory Committee.

In 2017-2018, the County convened a Homeless Governance Study Committee to analyze existing coordinating structures and make recommendations for possible restructuring or creation of a new governing entity. Identified problems the Committee set out to address, as reflected in materials developed by the Committee, were:

- Lack of a regional decision-making body and structure with sufficiently broad representation from all necessary stakeholders and responsibility and authority to establish shared priorities, plan, and make decisions on a broad range of issues facing the region: no central authority or decision-maker to set regional priorities, HAP scope too narrowly focused on CoC funding, and HUD-mandated planning requirements
- Lack of overall coordination. There are multiple competing initiatives launched by different entities and stakeholders, lack of clear and sufficient communication and information sharing.
- Insufficient capacity and resources, insufficient staffing for homeless system planning and implementation (including system assessment, performance measurement, data analysis, developing strategic priorities), insufficient local funding, and lack of capacity to compete for funding.

After meeting over the course of about 18 months and considering options ranging from creation of a new formal entity, such as a JPA, to maintaining the current structure, the Committee put forth a set of recommendations for restructuring the existing HAP. The main elements of this proposed restructure were to retain the basic structure of the HAP and incorporate the following changes:

- Restructure the existing HAP Board into an Interagency Policy Council (IPC) tasked with being the primary decision-maker for the homeless system and not limited to HUD activities. Responsibilities would include setting policy, allocating funding, and setting performance targets.

The IPC would serve as the central coordinating body for the full range of homelessness programs, services, and initiatives. The existing Board would be expanded, and the IPC would consist largely of high-level community leadership and funders.

- Retain the Jurisdictional Executive Committee but rename it to “the Jurisdictional Coordinating Committee” and continuing to coordinate interjurisdictional budgeting and cost sharing for homeless activities, such as winter shelter.
- Retain the existing HAP but rename it as the General Membership/Operations group.

While the recommendations were generally welcomed by most stakeholders, the work of the Committee was paused in 2018 before the recommendations could be finalized and adopted. As new funding streams were rolling out into the community from the State, there were some questions about appropriate membership for the IPC as envisioned, and whether this was the right approach for allocating these or other new resources. Some members of the HAP raised a question as to whether the proposed structure would need refining to ensure compliance with HUD CoC Governance requirements. People involved in the process also became very busy with preparing for the new resources, and lack of adequate staffing capacity made it impossible to proceed on both action areas at the same time.

#### *ii. Assessment: Strengths and Challenges in System Planning, Governance and Structure*

*Strengths:* The existing “CoC-centric” governance structure of the HAP is a common way in which California communities have organized their response to homelessness – a volunteer board with a governmental lead agency, primarily focused on managing the federal CoC funding stream. In this regard, the HAP appears to be very high functioning. They are ensuring HUD’s planning and data collection requirements are met and expanding federal resources for homelessness, such as through the Youth Homeless Demonstration Program (YHDP) grant. Stakeholders we spoke to largely hold positive views of the HAP, pointing to the benefit of having a forum in which all the homeless-dedicated entities in the community come together to share information, coordinate their work, and stay abreast of changes in the field.

The *All In Plan*, developed jointly by Smart Solutions, HAP, County and the United Way, reflects this collaborative spirit and identifies a set of strategies that are well-aligned with federal policy priorities and the latest thinking in the field. The *All In Plan* sets goals to transform the crisis response system by implementing coordinated entry, increasing prevention and diversion, increasing access to affordable housing, ensuring people maintain housing after exiting homelessness, and integrating the homeless system with mainstream benefits, among other goals. The plan sets the goal to end chronic homelessness and other adult homelessness as well as family homelessness by 2020. It also articulates a priority of addressing the needs of South County, initiating a response to youth homelessness and ending veteran homelessness.

The work of the Homeless Governance Study Committee is another strength, reflecting a recognition among stakeholders of the need to further develop the homeless system governance structure to be less narrowly focused on CoC funds. Instead, they recognize the need to be more broadly responsible for devising a system and strategy to address homelessness throughout the community and aligning funding

to achieve shared objectives, including the many non-CoC funding streams. As the State begins to release more funds that must be allocated using a local structure and process, revisiting of this structure is even more crucial. The County of Santa Cruz creation of a dedicated position for a Homeless Services Coordinator within the CAO and shifting the CoC functions to that office is an important step towards creating a dedicated countywide planning and coordination function.

*Challenges:* In our assessment, while the governance redesign efforts are on the right track and should continue, the work needs to focus in particular on joint decision making about investments and oversight. Specifically, the next phase of governance work should flesh out in greater detail how the new governance structure will ensure there is a strong and well-understood set of roles and processes for setting funding priorities and ensuring coordination and alignment of funding, particularly given the expectation that new State funding sources are likely to continue flowing into the community.

The proposed new structure sets up some proposed roles for the new IPC and the Jurisdictional Executive Committee in setting priorities and making funding decisions. However, it remains to address the importance and complexities of who will make key funding decisions and how they will ensure that these decisions are transparent, fair, and inclusive while also strategic and focused on maximizing impact. Due to the idiosyncrasies of the CoC funding stream in which funds flow directly from HUD to providers, the HAP has historically avoided getting directly involved in making awards and managing funding. However, now, as new funds like HEAP and CESH are flowing from the state to the CoC, tensions have arisen. The HAP, which is tasked with making HEAP and CESH funding decisions, is comprised of agencies that are also recipients of funding – raising concerns that their involvement in funding decisions creates conflicts of interest. Additionally, since the HAP is not able to accept funds or enter into contracts, the County is playing the role of funding administrator (issuing the RFP, managing the application and contracting process), but is not the decision-maker. This had led to a perception of confusion around roles and concerns about fairness and transparency.

The community's community-wide plan *All In* sets some key strategic goals and a direction for the homeless system, however, a clear set of overarching funding priorities are lacking and compound the problems identified above. In the absence of a clearly articulated strategy, the funding priorities that the HAP and County developed for HEAP and CESH were very broad, and the award process ended up spreading funds thinly to *many* providers and projects, rather than investing significantly in specific, prioritized strategies and gaps to make the greatest measurable impact. Focus Strategies heard concerns from stakeholders who were disappointed in the process, and this was not limited to those who might have been disappointed by their own results. Several stakeholders reported spending significant time reviewing and rating applications but, in the end, felt it was not clear why certain projects were funded and not others. Funders interviewed (private and public) expressed a desire to see a more coherent and comprehensive community strategy to guide their investments. They recognize a need for strategic thinking and leadership to tell them where funds can be best spent to have the biggest impact.

In general, our information gathering revealed concerns among stakeholders about a perceived lack of transparency in decision-making relating to homelessness. In our view, the problem is not primarily a lack of transparency per se on the part of decision-makers, but rather that there are many fragmented and uncoordinated planning and decision-making processes in Santa Cruz county. The absence of a well-

understood and clear decision-making process generates a sense among some stakeholders that the process is mysterious or intentionally obscured.

Although the current HAP structure includes an interjurisdictional coordination committee, the County and the four cities tend to operate independently and make many decisions on their own, though some of these decisions are based on city-specific context or issues. Jurisdictions have worked together through the HAP to jointly fund winter shelter, but the day-to-day response to homelessness within their jurisdictions, as well as planning for any other local investment and evaluation of investment impact do not seem to be taking place within the existing HAP structure and therefore lacks shared objectives and coordination. For example, some cities view their role primarily as responding to the immediate problem of people living outside by deploying a law enforcement and public works response, while looking to the County to address the housing and service needs of people experiencing homelessness. However, this view hasn't translated into agreements about explicit roles or how to handle mutual problems, allowing for a certain amount of finger-pointing. This is not unusual in California where counties are the nexus for most service needs and cities are the holders of law enforcement, public space, and development decisions in incorporated areas.

Some stakeholders are concerned that people with lived experience are not well-represented in planning arenas and this aligns with what Focus Strategies has observed. The community culture does not seem to strongly involve people with lived experience in planning or feedback. To illustrate this point, Focus Strategies struggled to even convene focus groups with people experiencing homelessness, as there are fairly few existing groups consisting of people with lived experience that meet regularly. Nevertheless, we observed strong participation from youth with lived experience of homelessness on the Youth Advisory Board (YAB). The YAB serves as a model for inclusivity and meaningful participation in system planning by people who are currently or formerly experiencing homelessness.

## B. Strategies to Reduce Inflow

Strategies to reduce the rate at which people enter homelessness is a critical element of a community's efforts to reduce homelessness. Our assessment found that in Santa Cruz County these types of efforts are relatively under-developed.

- *Diversion*: Diversion (sometimes also known as problem-solving) is a practice designed to “catch” people at the point at which they have just entered homelessness or right before (such as when they are seeking a shelter bed) and engage them in a strengths-based conversation to identify a no-cost or low-cost housing solution if at all possible (such as living with a friend, securing a shared housing situation, or returning to family members). It is a highly effective practice that can reduce the growth of the homeless population and particularly for people who have recently become homeless. In Santa Cruz County, diversion is not a fully built-out component of the system, though there are plans to incorporate diversion activities into the CES system. Stakeholders we interviewed noted that some providers try to divert people who approach their programs, but this activity tends to be inconsistent. Some system providers offer light-touch services and/or financial assistance to households to facilitate a quick connection to permanent housing. In addition, the Homeward Bound program, which is funded by the City of Santa Cruz, provides bus passes for people who have identified alternative housing opportunities outside of

the City/County. More expansive, flexible diversion assistance – such as flexible financial assistance to help people maintain their own unit or remain living with friends or family; mediation with landlords, roommates, or family members; and staffing to engage in housing problem-solving conversations – are limited.

