



County of Santa Cruz 0239

PLANNING DEPARTMENT

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ALVIN D. JAMES, DIRECTOR

September 16, 1999

Agenda: September 28, 1999

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

SUBJECT: PUBLIC HEARING TO ESTABLISH THE YEAR 2000 GROWTH GOAL

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 Year 2000 Growth Goal Report is attached for your 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 a resolution for your action.

Also included in this letter is a status report on the 1999 Building Permit Allocation.

GROWTH GOAL ISSUES

The accompanying report on Year 2000 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 (1998), the County's unincorporated population grew at a rate of 1.1 percent, a reduction from the 1.5 rate for 1997. This rate is slightly higher than the 1998 adopted 1.0 percent growth goal, but is much lower than the growth rates of the four incorporated cities. The County, as a whole, grew at 1.5 percent, which is less than the 1.6 percent growth rate for the State of California.

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 twenty years, 14.9 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 1999 is 16.1 percent. This figure would be higher except that several of the subdivisions currently being built out are meeting their affordable requirement through tranfers of credit or dedication of land for an affordable housing site.

GROWTH GOAL SETTING

The Year 2000 Growth Goal Report recommends a continuance of the 0.75 percent growth goal established for 1999. Based on this population growth goal, an allocation of total building permits to be issued in 2000 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.

As part of setting the 1999 growth goal, your Board stated that it is your intention to not authorize use of the carryover in Year 2000. If your Board adopts the staff recommendation for a 0.75 percent growth goal and does not authorize use of the carryover, it is probable that the demand for permits will exceed the supply of allocations in some categories. If the allocation is inadequate to meet the demand, then the Planning Department, in accordance with Section 12.02.040(c) of the County Code, would cease accepting applications for building permits in any depleted category.

To preserve your Board’s options, the attached 1999 Growth Goals Report recommends that the unused market rate allocations from 1999 be carried over but not be made available at this time. If it appears that there will be a shortfall in any allocation category, Planning staff will bring this matter to your Board’s attention during the year. At that time, your Board could then make numerical adjustments between the allocation categories, or authorize use of the carryover.

STATUS OF THE 1999 BUILDING PERMIT ALLOCATION

As part of the 1998 Growth Goal Report, presented to your Board in Fall 1997, staff advised your Board that the demand for building permits was increasing and that the Planning Department would closely monitor issuance rates. Demand for building permits was heavy in 1998, and resulted in the lowest return of allocations to the carryover of any year since the inception of Measure J.

Application rates for new single family dwellings have decreased slightly in 1999, but remain strong. The number of permits already allocated this year is shown below:

1999 Building Permit Allocation Status (as of 09/10/99)			
	Urban 1-4	Urban 5+	Rural
1999 Allocation set by Board	89	164	84
Allocated (committed)	40	59	72
Balance available for allocation	49	105	12

As the above chart shows, it is probable that use of the carryover will be required in the Rural category before the end of the year. Although the application rate in the Urban 5+ category has been

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less than anticipated, there are several approved subdivision projects which, in the aggregate, could apply for 170 market rate building permits at any time.

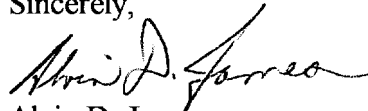
RECOMMENDATION

The 1999 Growth Goal Report recommends a 0.75 percent growth goal for the Year 2000, the carryover, but not the utilization, of unused 1999 market rate housing allocations at this time, 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:

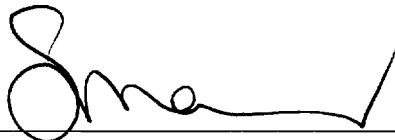
1. Conduct a public hearing on the setting of the Year 2000 Growth Goal;
2. Refer this matter to the Planning Commission for consideration and recommendation to your Board; and
3. Continue the public hearing on this matter to December 7, 1999, with direction to staff to return with the recommendation of the Planning Commission and a resolution for final action by your Board.

