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PLANNING DEPARTMENT

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GOVERNMENTAL CENTER



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COUNTY OF SANTA CRUZ

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September 4, 1998

Agenda: September 22, 1998

Board of Supervisors  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, California 95060

**SUBJECT: PUBLIC HEARING TO ESTABLISH THE 1999 GROWTH GOAL AND  
STATUS REPORT ON THE 1998 PERMIT ALLOCATION**

Members of the Board:

Each year the County is required, through implementation of the Growth Management System, to set an annual growth goal for the upcoming year. As part of that process, staff prepares a Growth Goal Report for consideration by the Planning Commission and the Board of Supervisors. The 1999 Growth Goal Report is attached for your public hearing and consideration prior to referral to the Planning Commission. Following consideration by the Planning Commission, the matter will be returned to your Board with the Commission's recommendation and the appropriate environmental documentation and a resolution for your action.

Also included in this letter is a status report on the 1998 Building Permit Allocation.

#### GROWTH GOAL ISSUES

The accompanying report on 1999 Growth Goals (Attachment 1) provides a discussion of a series of factors critical in establishing the annual growth goal for the County. The report contains a number of findings including the following:

Population Trends: The State Department of Finance (DOF) estimates that during the last year (1997), the County's unincorporated population grew at a rate of 1.5 percent, the same rate as in 1996. This rate is higher than the adopted 1.0 percent growth goal for the year, but is much lower than the growth rates of the four incorporated cities. The 1.5 percent growth rate is well below the 2.0 percent growth rate (County-wide) which occurred during the 1980-1990 decade, and the much higher growth rates of previous decades. This growth rate is also less than the 1.8 percent growth rate for the State for the last year.

Growth Impacts: The most significant development impact on resources in the County consists of the potential and actual water supply short-falls county-wide. As discussed in the attached report, water agencies county-wide are addressing these concerns. Urban service impacts of existing and new-development are being addressed by a number of County initiatives to plan, finance and construct capital improvements.

Housing Goals: Over the last nineteen years, 14.2 percent of the new residential development in the unincorporated area has been constructed as affordable housing. Affordable housing production in the first eight months of 1998 is 12.8 percent, a great improvement over production at this time last year.

## GROWTH GOAL SETTING

The 1999 Growth Goal Report recommends a continuance of the 1.0 percent growth goal which has been in effect for the past ten years. Based on this population growth goal, an allocation of total building permits to be issued in 1999 is determined based on considerations of County population, household size and vacancy rates. The allocation is then distributed similar to past years for affordable and market rate housing, urban and rural areas, and the size of projects.

The attached 1999 Growth Goals Report recommends, as has been done in previous years, that the unused market rate allocations from 1998 be carried over and made available, if needed, to allow attainment of housing construction goals,

## ENVIRONMENTAL REVIEW

On March 24, 1987, the Board of Supervisors, as part of final actions for setting a 1987 Growth Rate, certified a Final Environmental Impact Report (EIR) for the project. That EIR was written and circulated as a program EIR; in other words, it was developed for use in reviewing the environmental impacts of future growth rate decisions. Since that EIR reviewed the impacts of the growth rate presented in the attached report, no additional environmental evaluation is necessary to meet California Environmental Quality Act (CEQA) requirements. The County has initiated and continues to pursue the various mitigation measures as outlined in the EIR. A Notice of Determination with necessary CEQA findings and monitoring program will be prepared for your consideration and filing when this matter is returned for action by your Board.

## STATUS OF THE 1998 BUILDING PERMIT ALLOCATION

As part of the 1998 Growth Goal Report, presented to your Board in September and November of last year, staff advised your Board that the demand for building permits was increasing and that the Planning Department would closely monitor issuance rates and would advise your Board if issuance began to approach the 1998 permit allocation. As of September 1, 1998, issuance is approaching the allocation in one of the allocation categories - the Urban 5+category.

The number of permits already committed this year and a range of projections for the remainder of the year are shown below:

## 1998 Building Permit Allocation Status (as of 9/1/98)

	Urban 1-4	Urban 5+	Rural
Authorized Allocation	150	150	147
Committed	54	127	90
Projected Additional Demand	25-35	115-130	25-35
Projected Surplus or <Deficit>	61-71	<92-107>	22-32

The projections in the Urban 1-4 and Rural categories were made based on current year activity and historical building permit application trends for the months of September through December. The projections in the Urban 5+ category were based on discussions with developers and review of the status of large projects.

The potential deficit is caused by the number of large projects that have been approved in the past several years. Your Board approved the Heather Terrace, Somerset, Rio Highlands, Diamond Estates, Seascape Uplands, Graham Hill Show Grounds, and Tan subdivisions within a relatively short period of time. These subdivisions, as well as smaller subdivisions, are now applying for or will be applying for building permits.

This high demand for building permits in the Urban 5+ category should continue through 1999 as the previously approved subdivisions apply for permits, and then decline in 2000, since there are no large subdivision applications pending at this time. Staff will continue to closely monitor the situation.

Part of the Resolution which set the 1998 Growth Rate authorizes "the carryover of the unused 1997 market rate permit allocation for use in 1998 to allow attainment of the housing goals in the County Housing Element". It is apparent that these permits will be needed to meet the demand for building permit allocations for the remainder of this year.

## RECOMMENDATION

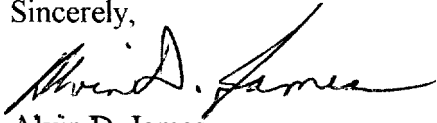
The 1999 Growth Goal Report recommends a 1.0 percent growth goal for 1999, the carryover of unused 1998 market rate housing allocations to be utilized, if necessary, and a distribution of housing allocations by project location, type and size as distributed in previous years,

It is, therefore, RECOMMENDED that your Board take the following actions:

1. Conduct a public hearing on the setting of the 1999 Growth Goal;
2. Refer this matter to the Planning Commission for consideration and recommendation to your Board; and
3. Continue the public hearing on this matter to November 24, 1998, with direction to staff to return with the recommendation of the Planning Commission and appropriate environmental documentation and a resolution for final action by your Board.

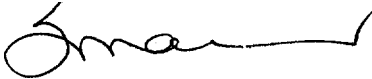
4. Accept and file this report on the status of the 1998 Building Permit Allocation

Sincerely,



Alvin D. James  
Planning Director

RECOMMENDED:



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SUSAN A. MAURIELLO  
County Administrative Officer

Attachment: 1. 1999 Growth Goals Report