- *Targeted Prevention*: Targeted prevention programs attempt to identify people who are still housed but who are either facing eviction or otherwise will lose their housing. To be maximally effective at reducing homelessness, these types of programs must use very strong targeting criteria to identify those households most at risk of becoming homeless after eviction. Evidence shows that many households that suffer a loss of housing do not become homeless but rather use their family and social networks to identify alternative housing. Traditional prevention programs which do not target in this way typically assess whether the household seeking assistance can independently sustain their rent and other expenses after the assistance period ends as a basic eligibility criterion. As a result, these prevention programs typically serve households that have a source of stable income and minimal barriers to housing stability. Targeted prevention programs, on the other hand, utilize a set of screening criteria to identify households facing a housing crisis who are most at risk of becoming homeless. For example, qualifying households may have previously been homeless, have no income, experience a disabling condition, and/or be a young parent, all factors that have been shown to be more highly correlated with homelessness. Targeting criteria for effective prevention should be specific to the community and can be developed using local HMIS data or can draw from existing community data related to which households are most likely to become homeless. Currently in Santa Cruz County, there are a number of eviction prevention and rental assistance programs, but our assessment has not explored how well targeted these programs are. We did not hear that these were specifically aligned with the goals of the homeless system.
- *Coordinated Entry System (CES)*: Santa Cruz has recently launched and is currently expanding the reach of a coordinated entry system for homelessness. While some inflow reduction practices relate closely to CES, the primary purpose of coordinated entry is to connect people to housing programs; we have addressed CES in the next section.
- *Institutional Discharge*: Typically, a portion of the homeless population enter or re-enter homelessness from institutional settings such as hospitals and jails. In Santa Cruz County, some initiatives and pilot programs to reduce discharge from institutions into homelessness are in early development to identify and address the needs of people who are homeless who cycle in and out of institutions. These include the re-entry program currently operated by the Sheriff's Department, the HUGS frequent user initiative, and some preliminary work being done on cross-system data matching which could identify people who are found in multiples systems of care including the homeless system. But as of yet there is no overarching County strategy to reduce inflow from mainstream systems of care into homelessness.

### C. Homeless System Interventions

This section describes the community's primary homeless system interventions. In each area, we have assessed the extent to which these interventions appear to be high performing and aligned with known

evidence-based practices. Our primary metric for assessing these interventions is how well they appear to be creating solutions that help people transition from homelessness to housing.

## 1. Emergency Response: Mobile Outreach, Drop-In Services, Emergency Shelter, and Encampment Response

All communities, particularly those in which there is significant unsheltered homelessness, have a range of emergency or crisis response interventions that make up the “front end” of the homeless system. These interventions typically include street-based contacts and services to those living outside, such as outreach and engagement, as well as temporary places for people to stay during the day (drop-in and day centers) and at-night (shelter.) Given that unsheltered homelessness creates a range of community health and safety issues, it is important that the crisis response focus on addressing the immediate health and safety needs of people experiencing homelessness and the community in which they are living. However, in a highly functioning homeless crisis response system, the emergency response should not only address these immediate concerns – it should be part of an overall strategy to reduce homelessness by offering temporary places for people to stay safely without excluding those who need them and effective interventions that provide a pathway to housing. Our assessment of the emergency response to homelessness in Santa Cruz County considers current efforts through this lens. Currently, Santa Cruz County has a promising opportunity to move towards a systemwide emergency response approach that is grounded in these principles (i.e. a focus on housing, and use of low-barrier, evidence-based practices) through the addition of new State dollars.

### *i. Description of Current Emergency Response*

Santa Cruz county has several emergency response programs intended to address or at least ameliorate the immediate crisis of homelessness for those living outside. These program types include outreach, day services, shelter, safe parking, and encampment response. The following section provides an overview of the community’s existing emergency response components of the homeless system.

- *Outreach:* There are five CoC-funded and a few other non-CoC funded mobile outreach programs operating in Santa Cruz County. Some of the community’s outreach workers are deputized to conduct immediate, in-person assessments to connect individuals to Smart Path, the community’s CES, which provides a front door to homeless system resources (see more in section below entitled “Coordinated Entry System”). Throughout the CES process, outreach workers attempt to remain engaged with clients to provide communication and assistance, and, when possible, facilitate successful housing referral and placement through Smart Path.

The community’s other outreach services are mostly focused on helping individuals meet basic and health needs (both mental and physical and include both Continuum of Care (CoC) and non-CoC funded programs such as Homeless Persons' Health Project (HPHP), Encompass Downtown Outreach Worker Team, Homeless Outreach Proactive Engagement & Services (HOPES), Maintaining Ongoing Stability through Treatment (MOST), Youth and Veterans Outreach, and the Downtown Streets Team. The County of Santa Cruz, City of Santa Cruz, and the City of Watsonville fund mental health workers, through the Mental Health Liaison Program, who accompany police officers and provide engagement and support to people who are unsheltered. Services under this program are offered countywide as

part of outreach. Outreach programs provide valuable resources and connections for people experiencing homelessness, but these programs operate outside of an overall systematic approach and therefore are not designed to connect people to other parts of the system or to the resources needed to access permanent housing as a primary objective.

- Drop-In and Day Services:* Drop-in centers typically are places where people who are unsheltered can receive some essential services (e.g. showers, laundry, mail) and access social services on a drop-in basis. Offering drop-in centers can be an effective strategy for engaging with people who are living outside and who need a significant period of engagement before they will access social services or housing. Effective drop-in programs have staff who are adept at engagement and services available to support people to transition to housing. Currently, there appear to be a limited number of homeless-specific drop-in programs in Santa Cruz County. The Homeless Service Center (HSC) offers some basic hygiene services, but they are primarily a provider of shelter, housing, and case management. The Salvation Army in Watsonville provides a variety of drop in services such as showers and meals. Our initial assessment did not explore the depth or quality of engagement taking place at these drop-in centers or whether clients accessing drop-in services are being connected to shelter and housing.
- Emergency Shelter:* As previously mentioned, slightly less than one-quarter of people experiencing homelessness were staying in emergency shelter on the night of the 2019 PIT. As shown in the following data derived from annual Housing Inventory Count (HIC) provided to HUD, the community's shelter inventory has declined slightly over the past five years, with current capacity at 439 beds. Appendix F provides a list of the shelters that make up these 439 beds.

	Total Capacity 2019 HIC (Beds)	Total Capacity 2018 HIC (Beds)	Total Capacity 2017 HIC (Beds)	Total Capacity 2016 HIC (Beds)	Total Capacity 2015 HIC (Beds)
Emergency Shelter	439	435	387	475	481

The majority of the community's shelter inventory is in the northern region of the County, mostly in and near the City of Santa Cruz. There are far fewer shelter services in the southern part of the County, though the relative need is also smaller. Many South County shelter beds were seasonal until very recently when some year-round shelter beds came online. Leveraging new State dollars (HEAP and CESH), the community is currently working on creating two new sites that will act as navigation centers in both the North and South County; both of which would provide year-round low-barrier emergency shelter and access to housing-focused services. At this point, a working site has been identified in South County but not in North County. In the interim, due to a lack of immediately available sites for new navigation centers, key features of the navigation center model are being introduced into existing shelters so that they may begin to fill the role of navigation centers.

Most of the community's shelter beds operate on a year-round basis (64%) though greater than one-third of the beds operate seasonally – typically during the winter months only. However, the community's seasonal beds will expand to being year-round soon. The following table shows the total number of year-round and seasonal beds in the community this year.

	Year-Round Capacity 2019 (Beds)	Seasonal Capacity 2019 (Beds)
Emergency Shelter	279	160

- *Safe Parking*: Safe Parking is relatively new component of the emergency response system, offering a network of church parking lots and public facilities to provide spaces for specific people experiencing homelessness to park their vehicles and access hygiene services. Currently, there are seven locations and 33 participants in the program, which has a dedicated coordinator that seeks to match people to an accessible, appropriate church parking lot as an alternative to street parking, with more capacity to come online in the near term. This program is still new and will be further explored in the next phase of this TA project.
- *Encampment Response*: While not a formally named or intentionally designed system element, responding to encampments of tents and temporary structures has been a current focus in Santa Cruz County, particularly at the city level. Thus, we have included our assessment and understanding of these practices in this baseline report. As previously mentioned, a majority of Santa Cruz County’s homeless population (around 78%) are living in unsheltered locations. This includes both sanctioned and unsanctioned encampments. Historically, the largest encampments have emerged along Highway 1, as well as River Street and Downtown Santa Cruz, however, smaller ones have appeared in locations throughout the county. Public entities throughout the county have generally responded by asking encampment participants to disburse and cleaning up large unsanctioned encampments perceived to pose safety, health, or environmental threats to the community. The primary response is to offer encampment residents a referral to emergency shelter (though openings are limited), other emergency services and/or, in some cases, an option to move to a sanctioned encampment. There have been a limited number of sanctioned encampments, including the current 1220 River Street site. The River Street site is a tent-based shelter. 1220 River Street is fully-staffed and the services follow a short-term shelter model. However, the practice of permitting sanctioned encampments has been variably implemented; resulting in the opening and closing of encampments due to a lack of ability to sustain them. River Street, for example, is only currently planned to remain open until spring 2020 and plans for what will happen next are unresolved.

ii. *Assessment: Strengths and Challenges of the Emergency Response*

*Strengths*: The community’s existing emergency response employs a wide range of strategies to assist people to meet their basic, health, and mental health needs. Diverse and wide-reaching outreach programs exist to engage people experiencing homelessness in homeless system and mainstream resources, while a variety of shelter programs are offered to those in both the northern and southern area of the County. In general, stakeholders who were engaged reported that emergency shelter and service providers are skillful and committed to assisting those experiencing homelessness. Shelter providers we interviewed appeared to be doing good work to support residents to secure housing solutions, within the constraints of available resources. Further, with the roll-out of new State Homeless Emergency Aid Program (HEAP) program, the community has a significant opportunity to leverage these dollars towards low-barrier, evidence-based emergency response strategies. Strategic use of HEAP funds

also provides an opportunity for the County to fill gaps in both geographical and seasonal shelter availability.