Sincerely,



Alvin D. James
Planning Director

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

Attachment: 1. 2000 Growth Goals Report

REPORT ON
YEAR 2000 GROWTH GOALS
FOR SANTA CRUZ COUNTY UNINCORPORATED AREA

Santa Cruz County Planning Department
September 1999

I. INTRODUCTION

The Growth Management Referendum adopted by the voters in 1978, Measure J, requires that the County “provide for the establishment, each year, of an annual population growth during that year of an amount which represents Santa Cruz County’s fair share of statewide population growth”. This policy is now codified in County Code Chapter 17.01, Growth Management, and implemented through the provisions of Chapter 17.04, Annual Population Growth Goal for Santa Cruz County. This report provides an analysis of the relevant information for consideration by the County Planning Commission and Board of Supervisors in determining the annual growth goal for 2000.

This report highlights a series of factors critical in establishing the annual growth goal. Following the introduction, Section II describes population growth projections and trends in the County and cities. Section III identifies the actual residential building permits which have been allocated, issued, and carried over since the adoption of Measure J and the status of the 1999 Allocation. Section IV briefly summarizes some of the resource impact and public service issues which the County’s Growth Management system was intended to address. Section V describes the Association of Monterey Bay Area Government’s (AMBAG) Regional Housing Needs Plan, status of the Housing Element, and the continued need for affordable housing in the County. Section VI is the Growth Goal recommendation, providing the population growth goal, showing how it translates into building permit allocations and describing how the carryover of permits can be utilized, if appropriate.

II. POPULATION TRENDS

Population Estimates:

The most recent official estimates of population for Santa Cruz County and the incorporated cities was published by the State of California Department of Finance (DOF) in May of 1999, and is shown in Table 1 below. These rounded estimates, which are prepared annually, indicate a county-wide population of 252,800 (137,700 unincorporated) as of January 1, 1999 (Source: DOF E-1 Total Population of California Cities, 5-99). The County adopted a population growth goal for the unincorporated area of 1.0 percent for 1998. As can be seen in Table 1, the DOF population estimates indicate that the unincorporated area grew in 1998 at a rate of 1.1 percent, a reduction from the 1.5 percent in 1997. The cities in the County grew at a faster rate, resulting in a County-wide growth rate of 1.5 percent in 1998.

TABLE 1: 1997 POPULATION AND GROWTH RATES
OF COUNTY JURISDICTIONS

Area	1/1/98 Population Estimate	1/1/99 Population Estimate	1997 Population Growth Rate	1998 Population Growth Rate
City of Capitola	11,000	11,150	1.8	1.4
City of Santa Cruz	54,300	55,700	2.8	2.6
City of Scotts Valley	10,500	10,700	5.0	1.9
City of Watsonville	37,000	37,500	1.5	1.4
Santa Cruz County Unincorp.	136,200	137,700	1.5	1.1
Santa Cruz County Total	249,000	252,800	2.0	1.5
State of California	33,226,000	33,773,000	1.8	1.6

Source: DOF E- 1 Population of California Cities, 5-99

The DOF estimated 1998 growth rate for the unincorporated area (1.1%) is less than the estimated 1.6% State growth rate for 1998, but greater than the adopted 1.0% growth goal. The unincorporated area's growth rate is comprised of the issuance of residential building permits, increasing household size, continued conversion of weekend and second homes to year round occupancy, and unpermitted dwelling units. The Planning Department continues to receive numerous complaints about alleged illegal dwelling units. Review of these alleged violations indicate that the majority of units cannot be legalized due to zoning and density inconsistencies; Code Compliance staff will require that the units be removed or returned to their legal status, e.g. a second unit converted back into a garage. The balance could be legalized as Second Units, which will provide needed legal affordable housing. The current growth rate is far below the average growth rates of 2.0% for this same area during the 1980-1990 decade, as can be seen through comparisons to the numbers in Table 2. It may be noted that these recent County growth rates also represent a significant change from previous decades when the County grew much faster than the State. For comparison

purposes, in 1998, Monterey County grew at 2.8 percent, San Benito County grew at 1.9 percent, and Santa Clara County grew at 1.7 percent.

TABLE 2: POPULATION GROWTH RATE COMPARISONS

Year	County Unincorp. Population	Growth*	County-Wide Population	Growth*	State Population	Growth*
1960	42,309		84,219		15,720,860	
		4.9%		3.9%		2.4%
1970	68,440		123,790		19,957,304	
		4.6%		4.3%		1.7%
1980	107,129		188,141		23,668,562	
		2.0%		2.0%		2.3%
1990	130,809		229,734		29,760,021	

*Compound average annual growth rate

Source: 1960, 1970, 1980 and 1990 U.S. Census

Population Projections:

In 1994, **AMBAG** updated its population forecast for all of the jurisdictions in its region. The projections for Santa Cruz County are presented in Table 3 along with a comparison of the 1990 Federal Census counts. The **AMBAG** population forecasts are based on employment projections and local land use plans, and are utilized in regional planning efforts such as the Regional Air Quality Plan, Regional Transportation Plan, and the Regional Water Quality Plan.