*Challenges:* Based on our assessment of the local system and conversations with key stakeholders in Santa Cruz County, the community's emergency response strategies are small in scale for the size of the population and appear to lack sufficient connection to strategies that help people secure housing. While some shelters have services in place to support clients to develop housing plans or provide case management, these types of interventions are not available systematically at all shelters. Mobile outreach teams largely are focused on meeting immediate health and safety needs and have not been equipped with training or information on how to engage clients in a "housing problem-solving" or "diversion" conversation to discuss possible housing solutions that may be available within someone's natural pool of resources or how to connect them to another potential housing pathway. There is also a lack of sufficient locations in the community where people who are unsheltered can access housing-specific services, such as housing resources/information, diversion, or housing-focused case management, on a drop-in basis. Many stakeholders are focused on a perceived need to increase emergency shelter inventory. Given the high rate of unsheltered homelessness and the fact that over one-third of shelter beds only operate seasonally, additional shelter capacity could be useful, however, we believe that a more strategic and immediate use of system efforts would be focusing on ensuring *existing* shelter options are more housing-focused and accomplish the goal of assisting those with the highest needs exit homelessness to safe, stable housing.

The navigation centers in South County and addition of North County Navigation Center include both emergency shelter and day services, has drawn a great deal of attention and been met with mixed opinions. Navigation centers are a new intervention type and additional work in the field to define what makes this model distinct is needed. However, typically, the centers are extremely low barrier shelters that allow people to enter with pets, partners, and/or significant personal belongings, which often are not permitted in traditional shelters. They are also typically highly staffed and open 24/7 with residents being permitted to come and go, and they are often intended to be used for very high need/high priority persons who are expected to be "navigated" to a housing solution. While many stakeholders believe the navigation centers would provide a crucial opportunity to increase shelter inventory and engage a greater number of people, others expressed skepticism about the effectiveness of the proposed programs. In our assessment, the community seems to lack a solid, shared understanding of what the purpose, goals, and functions of these navigation centers will be. Additionally, much of the conversation has been centered around identifying a physical location and siting of the centers and lack focus or clarity on the proposed service model. To be effective, navigation centers should provide low-barrier shelter with strong connections to permanent housing to serve those with the highest needs and barriers to housing. Community conversation should also shift towards ensuring *all* shelter in the community is low barrier, while employing a housing first approach and other best practices.

Focus Strategies does not yet have the information needed to assess whether additional shelter capacity is needed. Data to help us answer this question will be gathered in the next phase of work. Once we have completed the initial round of system and project performance assessment, we will be in a better position to advise on the potential need for and impact of additional shelter beds and housing specific services.

Our assessment found that efforts to address and resolve encampments to date appear largely aimed at moving people away from existing sites due to legitimate health and safety concerns but without an articulated plan for where people will go, other than to a new encampment or possibly to shelter. To be effective, encampment resolution efforts must connect as many people as possible to a pathway out of homelessness – through diversion/problem-solving to find an immediate housing solution, placement into shelter or navigation center where they receive housing focused-case management, treatment beds for those who articulate a desire for treatment, direct placement into housing, and/or connection to mainstream services that can help support the acquisition of income. Absent a housing strategy, people who are unsheltered will likely simply move from one encampment to another or disperse onto streets and other locations not meant for people to live.

Some stakeholders we interviewed noted that in recent years the unsheltered population seems to have become increasingly “aggressive” and many appear to suffer from mental health and substance use challenges. This has led to a focus by some on the need for treatment options as a primary solution to unsheltered people’s homelessness. Some people experiencing homelessness who we spoke with also mentioned concerns about others on the streets, but few talked about seeking or needing treatment. All spoke primarily about their need for income opportunities and housing solutions. Evidence from the field suggests that treatment needs to be available quickly when people are ready to take it up but that for many people, their interest and success in treatment is greater once they have a stable, permanent place to live. Offering health and behavioral health care to people in encampments is not likely to yield strong results absent a housing strategy. As noted above, the community already has mobile outreach programs devoted to providing health and behavioral health services to people outside. Some stakeholders also noted that outreach workers that work with people in encampments need increase information and improved training, with a focus on trauma-informed care and connecting people to appropriate system resources.

## 2. Homeless Targeted Housing Interventions: Transitional Housing, Rapid Rehousing, and Permanent Supportive Housing

In a high functioning homeless crisis response system, housing interventions should be designed to help people move from literal homelessness to housing as rapidly as possible. Interventions should be allocated based on need, with the highest need individuals receiving permanent supportive housing. Our assessment considered the size of the inventory of these interventions, how they are targeted and how they are accessed by people experiencing homelessness, as well as the alignment of the program models with national best practices.

### *i. Descriptions of Existing Homeless Targeted Housing Interventions*

Existing housing interventions in Santa Cruz County include transitional housing, rapid rehousing, and permanent supportive housing. The following table shows the inventory of available housing interventions. Appendix F provides a detailed list of the programs in each of these program types.

Program Type	Total Capacity 2019 HIC (Beds)	Total Capacity 2018 HIC (Beds)	Total Capacity 2017 HIC (Beds)	Total Capacity 2016 HIC (Beds)	Total Capacity 2015 HIC (Beds)
Transitional Housing	182	223	201	228	247
Rapid Rehousing	204	191	185	167	131
Permanent Supportive Housing	580	560	638	457	409

*Transitional Housing:* Transitional housing (TH) programs offer a temporary housing placement with on-site supportive services (usually in a group living environment) for up to two years with the goal of helping people obtain and maintain permanent housing upon exit. In recent years, a wealth of evidence from around the country has demonstrated that this program model tends to be very expensive and does not yield strong results – households tend to have long lengths of stay in programs (meaning continued homelessness during that time) and many do not secure housing upon exit. For this reason, HUD has encouraged communities to evaluate their transitional housing inventory and reduce investments in this approach if programs are underperforming. Santa Cruz County has followed this guidance, reducing the supply of TH from 247 beds in 2015 to only 182 in 2019, a 36% decrease. Since Transitional Housing does not provide a permanent housing solution, it should more appropriately be considered part of the community’s emergency response. However, in Santa Cruz County, stakeholders tend to view TH as a housing intervention, thus, we have included it in this section.

*Rapid Rehousing:* Rapid rehousing (RRH) provides households with short-term rental subsidies and time-limited case management to help them secure a rental unit in the private housing market. At the end of the term of assistance, most households take overpaying 100% of the rent (unless another subsidy is secured). Evidence from around the nation shows that RRH is more cost effective and yields better results than transitional housing, consequently HUD has encouraged communities to expand this intervention. The *All In Plan* calls for an increase in RRH supply. As seen in the table above, largely as a result of HUD CoC grant dollars being reallocated away from transitional housing towards rapid rehousing programs, rapid rehousing beds have increased from 131 in 2015 to 204 beds in 2019, an overall increase of 73 beds (56% increase overall).

*Permanent Supportive Housing:* PSH provides long-term rental subsidies or permanently subsidized housing units coupled with intensive services for people who have the most intensive needs – generally those who are chronically homeless. As shown in the table above, the amount of permanent supportive housing in Santa Cruz County has grown steadily since 2015, with some fluctuations. Much of the PSH inventory is funded through CoC grants. There are also some highly successful and innovative non-CoC funded PSH efforts in place, including:

- *Disabled and Medically Vulnerable (DMC) Program:* The DMV program, operated by the Housing Authority of the County of Santa Cruz, sets aside 120 vouchers on a rolling basis for those experiencing homelessness. The program allows persons experiencing homelessness to bypass traditional Section 8 waiting lists and receive a voucher through a specific pipeline created to aid those experiencing homelessness and work to get those individuals into housing. As part of

helping clients maintain their housing, the program also requires these voucher holders have case management for at least one year through a provider of housing supportive services. The DMV program will automatically “graduate” voucher recipients that have been stably housed for two years into more traditional voucher when funding and resources allow, freeing up the vacated DMV vouchers for another person experiencing homelessness.

- *180/2020 Initiative:* Coordinated by the Homeless Services Center, the original 180/180 Initiative was a collaborative launched in 2012 that worked in conjunction with the National 100,000 Homes Campaign. By 2014, the 180/180 Initiative had exceeded its goal to house at least 180 of the community’s most medically vulnerable and chronically homeless by placing 200 individuals into housing. To build upon this success and momentum, Santa Cruz County renamed the 180/180 to be the 180/2020 Initiative with the goal of housing more of the same, highly vulnerable population. In doing the work, the collaborative expanded the scope of work to include the DMV program mentioned above, housing workshops aimed at assisting those experiencing homelessness, a multi-agency Housing Work Group to collaborate on housing for the vulnerable, and the addition of three permanent supportive housing case managers. The 180/2020 Initiative has continued to house individuals and as of September 2017, 750 people have been housed.

*ii. Assessment: Strengths and Challenges of Homeless-Targeted Housing Interventions*

*Strengths:* This area appears to be a community strength, considering that the community has been slowly shifting its inventory of interventions in the right direction – decreasing transitional housing and increasing rapid rehousing and permanent supportive housing. The assessment process did not encompass looking at specific program policies and procedures, so we were not able to assess the degree to which these programs are aligned to best practices. In general, providers seemed well-versed in housing first concepts such as low barriers to program entry, strengths-based and voluntary services, and client choice. For example, the Disabled and Medically Vulnerable (DMV) program administered by the Santa Cruz Housing Authority works very flexibly with households to help them secure and maintain housing and graduates clients to a regular Housing Choice Voucher (HCV) subsidy without having to change units. Stakeholders also reported that the 180/2020 initiative has helped the system embrace housing first approaches and bridge the gap for housing between landlords and tenants through relationship building and housing navigation.

As part of Focus Strategies’ continued work in the community, we will assess the performance of the communities homeless-targeted housing programs using the System-wide Analytics and Projection (SWAP) suite of tools, which will enable us to better understand how they are contributing to the overall goal of reducing homelessness.

*Challenges:* While some programs are well-versed in best practices, one challenge we observed is that other providers, as well as many in the broader community of stakeholders, do not seem very familiar with these program models. Additionally, many do not seem to connect the problem of unsheltered homelessness to the need for more targeted and specialized housing interventions. For example, some providers expressed concerns about the effectiveness of housing first models due to unsheltered people being “too hard to house” and the unavailability of affordable units. Many stakeholders cited the need for

more treatment-based and “housing in transition” programs over housing-focused interventions as a way to resolve unsheltered homelessness. As noted in the previous section, the encampment response and emergency response components of the system (i.e. shelter, outreach) do not seem to be well-connected to the system’s housing interventions (i.e. RRH, PSH). There also seems to be a shared narrative among some providers and system-level stakeholders alike that due to the challenging high-cost, low-vacancy housing market, implementing a systemwide housing first approach is extremely difficult in Santa Cruz County. However, it should be noted that despite these commonly held notions, communities across the nation have shown that a housing first orientation works when system strategies to open the door for people experiencing homelessness to the private rental market are consistently employed. These strategies and practices include (but are not necessarily limited to) implementing robust housing navigation, search, and placement, as well as landlord recruitment and engagement.