It is interesting to note that **AMBAG** projected that the population of the unincorporated area of the County would decrease to 134,290 by 2000. **AMBAG** projected that extensive annexations would decrease the unincorporated area's population while substantially increasing the population of the City of Watsonville.

TABLE 3: AMBAG POPULATION PROJECTIONS FOR
SANTA CRUZ COUNTY (1994)

Area	Actual 1990(1)	1995	2000	2005	2010
City of Capitola	10,171	10,187	10,232	10,267	10,299
City of Santa Cruz	49,040	54,004	57,232	59,927	61,253
City of Scotts Valley	8,615	10,031	11,704	13,213	14,117
City of Watsonville	31,099	34,170	46,447	51,033	53,338
Unincorporated Area	130,809	135,386	134,290	140,023	144,389
County Total	229,734	243,778	259,905	274,463	283,396

(1) 1990 Federal Census, 4/1/90

City Annexations:

There were no annexations involving population shifts approved in the last year. Proposed annexation #855, involving the Freedom/Carey area, will shift 2,022 persons from the unincorporated area to the City of Watsonville. This annexation, if adopted, will affect the 2001 population rates figures. Proposed annexation #865, not yet officially filed, would involve the Buena Vista area near Watsonville.

In 1999, LAFCO denied the Manabe-Burgstrom and Village Associates annexation requests. These annexations would have annexed commercial agricultural land into the City of Watsonville.

III. BUILDING PERMIT ALLOCATIONS

The number of Building Permits issued for new residential units (not including replacement

units and, since 1992, affordable units) since the implementation of Measure J is enumerated below in Table 4. Building Permit totals for 1999 are shown through the first of September, 1999.

TABLE 4: BUILDING PERMITS ALLOCATED, ISSUED, AND CARRIED OVER

YEAR	CARRIED OVER	ALLOCATED	SUBJECT TO THE ALLO- CATION (1)	TOTAL ISSUED/ ALLOCATED SUBJECT TO THE ALLOCATION (4)
1979	0	930	930	741
1980	189	1055	1055	972
1981	272	937	937	934
1982	275	968	968	738
1983	505	972	972	619
1984	858	991	991	609
1985	1240	757	757	710
1986	1287	768	768	595
1987	1460	468	468	606 (2)
1988	1322	489	489	670 (2)
1989	1141	489 + 1384 (3)	489 + 1384 (3)	420
1990	2594	487	487	267
1991	2814	495	495	173
1992	268	509	433	158
1993	275	512	435	109
1994	326	525	446	168
1995	278	528	449	131
1996	318	530	450	138
1997	312	531	451	197
1998	254	526	447	275
1999	172 (5)	396	337	171(6)

(1) Prior to 1992, market rate and affordable units were subject to the allocation; beginning in 1992, only market rate units were subject to the allocation.

(2) More building permits were issued than allocated due to issuance of permits from the carryover reservoir.

(3) A special allocation of 1384 additional affordable permits were approved to

allow attainment of the regional housing goal for the 1980-90 decade.

(4) This is the number of building permits issued during the calendar year. The permits may have been allocated in a previous year.

(5) Made up of 68 Rural and 104 Urban allocations.

(6) Through September 1, 1999

In 1992, the Residential Permit Allocation System ordinance (County Code Section 12.02.020) was amended to exempt all affordable units from the requirement for a Measure J allocation. As a result, the previous practice of carrying over the large reservoir of unused allocations for affordable units was dropped. As shown in Table 4, however, there was a carryover of 172 unused residential building permit allocations for market rate units at the beginning of 1999.

Since the beginning of Measure J in 1978, unused market rate and affordable unit allocations have been authorized to be carried over from year to year. By the mid-1980s, there was a large carryover, with the majority of the allocations being for affordable units.

In 1987, the carryover was utilized to accommodate the Canon del Sol subdivision (which had been allocated permits in 1980 but did not pull the permits until 1987) and the Dominican Oaks congregate care project. In 1988, the carryover was again used because your Board did not want to set a growth rate until the completion of the AMBAG Fair Share Housing Plan revision. Permits for the first six months of 1988 were issued out of the carryover.

As a result of the AMBAG Fair Share Housing Plan revision (which covered the period of 1980 to 1990) and a legal challenge, your Board thought it prudent to add additional affordable unit allocations to the 1989 allocation. The unused allocations were carried over into 1990 and 1991. In 1992, in order to promote the creation of affordable housing and increase the probability of Housing Element certification, staff recommended and your Board concurred that the affordable units would become exempt from the allocation and Chapter 12.02 of the County Code was amended, accordingly. Since that time, only market rate allocations have been carried over, as illustrated in Table 4.

Summary of the 1998 Allocation and status of the 1999 Allocation

As part of the 1998 Growth Goal Report, presented to your Board in Fall 1997, 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 application rates began to approach the 1998 permit allocation.

Building Permit applications in the Urban 5+ category increased dramatically in 1998. This was due to the large number of subdivisions approved by your Board in 1996 and 1997. The 1998 Urban 5+ category (150 allocations) was exhausted and 16 allocations were used from the 1997 carryover for large projects in 1998. The smallest number of allocations (172) were returned to the carryover since the inception of Measure J.

Carryover figures since 1992, when affordable units were exempted from the allocation, have shown that demand has never come near to meeting the total number of permits allocated. The following chart illustrates this:

Returned to Carryover	Urban 1-4	Urban 5+	Rural
from 1998	104	0	68
from 1997	63	116	75
from 1996	83	138	91
from 1995	106	140	72
from 1994	112	154	134
from 1993	96	129	101
from 1992	54	131	90

Staff tracks the number of minor land divisions and subdivisions (for 5+ lots) applied for, approved, and maps filed. Staff can accurately predict the demand for building permits from the creation of new lots; predicting the timing of the demand is more **difficult**, since there are many factors which influence the pace of residential construction. The following chart shows the status of approved minor land divisions and subdivisions and allocation status:

ALLOCATION STATUS OF APPROVED 5+ UNIT URBAN PROJECTS
as of September 10, 1999

Project	# of Market Rate Units in Project	From Previous Allocations	From 1999 Allocation	# Remaining to be Allocated
Heather Terrace	49	34	15	0
Ponza	8	7	0	1
Diamond Estates	44	20	24	0
Avila Estates	6	5	0	1
Harbor View	9	6	0	3
Seascape Uplands	107	12	13	82
Graham Hill	60	0	0	60
Alexandria Gardens	8	0	8	0
Harbor Vista	9	0	0	9
Calabria	9	0	1	8
Casa Bianchi	8	0	2	6
Total	317	84	63	170

As illustrated above, there is a current demand of 170 Urban 5+ allocations. Applications for these allocations have not been as heavy this year as predicted, although it is possible that the applications will be submitted by the end of this year.

APPROVED AND PENDING MINOR LAND DIVISIONS

	Approved # of Lots (1998 - September 10, 1999)	Pending # of Lots (as of September 10, 1999)	
Urban	50	33	1
Rural	18	37	

In addition to the demand discussed above from already approved projects, it is also important to note the potential future demand from pending applications currently in the land use review process. As shown above, there are 70 pending minor land division lots; pending subdivision applications could result in 208 new units. It is unlikely that all of these applications will be approved and maps recorded in 2000.

The number of permits already allocated this year is shown below:

1999 Building Permit Allocation Status (as of 09/10/99)

	Urban 1-4	Urban 5+	Rural
1999 Allocation set by Board	89	164	84
Allocated (committed)	40	59	72
Balance available for allocation	49	105	12

As part of the adoption of the 1999 Growth Rate, your Board authorized use of the carryover, if needed. As the above chart shows, it is probable that use of the carryover will be required in the Rural category.

IV. POTENTIAL GROWTH IMPACTS

The Growth Management System was instituted to address resource and public services impacts of growth in the County. The following discussion briefly highlights recent impact issues and some of the steps being taken to ensure adequate resource protection, and to ensure that proposed growth can be accommodated by adequate urban services.

Resource Protection

The premier resource issue in the county is water. The drought from 1986 - 1993 affected both surface and groundwater supplies throughout the county, and emphasized the need for water supply and water use planning and management.