Once the SWAP work is complete, Focus Strategies will be in a better position to assess the degree to which the inventory of targeted housing interventions is appropriately sized to support the community’s efforts to end homelessness. Yet, even without this analysis, we believe it is likely that the rapid rehousing and PSH inventory is not scaled to the level needed and there is a need for more resources and scaling-up of housing-focused case management, housing navigation, and landlord engagement efforts.

### 3. Coordinated Entry System (CES)

#### *i. Description of Existing Smart Path Coordinated Entry System (CES)*

In recent years, HUD has required that communities implement coordinated entry systems (CES) that create a single, standardized process for people who are experiencing homelessness to be assessed for and gain access to the targeted housing interventions available in the system. In accordance with federal coordinated entry requirements, Santa Cruz County implemented the Smart Path to Housing and Health (Smart Path) system. In 2018 Smart Path, people seeking assistance at a variety of different places within the homeless system are assessed using the Vulnerability Index - Service Prioritization Decision Assistance Tool (VI-SPDAT), a commonly used assessment tool, then prioritized for available homeless-targeted housing assistance. Implementation of Smart Path represents a shift away from a previously “fragmented” system where people accessed services and housing assistance programs on a first-come, first-served basis, by personal or provider advocacy, or via a waitlist. The system is managed by the Santa Cruz County Human Services Department with oversight by the HAP.

The system design is intended to be “no wrong door,” though in effect it is really a “many right doors” approach, in which about 25 agencies countywide act as access points by conducting CES assessments for some or all homeless populations. These agencies include shelter and service provider locations, mental health clinics, libraries, domestic violence and Veterans assistance programs, and public administrative offices. The system deploys around two-hundred trained assessors – a majority are not full-time assessors but have this function built into their existing role. Smart Path also integrates mobile outreach for people who are unable or unwilling to visit physical access points and recently hired four mobile assessors dedicated to specific subpopulations and geographic regions (families and transition-age youth, North and South County). Although CES policies state that people seeking assistance can access CES by calling 2-1-1, by-phone assessment is not currently available.

The VI-SPDAT generates a numeric “score” which is used to determine people’s level of vulnerability or need in order to match and refer them to system resources, as they become available. Referrals are made based on program type, eligibility criteria, and individuals’ assessment score and processed through the system’s Homeless Management Information System (HMIS). People who are referred to permanent supportive housing (PSH) programs must meet the federal chronic homelessness definition and receive a VI-SPDAT score between 8 and 17 for adults and TAY or 9 to 22 for families. Rapid rehousing (RRH) and transitional housing (TH) referrals are made to those who score between 4 and 7 for adults/TAY or 4 and 8 for families. Households with the longest histories of homelessness and who score on the high-end of these ranges are prioritized for the respective interventions, in an effort to reserve resources for those with the highest need. Once referrals are made, agencies must contact the referred household within 5 business days to begin the program entry process. Emergency shelter and other emergency response interventions are not yet integrated into Smart Path at this point; however, these components are planned to roll out in the near-term.

*ii. Assessment: Strengths and Challenges of the Coordinated Entry System (CES)*

*Strengths:* Overall, community response to the implementation of the Smart Path system has been positive. In interviews and other engagements, stakeholders reported that there is growing momentum and buy in around CES and many expressed a desire to build up and strengthen CES as a key element of the broader homeless system. Although Smart Path is still relatively new in Santa Cruz County and providers acknowledge that there are growing pains that come with the implementation of a new system (noted in the “Challenges” section below); most people seemed confident that issues will be resolved over time and that CES has been a beneficial addition to the suite of tools in the homelessness crisis response system. CES has helped the community identify and prioritize people with the highest needs for services and housing, in a way that was not previously occurring. This has resulted in households accessing system resources they had previously been unable to (when services and housing were accessed on a “a first-come, first-serve basis”). Stakeholders acknowledged that providers are “serving people [they] haven’t before,” and aligning the regional system towards policy goals to prioritize vulnerable populations.

The establishment of the Smart Path system has also given providers and system planners a better sense of who is in the system and how they are or are not accessing resources, a key element in developing a more effective and targeted response to homelessness. This represents a shift towards a system that is increasingly focused on helping those with the highest needs and barriers to housing – people who previously weren’t served or “creamed out.” Stakeholders said this has led to greater collaboration among system players. For example, housing work groups and front-line staff have increased communication and are now coordinating on how to best serve high-needs populations and fill gaps where services are identified as deficient. When apparent gaps in service emerge, system partners now collaboratively examine how to best serve underserved and/or high-needs people or groups and work to address these issues. Stakeholders have also pointed out that data is now more available and useful as a result of CES. The creation of Smart Path has standardized the way data is collected and reported, leading to more data that can be used to analyze efficacy and understand system performance. Increased data also provides the system a better idea of who is – and in some cases, who is not – accessing the system. Some stakeholders representing other systems of care and institutions that overlap with the homeless

system also recognized CES as an opportunity to increase collaboration and coordination of services across systems.

*Challenges:* In our assessment, the current implementation in Santa Cruz County is very similar to the design of coordinated entry in other communities, but would benefit from a re-design to better align with best practices in the field and improve its ability to efficiently connect people who are homeless with a housing intervention. Based on our conversations with CES staff, it appears some of these improvements are in the works. Areas in need of refinement or improvement include:

- *Diversion is not yet a component of CES.* Integrating a diversion step into Smart Path will create opportunities to help people secure a no-cost or low-cost housing solution without having to go to shelter or enter a rapid rehousing or permanent housing program; thereby helping the system reserve these interventions for those who have no other options. Plans are currently underway to build diversion into CES as part of the initial assessment step. Diversion trainings for CES “line staff” are already in the works.
- *Emergency Shelter Not Integrated into CES.* Smart Path is not currently being used to fill emergency shelter beds. Integrating shelters into CES to help ensure beds are filled with people with the highest needs is planned to occur in the coming 2019/2020 Fiscal Year; which has the opportunity to be an important element of an improved unsheltered/encampment strategy.
- *Lack of Dynamic Prioritization/ Bucketed Lists.* The Smart Path system currently uses “static prioritization” in which people are assessed and then placed onto lists for specific interventions. It places people either on a list for RRH or for PSH based on their score and these lists are not permeable (i.e. people cannot move from one to the other). People who have been on the list the longest and have the highest scores are served first. This results in lists becoming stale and full of people who cannot be located, so it tends to match and refer people who are good at staying in touch with coordinated entry staff and not necessarily those with the greatest needs. Because there is not enough PSH supply to meet the needs of everyone on the PSH list, many of those households are never assisted. Meanwhile, households with lower needs and lower priority scores who are on the RRH list are receiving RRH. This leads to a situation where lower needs households are assisted before those with higher needs.

A preferred alternative would be a dynamic prioritization strategy in which the number of prioritized people matches the availability of inventory in rapid rehousing and permanent supportive housing. Households are not matched to interventions based solely on their score, but by eligibility criteria and sometimes using a case conferencing process. This results in a much shorter list of people to manage and ensures that those who are prioritized represent the highest needs households, have been recently assessed, and are easier to locate. It also eliminates long waiting lists “to nowhere.” Dynamic prioritization also allows for adjustments over time as people’s needs may change and may not be reflected in a single score. For this form of prioritization to be effective, however, a strong diversion component is needed to ensure that everyone in the system is offered some sort of assistance rather than being placed on a list.

- *Program Entry Barriers.* Stakeholders reported that Smart Path struggles with getting all programs to lower their barriers to entry so that highly vulnerable households can be served. Our assessment did not encompass reviewing program entry requirements, so we cannot definitively state whether this is the case. However, this is a common problem in most CES implementations. A systematic review of those program entry requirements can be an important part of coordinated entry improvement. Barriers can be too high, keeping large segments of the population from entering the programs designed to service them. They can be equally non-standard resulting in a coordinated entry that requires significant time to make placements that could be reduced with reduction in barriers and alignment of requirements. As part of the next phase, Focus Strategies can support coordinated entry staff to analyze the existing program eligibility requirements and develop a plan to lower barriers systematically.
- *Funding Challenges.* Stakeholders reported that Smart Path is underfunded. It's primary funding source is HUD CoC grant dollars and reportedly has little local investment. We are not able to independently assess whether this is the case, however.

#### D. Exits: Affordable Housing

To be effective, the homeless crisis response system needs a supply of housing that is affordable for people who are experiencing homelessness, and strategies to ensure they are able to access that housing. This includes a robust development pipeline that consistently adds to the affordable housing inventory through new construction and acquisition/rehabilitation of existing units. In addition, communities need a range of strategies to expand access to the existing supply of rental housing for people experiencing homelessness, such as through landlord engagement and outreach and housing search services. Housing programs and interventions specifically designed for and targeted to people experiencing homelessness to housing –rapid rehousing and permanent supportive housing– are discussed in the previous section on Homeless System Interventions. This section focuses on whether the community's supply of existing built units is sufficient given the size of the homeless population.

##### *i. Descriptions of Existing Affordable Housing Inventory*

The existing stock of affordable housing in the Santa Cruz community consists of properties developed by non-profit affordable housing developers, inclusionary units created by market-rate developers, and some public housing units operated by the County's Housing Authority. The Housing Authority also has a Housing Choice Voucher (HCV) program providing tenant-based rental assistance to about 4,500 households.

Like most communities in California, the community has a significant gap in the inventory of affordable housing, particularly for people at the lowest income levels. Affordability is generally defined as paying no more than 30% of income for housing related costs. Additionally, Santa Cruz County was identified as the fifth most expensive metropolitan county in the country, requiring households to earn \$46.90 per hour to afford a two-bedroom apartment listed at the local Fair Market Rent (FMR). The County's FY 2019-20 & 2020-21 Operational Plan cites that 62.3% of renters in Santa Cruz County are rent burdened, spending 30% or more of their income on rent each month. The table below summarizes data on housing affordability drawn from the National Low-Income Housing Coalition.