On April 14, 1998, your Board received a report from the Departments of Planning, Public Works, and Health Services Agency/Environmental Health Services entitled "An Evaluation of Water Resources Monitoring and Management in Santa Cruz County". The report discussed the status of current water resources management and monitoring programs and

provided a broad array of recommendations concerning County efforts in this important area. In response to additional Board directives, the County Administrative Officer convened an Inter-Agency Working Group made up of the department heads and key staff from the Health Services Agency, Planning Department, the County Administrative Office, as well as representatives of local water agencies.

The Inter-Agency working group gave high recommendations to the following three categories:

- 1) the need for proactive countywide water resources management and water supply planning (including outreach efforts and development of **funding** mechanisms); and
- 2) the need for increased erosion control and riparian enhancement (including fisheries protection); and
- 3) the need for increased baseflow, as well as water quality/quantity monitoring (including well metering).

A Water Resources Manager was hired in Spring 1999 to focus on better development of programs and funding strategies for addressing identified problems. Additional water resource staff have been hired in both the Planning Department and in Environmental Health Services to focus on new and expanded water resource management programs.

Annexation of prime agricultural land is the second major issue. This concern includes the City of Watsonville's continuing proposed annexation of lands designated as Commercial Agriculture. This issue will likely continue to be a major issue in the future.

Urban Services:

The County continues to pursue a number of activities to improve its ability to provide adequate services throughout the urbanized portions of the unincorporated area:

- Yearly adoption of the Capital Improvement Program which identifies scheduled public service improvements (such as road, roadside, drainage and park improvements) and provides a basis for development of the necessary financing programs.
- The Live Oak/Soquel Redevelopment Agency continues its efforts to upgrade the urban infrastructure in the Soquel and Live Oak areas.

- Plan lines and route design concepts continue to be completed and adopted for arterial and collector streets in the urban area, particularly in Live Oak and Soquel. An on-going, multi-year effort has been undertaken to establish plan lines throughout the urban area to provide needed information for roadway design, capital improvement programming and the review and conditioning of new projects.

Based on the recommendations of a report prepared last year concerning Highway One congestion, the Transportation Commission voted in August to approve projects costing an estimated \$260 million to improve traffic flow. The approved projects include toll lanes, improved bus service, local road improvements, railroad right-of-way acquisition, bike and pedestrian paths, and electric bikes. The Commission voted last December to improve the Fishhook interchange.

Because of the magnitude of the urban service needs, significant construction of projects will be needed throughout the urban areas over an extended period of time to support existing, as well as future, development.

V. HOUSING NEEDS

Regional Housing Needs Plan:

In June 1990, AMBAG adopted a Regional Housing Needs Plan which establishes housing construction goals for all of the local jurisdictions in the AMBAG region including Santa Cruz County. These goals provide an allocation to the local jurisdictions of the regional housing share established by the State Department of Housing and Urban Development for the period of January 1989 through June 1996. The AMBAG Plan established a goal for new housing construction in the County of 11,983 units for the seven and one half year period and provided a breakdown by income group as shown in Table 5. AMBAG has not provided the County with goals beyond June 1996.

Following the initial adoption of the Housing Needs Plan, Santa Cruz County requested a reduction in the County's housing goal to 7,302 units. Although the request for a reduction in the Plan's housing goal for the County was approved by AMBAG, along with the requests of six other jurisdictions and followed statutory requirements, the State Department of Housing and Urban Development declined to approve the Plan change. The County's request for a reduction was based on the following considerations:

- The State's allocation to the region was predicated on accommodating a significant growing population that commutes out of the region to Santa Clara County, which both encourages and institutionalizes a continued

pattern of conduct in the adjacent **ABAG** region of providing inadequate housing to match the job growth in that region, and resulting in undesirable pressure on Santa Cruz County housing prices, regional traffic congestion and air pollution;

- The **AMBAG** Plan would require unincorporated Santa Cruz County to grow at a rate well in excess of historic growth rates;
- The **AMBAG** Plan exceeded the population growth allowed in the Regional Air Quality Management Plan;
- The allocation assumed a need for replacement housing at a rate twice the documented housing loss rate for the County.