### Housing Affordability in Santa Cruz County<sup>8</sup>

Hourly wage necessary to afford 2 Bedroom at FMR	Local 2 Bedroom at FMR	Annual income needed to afford 2 BMR FMR	30% of Area Median Income (AMI)	Monthly Rent Affordable at 30% of AMI	Total Renter Households (2013-2017)	% of Total Households in County (2013-2017)	Average Estimated Hourly Wage of Renters (2019)	Monthly Rent Affordable at Average Renter Wage
\$46.90	\$2,439	\$97,560	\$29,400	\$735	38,544	40%	\$14.48	\$753

The data below is from HUD’s Comprehensive Housing Affordability Strategy (CHAS) database, which was most recently updated using 2010 Census data. Though this information is not as current as the data presented above, it still provides some perspective on the unaffordability of housing in Santa Cruz county.

### Available Rental Housing in Santa Cruz City by Percentage of AMI<sup>9</sup>

Household Income Level	# of Affordable Rental Units	Total # of Renter Households	Shortage/Excess of Affordable Units
30% AMI	945	3,980	-3,305
50% AMI	2,190	2,135	-55
80% AMI	6,785	3,420	3,365
100 AMI	No available data	2,235	NA
<b>Total</b>	<b>9,920</b>	<b>11,770</b>	<b>NA</b>

Overall, the community lacks inventory of affordable rental units, especially for renters at 30 to 50% AMI. As shown above, in the City of Santa Cruz – where most unsheltered homeless people reside – there is a severe shortage of housing at the lower end of the rental market and a surplus of housing starting at the 80% AMI level. Comparably, rents generally are somewhat lower in South County, but there is still a shortage of units affordable to people below 30% AMI.

#### *ii. Assessment: Strengths and Challenges of Affordable Housing Inventory*

Currently, Santa Cruz County’s housing market poses significant challenges to creating new affordable housing. Barriers include the County’s historic “no growth” policies, implemented to preserve much of the open space in the County and reserving building for areas that are already urbanized; loss of Redevelopment which was the primary source of local financing for affordable housing development; community resistance to development (“NIMBY”); and a general lack of awareness in the community that affordable housing is the solution to widespread homelessness and housing instability among people at the lowest income levels. Additionally, development in north parts of the county is reportedly more difficult than in the south.

<sup>8</sup> Data sourced from the National Low-Income Housing Coalition’s annual “Out of Reach” report. [https://reports.nlihc.org/sites/default/files/oor/OOR\\_2019.pdf](https://reports.nlihc.org/sites/default/files/oor/OOR_2019.pdf)

<sup>9</sup> Data sourced from the HUD 2007-2011 Comprehensive Housing Affordability Strategy, <https://www.huduser.gov/portal/datasets/cp.html>.

Despite these growth challenges, the City of Santa Cruz, under its former Redevelopment Agency, was able to add 552 affordable housing units to the market before dissolution and continues to work towards increasing affordable housing stock with its Affordable Housing Trust Fund and by leveraging State and federal financing. The City also has an inclusionary housing ordinance that recently changed from 15% to 10%. Also, notably, Watsonville’s housing is generally more affordable, and the City of Watsonville has been instrumental in creating new affordable units. Watsonville maintains a local Affordable Housing Ordinance that requires new developments to include 15% to 20% of units for low-to-moderate income level households. Additionally, the County’s Measure J and the City’s Measure O were voter-approved initiatives that enforce inclusionary housing for all new developments countywide.

Advocates in the community attempted to pass Measure H, a housing bond that would have brought in \$140 million (roughly \$8 million annually) in cash infusions to invest towards local affordable housing projects or to leverage additional state funding for affordable housing. The measure failed in November 2018, falling short of the two-thirds majority vote needed. If passed, the Measure would have divvied funds among the four cities and unincorporated areas of the County to fund affordable housing – including units designated for people experiencing homelessness and in need of supportive services. As various bills work their way through the State and local legislature, community players are looking at opportunities to leverage potential funding to build and expand affordable housing options in the community.

Our conversations with affordable housing developers and housing providers revealed an appetite for building affordable units for people experiencing homelessness and a willingness to work with local government to move towards solutions to increase supply. Similarly, conversations with funders indicate that many agree with the need to increase affordable housing stock. Some funders noted their willingness to put dollars towards efforts to increase housing options for low-income households, if more clear direction and strategic planning were undertaken. Even as the local jurisdictions are faced with restrictions around expanding housing, players crucial to the development and funding of affordable units express a willingness – and in some cases, eagerness – to make strides towards positive social impact and housing solutions for those at the lowest income levels or who are experiencing homelessness.

Tackling the lack of affordable housing will be critical if Santa Cruz County is to end or significantly reduce homelessness. Ultimately, creating a pipeline of new development affordable for those at the lowest income levels will require significant political will, in addition to resources. In our assessment, mustering this level of political commitment will be challenging. Some stakeholders we talked to expressed some optimism that as homelessness becomes increasingly visible and high-priority for community members, there has been some increasingly palpable “YIMBYism” in the community. As homelessness has become an ever-more visible crisis, people are reportedly becoming more open to the idea of affordable housing development and recognizing the link between increased affordable housing and reductions in homelessness. However, other stakeholders were more pessimistic about the possibilities for increased affordable housing production. Many said that NIMBYism and negative stereotypes towards people experiencing homelessness drive community perceptions and are “baked into” local politics, ultimately preventing affordable housing projects from being approved. At least one city we talked with was disinterested in playing a role in expanding housing, seeing this as a potentially infinite need.

Other topics that surfaced during the assessment process were questions about whether private vacation rentals are reducing the availability of market-rate rental units. Some feel local governments must take a stronger position on retaining housing supply for residents – particularly, low-income residents – and curb the number of vacation and second homes. Some stakeholders also expressed a belief that UC Santa Cruz is a major contributor to the shortage of market-rate housing at the lowest income levels. Our assessment did not extend to delving into these issues, so Focus Strategies is not able to say with any certainty how much either of these factors are impacting the availability of rental units.

## E. Data and Evaluation Capacity

### *i. Description of Data and Evaluation Systems*

The primary data system supporting analysis of the homeless system in Santa Cruz County is the Homeless Management information System (HMIS). The HAP, as the CoC governing body, has selected Community Technology Alliance (CTA) as the HMIS lead entity. CTA is the system administrator and contracts with the HMIS vendor, Bitfocus. In addition to serving as the central database for targeted homeless system programs (shelter, housing), the HMIS is used to manage most of the CES functions, including assessment, matching, and referral. Historically, the Santa Cruz CoC has struggled to have strong participation of homeless system providers in the HMIS. The addition of CES spurred more providers to enter data into HMIS; however, the HMIS coverage rate remains below national standards. In the most recent CoC competition, the community lost points in the scoring of the application due to problems with HMIS coverage.

The County has been a key leader and supporter of the countywide CORE Investments initiative, which included developing standard outcome measures to track the impact of a range of social services and community factors. “Housing and homelessness” is one of the categories for which CORE will establish high level multi-year outcome tracking. The County’s CAO office has been participating in these conversations and efforts are being made to align the factors that will be tracked on homelessness with the type of goals that are expected to be part of the homeless system improvement process.

### *ii. Assessment: Strengths and Challenges of Data and Evaluation*

Our assessment of Santa Cruz’ homeless system data and evaluation capacity points to it as one of the community’s most significant challenges and an area in need of significant improvement. While the community has a HUD-compliant database, it appears that to a great extent required data goes into the HMIS but there is little capacity for using the data to understand system performance, inform planning, and develop strategic direction. The focus of activity appears to be on meeting HUD requirements for data collection and general reporting (e.g. generating required Annual Performance Report (APRs) and system performance reports), but not on using performance measurement for local program or system improvement.

A key factor underlying the lack of using data for system planning is structural. The HAP currently performs many data-driven duties including looking at data and using it for evaluation, system planning and design, developing funding priorities, and communicating statuses to the community. However, data responsibilities are divided between the HAP (as CoC governing body), the County (as CoC lead and Collaborative Applicant), CTA, and Bitfocus – with the respective roles and responsibilities of each entity

somewhat unclear. The community looks to CTA as the “lead” for issues relating to data, but CTA is not a decision-making or policy-setting entity. These structural issues tie back to the same problems the community has identified with its overall governance structure – the lack of a clear single entity or set of entities responsible for overall homeless system planning. Should an entity be identified to take on this role, appropriate staffing capacity within that agency/organization is critical. Bolstering data and evaluation capacity will likely require hiring additional staff to ensure sufficient bandwidth exists to fulfil the responsibilities of a system planning lead.

Data analysis, evaluation, and performance measurement are all critical components of system planning – activities that currently do not have an identified home in the homeless system structure. In our discussions with providers, it also appears that many are unfamiliar with data-driven performance measurement – only a few appear to be using any of their own HMIS data to assess their project performance and to inform changes to their programs.

Additional data challenges that were surfaced during our interviews and conversations include that the HMIS system is under-funded. Our assessment work did not include a review of the HMIS budget, but it does seem clear that a perceived lack of funding resources to support HMIS is a source of concern and tension in the community. A recent shift in policy to requiring participation fees from providers has been difficult to implement because of difficulty collecting the agreed upon fees. Another concern that came up repeatedly is the perception that the data in the HMIS is of poor quality. Focus Strategies will be assessing data quality as part of the SWAP work in the next phase.

The CORE effort to track outcome-related data on a variety of social and community indicators is likely to support the need for improved data collection and utilization within the homeless arena, though at the time of this baseline assessment, the CORE outcomes were focused at a community (population) level. Focus Strategies will continue to provide guidance and recommendations to the CORE consultants as they identify program-level outcomes and indicators that will be used to improve outcomes and direct investments. Such performance measures may include the rate of entry into programs from unsheltered situations (targeting), the rate that people return to homelessness after a housing placement, or cost effectiveness of homeless system programs (e.g. cost per permanent housing placement). Alignment between CORE’s higher-level indicators and the more detailed measures to be used by the homeless system itself will be important to ensure that public messaging is consistent, and that funders and providers are in agreement about the most important factors to evaluate the community’s impact.

## F. Other System Components and Topics

Additional topics that have surfaced as part of this baseline assessment phase are described below.

### *1. Geographic Equity*

A frequent theme of our interviews and conversations with stakeholders was the issue of geographic disparities – both in terms of where people experiencing homelessness are living as well as where programs and services are located. The general view is that the overall system is “Santa Cruz centric,” meaning that the northern area of the county, particularly the City of Santa Cruz, receives a disproportionate share of resources due to the large and visible homeless population there. Some stakeholders expressed that homelessness in South County receives less attention due to the population

being less visible. There is also a feeling that the South County is “disconnected” from the larger region due to the County functions all being in Santa Cruz. South County has a somewhat separate network of providers who meet and collaborate independently on local efforts. For the past three years, the County Homeless Services Coordinator and the City of Watsonville have co-convened a South County Steering Committee to begin to more formally address the needs in South County.

Focus Strategies has heard two different sets of opinions about the allocation of resources between north and south counties. Some stakeholders feel there should be more equity in how resources are allocated, advocating that the South County needs more services and more shelter beds to serve people experiencing homelessness in the area, and that they are underfunded relative to their need. However, others expressed concerns that adding more resources and shelter beds will create a “magnet” effect and draw more people to the region. Some expressed a view that the recent transition of the Salvation Army shelter to a year-round operation (it was formerly seasonal) has already led to an increase in the numbers of people experiencing homelessness in South County. We do not have enough information to objectively assess whether there are geographic equity issues – this will be further explored in the next phase of this project. The County’s Operational Plan, however, sets goals to expand resources including homeless navigation and supportive housing in both the north and south regions of the county.<sup>10</sup> The plan states, that “by June 2021, Homeless Services Coordination will work with the Homeless Action Partnership to plan and open year-round homeless services centers in North and South County” and “Health Services will increase the number of supported housing beds sited throughout the county for homeless adults with mental illness by 20 beds from the baseline calendar year 2018.”

Another geographic disparity issue relates to the availability of housing. Rents are significantly lower in South County and there are more landlords willing to accept rent subsidies, so many of the households that can secure rental subsidies are living in South County. We also heard that South County is more open to development but also bears more of the burden of affordable housing development than the north – though we have not analyzed any data to assess the validity of this perception.

## 2. *Homeless Subpopulations*

This baseline assessment is primarily focused on the overall homeless system and does not delve deeply into the specific subpopulations of people experiencing homelessness. As part of the next phase of work, we will gather information that will allow us to look at the system’s performance in relation to different subpopulations, and in particular the difference in performance for programs serving families with children versus programs serving adults and transition age youth (TAY).

Two themes that emerged from our information gathering that warrant further exploration in the next phase include:

- *Homeless Youth* – Stakeholders generally expressed positive views of recent efforts to address youth homelessness and are optimistic that the Youth Homeless Demonstration Program grant will yield positive results. This is an area where we observed that there is a strong effort to integrate the voices of people with lived experience into the planning of the YHDP

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<sup>10</sup> [https://sccounty01.co.santa-cruz.ca.us/Operational\\_Plan\\_2019-21/Operational\\_Plan\\_2019-21\\_complete.pdf](https://sccounty01.co.santa-cruz.ca.us/Operational_Plan_2019-21/Operational_Plan_2019-21_complete.pdf)

implementation. The HAP recently voted to add a Youth Advisory Board (YAB) member to the HAP Board. Specific efforts to address youth homelessness is a strength, as youth experiencing homelessness follow somewhat different patterns from adults and often report feeling unwelcome or uncomfortable in services designed for adults. However, we caution that the efforts to address youth homelessness should not become disconnected from the broader system picture and that connections between youth and adult providers and programs are essential. Elements of the YHDP planning process may be able to be built upon in the creation of a more coordinated overall system.

- *Veterans* – Stakeholders expressed that there is a well-coordinated system for addressing veteran homelessness and a wealth of resources for veterans. The PIT count shows that veteran homelessness has gone down significantly since 2017, though there was also a significant rise between 2015 and 2017. As with the youth focused work, some of the coordination effort that has been made to better address Veteran homelessness may be useful to build upon in the development of further collaboration across the system and for other populations.

### *3. Homeless System and Mainstream Service System Collaboration*

The County of Santa Cruz oversees most mainstream service systems, including health, behavioral health, foster care, criminal justice, employment, and public benefits. All these systems are serving people experiencing homelessness. We heard of a number of County-led initiatives designed to better serve this population and the countywide Operational Plan outlines key goals and strategies for addressing homelessness, which are largely focused on expanding emergency response and prevention services. The plan sets the overarching goal of expanding “services to reduce homelessness and increase housing stability” by expanding emergency shelter capacity, supporting “transition to permanent housing,” and focusing on “proven prevention and housing stability strategies.” Other objectives outlined in the countywide plan include bolstering homeless crisis response through new State dollars, conducting assessments through Smart Path for at least 1,600 people countywide, increasing the rate at which people exit the homeless system to permanent housing, and reducing the three-year recidivism rate for the AB 109 population (those on probation).

Additionally, the County CAO has been convening a County Homeless Coordinating Committee to begin aligning the work of these different departments around a shared strategy to address homelessness. This work is still in its initial stages and the Committee is looking to this technical assistance process with Focus Strategies as an opportunity to set some strategic direction for their work. Key issues they have identified include strategies to reduce institutional discharge into homelessness, expanding housing and other placement options for people with behavioral health issues, and cross system data matching.

## **VI. Implications of Assessment and Interim Recommendations**

The primary purpose of this baseline assessment is to identify the “current state” of the homeless crisis response system in Santa Cruz County and serve as a starting place for the next round of analysis and system planning.

Overall, we found that the Santa Cruz community has a significant homeless problem relative to its population. Funding, functioning, and the size of the homeless crisis response system is not at the scale or

level of alignment and coordination needed to begin to reverse current trends. However, many essential system elements are in place and function fairly well, giving local stakeholders a good foundation to build upon. System strengths include a range of emergency responses (outreach, emergency shelter and services) that respond to the basic needs of people experiencing homelessness and, in some cases, operate with strong housing-focused intention. Rapid re-housing inventory is increasing. Permanent housing interventions targeted to people experiencing homeless are few but seem to be relatively well designed and targeted. Coordinated entry is well-established and accepted within the community and has led to improvements in the availability of data on people experiencing homelessness. The HAP is recognized as the primary forum for stakeholders to engage in dialogue on homelessness and has been successful in its role as coordinator of HUD CoC mandated data gathering and planning. There is a strong track record of collaboration between stakeholders.

A few key programmatic pieces are missing from the system – most notably a strong diversion/problem-solving practice that can work to reduce inflow of people into homelessness. At the system level, well-informed members of the community actively participate in efforts to reduce homelessness and many examples of successful coordination exist. However, a much more robust system-wide alignment around priorities and goals, capacity for data-driven decision making, and a more refined and robust governance and implementation structure is needed. This includes increased staffing capacity throughout select areas of the system to see goals to fruition. Without these elements in place Santa Cruz cannot be said to have a fully realized homeless crisis response system in which all the parts work together toward a common set of measurable goals. And without such a system, progress on reducing homelessness will remain elusive.

The work Focus Strategies will conduct over the next twelve months will deepen the understanding of what is currently working and can be built upon, identify where there are important investment gaps, and define a homeless crisis response with clear goals, structures, and measurable outcomes. Leadership and key stakeholders will use this information to develop a strategic direction and action plan for homeless system efforts moving forward.

In the short-term, Focus Strategies is providing the community with suggested initial strategies that could be developed and implemented immediately to help jump-start improvements to the homeless crisis response while the next phase of analytic and system re-design work is taking place. These include three improvements targeted at a programmatic gap or need, and the launching of the new governance structure. Focus Strategies is also developing a suggested set of implementation steps that the County, cities, providers, and other stakeholders can undertake immediately to begin acting collaboratively to implement these interim recommendations – in a Short-Term Action Plan that accompanies this report. Implementing any of these interim recommendations will take time as well as human and financial resources to support. One of the main obstacles to date that has prevented the Santa Cruz community from undertaking a more system-focused response is the lack of dedicated staffing and infrastructure to support system level work. Focus Strategies can and will provide consulting and technical assistance to support the implementation of the interim recommendations, should the community choose to move forward with some or all of them. However, leadership will need to prioritize either the time of existing staff to drive implementation or identify resources to increase staff capacity to carry these out.

## A. Recommended Short-Term System Improvements

1. *Implement a Systemwide Diversion Practice to Reduce Inflow.* As noted, the homeless crisis response system in Santa Cruz County currently lacks a robust effort to reduce inflow through diversion or problem-solving practices. Some efforts are underway to add diversion to CES and begin training providers in this approach. We would advise fast-tracking implementation of a diversion/problem-solving approach and scaling it up as rapidly as possible. Ideally, the initial implementation will include availability of a pool of flexible funding for households that are able to identify an immediate housing solution that requires some level of financial assistance to enact. This can include traditional expenses such as application fees and security deposits or more flexible uses of resources for things such as grocery cards or furniture that can allow a person to make a contribution to the household hosting them. Other essential elements of standing up a systemwide diversion practice include regular and ongoing training, as well as peer-to-peer learning (such as a learning collaborative) and a method for collecting data on diversion to track impact. Diversion should be practiced at any place where people experiencing homelessness or a housing crisis contact the system seeking support, which includes at least the CES system and shelters, as well as offered on a mobile basis by training outreach teams in this approach.

To complement the work on diversion, we also recommend moving forward quickly with efforts to re-tool Smart Path and shift toward dynamic prioritization. Currently, Smart Path puts everyone on a list to wait for a housing intervention, which tends to incentivize people to wait, believing they will someday receive a long-term housing subsidy, even when the likelihood for most is very small. Shifting to dynamic prioritization and letting people know in real-time whether or not they will be prioritized for a housing intervention will be critical to making diversion/problem-solving the primary intervention that the system has to offer to people who are not among the highest need group. It will also streamline the rehousing process for those who are prioritized, as the number of people who are designated as priority aligns with the inventory available. This will shift the system away from one in which nearly everyone is waiting to one where prioritized people and households move quickly to a homeless system-provided resolution and others are supported to find an alternative with the understanding that they will not receive a subsidy or other deep resource from the homeless crisis response system.