As provided in State law, the housing goals of **AMBAG's** Regional Housing Needs Plan have been utilized as the basis for the County's Housing Element which was adopted with the General Plan update in 1994. These housing goals not only provide a basis for housing policies, but also are important in the formulation of the Land Use Element of the General Plan and associated implementation policies and programs. The adopted 1994 update to the County General Plan was not only predicated on meeting the regional housing goals, but also on strong resource protection and public safety policies, the availability of public services and infrastructure to support residential development, and strong public sentiment regarding community character. Together, these considerations place constraints on both the ability to continue growth and its timing in the unincorporated portion of the County. The County, therefore, has chosen to meet the regional housing goals in large part through the development of second units on single family parcels. As shown in Table 5, the build out of the General Plan will allow more than twice the housing required to meet the regional housing allocation.

As a result of ongoing discussions with the Department of Housing and Community Development, the County's Housing Element has received conditional certification, predicated on County approval of minor text and policy changes.

TABLE 5: HOUSING GOALS AND ALLOCATIONS

Housing Type	AMBAG Allocation	1994 Housing Element Build Out
Low & Very Low Income	5,507	9,559
Moderate Rate	2,165	10,586
Market Rate	4,311	8,828
	<hr/>	<hr/>
Unit Total	11,983	28,973

Affordable Housing:

Measure J contains the policy that “at least 15 percent of those housing units newly constructed for sale or rental each year shall be capable of purchase or rental by persons with average or below average incomes.” The number and percentage of affordable housing constructed in the unincorporated area since the implementation of Measure J in 1979 is shown in Table 6 below.

Over the twenty year implementation period of Measure J from 1979 through 1998, an average of 14.9 percent of the new housing constructed in the unincorporated portion of the County has been affordable. In 1996, 8.9 percent of new housing starts were for affordable units; in 1997, 10.3 percent of new housing starts were for affordable units; in 1998, 21.5 percent of new housing starts were for affordable units. In the first eight months of 1999, 16.1 percent of new residential permits issued have been for affordable housing. These figures would be higher except that four of the current subdivisions being built out — Tan Heights, Rio Highlands, Cowell/Graham Hill Showgrounds and Seascape Uplands — do not include construction of inclusionary affordable units (37 units). Instead, the first three projects (Tan Heights, Rio Highlands, Cowell/Graham Hill Showgrounds) met their housing requirement through transfers of credit and the Seascape Uplands project met their obligation through the dedication of land to the County in the early 1990’s for future affordable housing development.

TABLE 6: AFFORDABLE HOUSING PRODUCTION (1)

Year	Total Units Issued	Inclusionary Units Issued	Second Units Issued	Affordable As % of New Dwelling Units
1979	741	0		0.0 %
1980	972	62		5.9
1981	934	251		26.9
1982	738	235		31.8
1983	619	52		8.4
1984	609	129		21.2
1985	710	61		8.6
1986	595	98	1	16.6
1987	606	75	0	10.4
1988	710	23	3	3.6
1989	420	14	0	3.3
1990	267	9	1	3.7
1991	173	20	1	12.1
1992	367	209	0	56.9
1993	198	30	1	15.6
1994	192	24	2	13.5
1995	152	21	8	19.0
1996	145	7	6	8.9
1997	194	6	14	10.3
1998	269	29	29	21.5
Totals	9342	1326	66	14.9

(1) Santa Cruz County unincorporated area

VI. GROWTH GOAL RECOMMENDATION

Growth Goal:

Your Board adopted a 0.75 percent growth goal for 1999 and a 1.0 percent growth goal for the previous eleven years. As part of setting the 1999 growth goal, your Board stated your

intention of not authorizing use of the carryover in 2000.

While demand for Building Permits has decreased from 1998, the economy remains robust and it is probable that there will be a continuing strong demand for permits in 2000, especially in the Urban 5+ category, as discussed earlier.

If your Board adopts a 0.75 percent growth rate for 2000 and utilization of the carryover is not authorized, it is probable that demand will exceed the supply of allocations in some categories. If no action is taken, the Planning Department, in accordance with Section 12.02.040(c) of the County Code, would cease accepting applications for building permits in the depleted category. Planning staff will advise your Board, during 2000, if depletion of an allocation category seems probable. Staff is RECOMMENDING that your Board carryover unused allocation from 1999, but not authorize utilization at this time. Your Board could make numerical adjustments between the allocation categories or authorize use of the carryover at any time during the year.