2. *Build Capacity of Emergency Shelters to Deliver Housing-Focused Services and Supports.* Our assessment shows that the existing shelter providers in the community are already taking steps to integrate services that help residents move from shelter to housing. Given that the siting issues relating to new navigation centers will likely be protracted, a good short-term strategy will be to identify ways to build up the capacity of existing shelters to become more housing-focused and speed up the rate at which they are helping residents exit to housing. A good first step would be to convene a shelter working group with representation from the shelters and primary funders of shelter to identify what is already working and needs expanding, as well as to develop common standards and approaches for shelters and navigation centers. This could include: (1) inventory of entry requirements in place at shelters currently; (2) developing plans to lower barriers or align practices; and (3) identifying what resources and training shelters need to help more people with self-resolution, lighter touch housing support, and/or connections to RRH/PSH. Products from this work could include the creation of a shared set of shelter practice guidelines, a training curriculum for shelter staff, and/or seeding a new pool of flexible resources available either within shelters or accessible by shelters for immediate housing solutions.

3. *Coordinate and Standardize Outreach Efforts:* Santa Cruz has a number of entities conducting outreach to unsheltered people but there is currently no formal coordination of these efforts, agreed upon goals, shared protocols, consistent data collection, or common outcome measures. Over the long-term, the Santa Cruz community needs a proactive strategy for addressing encampments and unsheltered homelessness as part of the creation of a systematic response to homelessness. Such a strategy would target a reduction in unsheltered homelessness and reduce the impacts on the people living outside as well as on the broader community. This will be a significant undertaking that will need the new governance and implementation structure to be in place in order to be successful. In the interim, we recommend that stakeholders begin working immediately on coordination and alignment of outreach efforts. The agencies with outreach teams and their key funders should come together to share information about how they currently function, who they typically see, and develop agreements on a coordinated approach to the purpose, methods, desired measurable outcomes and geographic coverage across all outreach efforts. This will be a useful interim step that will ensure outreach is efficiently deployed and connected to the rest of the system and prepare the way toward a more comprehensive approach to unsheltered homelessness.

## B. Governance Recommendations

As noted in the assessment section of this report, Focus Strategies has reviewed the work of the Homeless Governance Study Committee. In our view, this group was grappling with a set of questions that it is critical for the community to resolve. The recommendations from that effort propose a workable structure that could act as a backbone for a new system approach. However, key questions about its authority, relationship to other entities, and how it will make and communicate decisions remain to be answered.

We recommend that this group be “reconvened” in the Fall. The original membership had representation from all the essential sectors (County, cities, HAP, providers, business community), so it could reconvene with the original members (depending on their availability) or a similar group. The only sector not represented in the original Committee was private funders and there was no one with lived experience of homelessness – these are two slots that we would recommend be added. The County CAO’s office should continue to serve as the convener as it is the agency currently resourced to serve as the staffing support for the HAP (the existing governance structure) and because the County is the only public entity whose work relating to homelessness spans the entire county geography. However, to address concerns that the governance work is not overly County-centric, we recommend designating Focus Strategies as the outside expert and facilitator of the work. Design and facilitation of the work group meetings, preparation of materials in between meetings, and helping guide the group to a set of decisions about the proposal structure is all within the scope of our TA engagement.

To ensure that the process does not halt again or cease to make progress, we recommend a set of facilitated meetings designed to pick up from the work of the study group, including building out the basic recommendations for a leadership body (IPC), a funder coordination entity (likely a restructured Jurisdictional Coordination Group), and broader membership group (built on the current HAP).

This process will answer critical questions about how the structure will operate, what purview it will have, and what resources and efforts it will jointly oversee. We recommend a series of 4 to 5 meetings taking

place between September and November 2019. We will design and facilitate a set of agendas to address the following topics, building from each meeting to arrive at agreement on a new governing structure, how it will function and make decisions, what specific funding sources it will oversee or coordinate/align, and how it will communicate decisions to the larger membership and the public.

1. *Policy Setting/Strategic Direction/Establishing Priorities.* Using currently proposed changes to the landscape, such as the need to make decisions about the interim recommendations we have outlined above, work through the development of a decision-making process for the IPC/leadership entity. This will include determining how local data on current system performance is brought in to develop strategic direction and set policy priorities, how HAP and other community input - particularly from those experiencing homelessness - is gathered in a timely fashion and integrated in decision making, as well as setting the boundaries of how such strategic directions and policy decisions are or are not binding on leadership members (such as the county or cities). This step will result in parameters for decision making at the leadership level that drive toward well-defined priorities and buy-in to a strategic direction with mutual accountability.

2. *Funding Alignment and Funder Coordination Structure.* Building from the progress made to establish strategic priorities, the process will need to identify the resources and funder entities that will work together to invest in the strategic changes. This includes establishing a specific funder coordination body and determining the shared process for either pooling funding or aligning funding processes and folding in identified priorities to the funding process of the County, cities, and philanthropy. This should also include creating a process and structures to ensure all funding decisions are targeted and strategic, made by non-conflicted parties, are clearly understood by all stakeholders to be fair and transparent. Proposals making their way through the State legislature might result in new funding being divided among the County, the City of Santa Cruz or other cities, and the HAP as the CoC. This part of the process should consider how a proposed funder coordination structure and funding alignment approach will ensure that those dollars are spent strategically and in alignment with each other. The process should ensure new resources complement and leverage other resources currently in the system and refine the recommendations for a coordinated funder structure to reflect this.

3. *CoC Compliance.* Once the strategic direction, parameters of leadership roles, and funder coordination are outlined, Focus Strategies will facilitate a discussion designed to resolve any potential CoC compliance issues raised by the proposed structure. Some current HAP members noted that the previously proposed membership for the IPC does not necessarily meet all of HUD's requirements relating to broad representation of stakeholder groups. The final structure needs to ensure that the CoC-specific functions, as well as other decisions, are reviewed by a broader-based group such as the HAP general membership or a subset of that entity. At the same time, leadership should ensure that the overarching governance body, which is tasked to make decisions about a broader set of resources (not just the CoC), can act and is non-conflicted.

4. *Communication and Transparency.* Ensuring that considerations are shared, and decisions are communicated to the broader community is essential to the new structure and its ability to create buy-in from stakeholders. The funder group should launch by creating a funding inventory report that

lays out all the funding sources currently going into addressing homelessness, the resulting amounts, what they are expended on, how those decisions are made, and the results (if known). This could be a baseline report that then helps inform system planning going forward and will help with refining the governance structure. In addition, agreements about how decisions will be captured, disseminated in a timely fashion to interested parties, and how results will be evaluated over time must be made as well.

The end result of this reconvened governance process will be agreement on the new structure, including protocols and procedures for the items noted above. Focus Strategies will document the agreements in a written governance proposal to be presented and approved by all relevant decision-making bodies.

Ultimately supporting the final governance structure will require dedicated staffing. One key question for the system's leader and funders will be about what they can provide to support the structure and system. As work proceeds on the administrative structure, Focus Strategies will help produce estimates of staffing needs and methods to support them.

### C. Issues for Further Exploration in the Next Phase of TA

As noted throughout this report, the information gathering process surfaced several questions that Focus Strategies is not yet equipped to answer without further information and analysis. Below we list a few topics that are high priorities to explore in the next phase of TA; when the results of the SWAP project performance and system performance analysis are complete:

- Does the community have enough year-round shelter?
- How much RRH and PSH is needed to right-size the system?
- If more RRH and voucher-based PSH/AH is created, is there enough rental inventory to absorb it?
- What is the quality of the data in the HMIS system?
- Are there significant barriers in housing and shelter programs? And, if so, can these be lowered and entry requirements standardized?

**Appendix A**  
**List of Interview Participants**

<b>Name</b>	<b>Title</b>	<b>Organization</b>	<b>Interview Date</b>
Cynthia Chase	Manager, Division of Re-Entry	Sheriff's Office, County of Santa Cruz	May 22, 2019
Peter Connery	Consultant	Applied Survey Research	May 13, 2019
Julie Conway	CoC Lead Agency, Collaborative Applicant	County of Santa Cruz	May 17, 2019
Joseph Crottogini	Homeless Persons Health Project Manager	County of Santa Cruz	May 9, 2019
MariaElena De La Garza	Executive Director	Community Action Board	May 31, 2019
Tony Gardner	CoC Consultant	Tony Gardner Consulting	May 29, 2019
Serg Kagno	Community Advocate/Consultant	Community Volunteer	May 15, 2019
Don Lane	CoC Board Member	Smart Solutions to Homelessness	May 20, 2019
Harold Laubach	Winter Shelter Operator	Salvation Army	May 24, 2019
Kathleen McCarthy	Funder, Health Care Systems	Central California Alliance for Health	May 28, 2019
Brooke Newman	Program Manager	Downtown Streets Team	May 21, 2019
Jennifer Panetta	Executive Director	Santa Cruz County Housing Authority	May 20, 2019
Kalyne Renda	Executive Director	Monarch Services	May 10, 2019
Erik Riera	Director, Behavioral Health Services	County of Santa Cruz	May 31, 2019
Bob Russell	CoC, HMIS Lead Agency	Community Technology Alliance	May 13, 2019
Jessica Scheiner	CoC, Coordinated Entry Lead Agency	County of Santa Cruz	May 17, 2019
Jon Showalter	Chair of the Board	Association of Faith Communities	May 10, 2019
Christine Sippl	YHDP Lead	Encompass	May 28, 2019
Susan True	Executive Director	Santa Cruz Community Foundation	June 5, 2019
Melisa Vierra	Executive Director	Families in Transition	May 17, 2019
Betsy Wilson	Executive Director	MidPen Housing	May 15, 2019
Jessie Woolf	Regional Site Director	Veterans Resource Center	May 23, 2019

**Appendix B**  
**List of In-Person Community Engagements and Focus Groups**

Group/Organization	Participants	Interview Date
Homeless Action Partnership	Homeless Action Partnership Members	April 17, 2019
Community Organizations Meeting	Representatives of Organizations	April 17, 2019
City of Santa Cruz	City Staff	May 1, 2019
County of Santa Cruz	County Staff and Executive Leadership	May 1, 2019
Homeless Garden Project	People with Lived Experience, Homeless Garden Project Staff	May 7, 2019
North County Service Providers	Service Providers in North Santa Cruz County	May 7, 2019
Homeless Service Center	Homeless Service Center Staff	May 7, 2019
CORE Project	Nicole Young and Rayne Marr	May 7, 2019
Salvation Army	Salvation Army Staff	May 8, 2019
Salvation Army	People with Lived Experience	May 8, 2019
South County Service Providers	Service Providers in South Santa Cruz County	May 8, 2019
City of Capitola	City Staff	May 23, 2019
City of Watsonville	City Staff	May 24, 2019
City of Scotts Valley	City Staff	June 27, 2019

## Appendix C

### List of Documents Reviewed

To understand the work accomplished, currently in place, and planned in Santa Cruz County to reduce homelessness, Focus Strategies requested and received the following documents from the County of Santa Cruz. The documents help establish a baseline understanding of Santa Cruz County homelessness reduction efforts prior to Focus Strategies engaging in work with the community.

#### A. System Overview

The following documents relate to system workflow including strategic plans, policy manuals, procedures, reports, surveys, and program materials.

*Program Information and Background Documents:* All In Strategic Plan, Youth Homeless Demonstration Program Plan, 2019 HEAP and CESH Awards, 2019 YHDP Awards, CESH Outcomes Logic Model Template, HEAP and CESH Budget Template, HEAP and CESH RFP Scoring Tool.

*Program Reports:* 2015-17 Performance Measures Report, Homeless System Modeling Discussion Guide, Homeless Census and Survey Comprehension,

*Applications and Request for Proposals:* SCCYHDP Innovative Proposals, 2018 CoC Application, HEAP and CESH RFP, HEAP and CESH Applications Received, RFP Selection Process, Abode HEAP and CESH Application, MidPen HEAP and CESH Application.

#### B. Homelessness Governance and Leadership Documents

Focus Strategies has reviewed the following documents relating to responsibilities, inter-entity relations, membership, and desired outcomes related to governance structures in Santa Cruz County.

*Responsibilities, Membership, and Organizational Charts:* Governance Pyramid, HAP Governance Change Chart, HAP Governance Chart, HAP Organizational Chart, HAP Organizational Tree, Santa Cruz CoC Governance Charter, CoC HAP Governance Charter, IPC Membership Proposals, HGSC Membership.

*Visions, Goals, and Workplans for Governance:* Ad-Hoc Governance Study Update, Results of Problem Statement Matrix Exercise, Background of Interagency Governance, CoC Draft Charter Comments, CoC Countywide Comparison, Committee Inputs for HAP Executive Review, Enhancing Leadership and Collaboration, Presentation on HGSC Strengths and Weaknesses, Notes to Self on Governance, Success Mapped to HAP Governance, What Success Looks Like for Homeless Governance.

#### C. Funding and Investment Documents

The following documents highlight funding models and rationale that govern some homelessness investments in Santa Cruz County.

*Collective Results and Evidence-based Investment (CORE) Model:* Overview of CORE Investments, CORE Results Preliminary Scan Matrix and Strategic Plans, CORE Investments Matrix, CORE Investment Status Report, CORE Impact Report.

Appendix D  
List of Data Reviewed

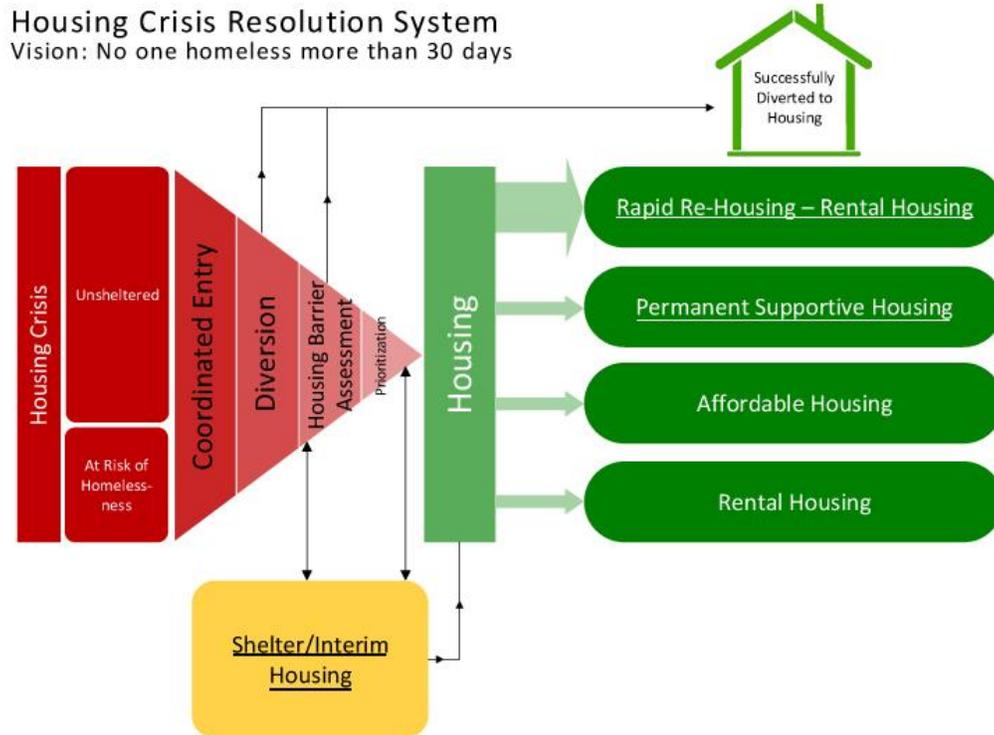
Quantitative information from Santa Cruz County and other communities was used to provide context and lightly inform our qualitative analysis of the local homelessness crisis response system. The following is a list of data sources to use as part of this assessment report.

*Santa Cruz County Resources:* 2015-19 Housing Inventory Count, 2015-2019 Point In Time Count, 2007-11 Comprehensive Housing Affordability Strategy, HUD System Performance Measure Results, 2017 Santa Cruz County Homeless Census and Survey.

*Non-Santa Cruz County Resources:* San Francisco Point In Time Count, Alameda County Point In Time Count, San Diego Point In Time Count, Santa Clara County Point In Time Count, National Alliance on Mental Health (NAMI).

Appendix E  
Homeless Crisis Response System Flow Chart

The following diagram provides an overview of our approach to understanding “flow” through key elements of the homeless crisis response system. It shows that all parts within the system should seamlessly work together to assist people experiencing housing crises into permanent housing, whether that housing be within or outside of the system inventory. Emergency shelter may be an interim “step” along a household’s journey from homelessness to housing, however, it is the primary focus or long-term “destination” of the system and is strongly connected to permanent housing exits. This system framework guides the thinking behind our work and this baseline assessment. As we discuss strengths and challenges, we are reviewing these against what is needed for a high-functioning system model.



**Appendix F**  
**Total System Capacity - 2019 HIC Beds**

The following table outlines system capacity in Santa Cruz county as described in the 2019 Housing Inventory Count (HIC) submitted to HUD by the HAP. The table is broken down by service provider, project, and the number of beds available in a specified project. Numbers of beds reflects the point-in-time bed count on the night the inventory was compiled in January 2019.

Provider	Project	# of Beds
<b>Emergency Shelter</b>		
Association of Faith Communities	Rotating Shelter	20
Encompass Community Services	River Street Shelter	32
Front Street, Inc.	Paget Center	12
Homeless Services Center	Paul Lee Loft Shelter	40
	Rebele Family Shelter	90
	Recuperative Care Center	12
Jesus Mary and Joseph Home	Jesus Mary and Joseph Home Shelter	12
Monarch Services	Domestic Violence Shelter	18
New Life Community Services	NLCS Emergency Shelter	5
Pajaro Valley Shelter Services	Parajo Valley Shelter	28
Salvation Army	North County AFC Winter Shelter	110
	South County Winter Shelter	50
Siena House	Pregnant Women Shelter	10
<b>Total Emergency Shelter Beds</b>		<b>439</b>
<b>Transitional Housing</b>		
Encompass Community Services	FUP Vouchers	13
	Perlman House	4
	SCAP	6
	THP Plus	15
Homeless Services Center	Page Smith Community House	40
Pajaro Valley Shelter Services	Sudden Street TH & Family TH	64
	Transitional Housing Annex	16
Santa Cruz Housing Authority	Brommer Street	18
New Life	Gemma Residential	6
<b>Total Transitional Housing Beds</b>		<b>182</b>
<b>Rapid Rehousing</b>		
Families in Transition	CHAMP	38
	ESG Rapid Rehousing	11
	First Step-Scattered Housing for Families with Children	29
	Home TBRA Rapid Rehousing	7
	Santa Cruz County Planning Home	10
	Welfare-to-Work Housing Scholarship Program	11
	Welfare-to-Work Short-Term Rental Subsidies	18
	Young Adults Achieving Success, YHDP RRH 2.0	3
Homeless Services Center	ESG Rapid Rehousing	22

Provider	Project	# of Beds
	SSVF – HSC	13
Veteran Resource Center	SSVF – Veterans Resource Center	42
<b>Total Rapid Rehousing Beds</b>		<b>204</b>
Permanent Supportive Housing		
County Mental Health	PH for Mental Disabilities	5
Encompass Community Services	Freedom Cottage	4
	Grace Commons	14
	Housing for Health 2	7
	Housing for Health 3	13
Homeless Persons Health Project	Bonus PSH	7
	MATCH Housing	42
	Nuevo Sol	11
Santa Cruz Housing Authority	Housing Voucher for CH Medically Vulnerable	120
	New Beginnings	9
	News Roots YHDP	4
	S+C Program	41
	VASH Santa Cruz County Program	303
<b>Total Permanent Supportive Housing Beds</b>		<b>580</b>