In order to facilitate the attainment of affordable housing goals, the County has exempted affordable housing units (including second units) from the need to obtain permit allocations under the County's growth management regulations. The development of affordable units will, therefore, not be affected by the adopted growth goal.

Building Permit Allocations:

Table 7 presents the methodology by which the 0.75 percent population growth goal for 2000 is converted into a Building Permit allocation.

TABLE 7: BUILDING PERMIT ALLOCATION BASED ON A 0.75%
ANNUAL GROWTH RATE

Estimated Total Household Population 1/1/99 for Unincorporated Santa Cruz County*	135,697
Estimated Group Quarters Population 1/1/99*	2,003
Estimated Total Population 1/1/99*	137,700
Annual Growth Goal - 1999	0.75%
Projected 1/1/00 Total Population	138,732
Annual Growth Goal - 2000	0.75%
Projected 2000 Population Increase	1,040
Persons Per Household (DOF estimate for 1/1/99)*	2.736
Required 2000 New Housing Units	380
Additional New Units Required for 5% Vacancy	19
Reservation of 15% of the Building Permits for affordable units.	<60>
Total Number of New 2000 Units Allowed (including affordable units)	399

* Source: DOF E-5 Population of California Cities and Counties, 5-99

The Building Permit allocations have been distributed in previous years based on different criteria: 67%-33% ratio between urban and rural permits for 1979 through 1998; 75%-25% ratio between urban and rural permits for 1999. It is RECOMMENDED that the 2000 permit allocations be divided in the following manner:

- Division of the 2000 growth between urban and rural portions of the unincorporated County on a 70%-30% ratio.
- Allocation of rural permits without regard to project size.
- Allocation of 50% of the urban permits to the 1-4 unit category.
- Allocation of 50% of the remaining urban permits to the 5 and more unit category.
- Reservation of 15% of the total allocation for affordable units as prescribed by County Code Section 17.01.030(e).

This division represents staffs prediction of the probable demand. This division also implements the ordinance requirement of encouraging growth in urban areas and discouraging growth in the rural areas.

TABLE 8: RECOMMENDED 2000 BUILDING PERMIT ALLOCATION
DISTRIBUTION

Area	Total Market Rate Units	1-4 Units	5+ Units
Urban	238	119	119
Rural	101	N/A	N/A
Total	339		

Allocation Carryover:

Section 17.04.065 of County Code provides the ability to carryover Building Permit allocations from the previous year. It is RECOMMENDED that the unused 1999 market rate housing allocations be carried over, retaining their Urban and Rural distinctions, but not be made available for use at this time. Your Board could authorize utilization at any time during 2000, if found appropriate.

Rural Land Divisions:

County Code Chapter 14.04, Annual Limits - Rural Land Divisions, limits the number of new residential parcels to be created in the rural portion of the County to 35 percent of the number of residential Building Permit allocations for the rural area. Based on the above recommended allocation, this would create a limit of 39 new rural residential parcels (eleven new rural lots have been approved to date in 1999). As the number of new rural residential parcels has not exceeded the yearly limitation this decade, no **further** action is indicated for the control of rural land divisions.

Second Units:

As a condition of the Coastal Commission Certification of the ordinance amendments to County Code Chapter 13.10.68 1 (f), an annual report is required. The report is intended to evaluate the cumulative impacts associated with the second units within each planning area, particularly within the Coastal Zone. This analysis is to look at traffic, water, public views and environmentally sensitive areas impacts.

In 1997, your Board adopted revisions to the Second Unit ordinance. The revisions, including increased unit sizes in the rural areas, have made second units more attractive to the public. As the figures below indicate, application rates have increased. It is also clear that these units are being built primarily in rural, noncoastal areas.

Since September 1, 1994, a total of 109 Development Permits for second units have been approved, resulting in the issuance of 78 Building Permits. These permit approvals and issued Building Permits are for sites situated in the following planning areas of Santa Cruz County:

Second Unit Discretionary Approvals by Planning Area

	1994	1995	1996	1997	1998	1999(1)
Aptos:	0	0	0	2	2	1
Aptos Hills:	0	2	3	4	4	1
Bonny Doon:	0	0	2	3	4	2
Carbonera:	0	0	3	6	5	1
Eureka Canyon:	0	0	1	3	4	0
La Selva:	0	0	0	1	0	1
Live Oak:	1	2	0	1	4	2
North Coast:	0	0	0	0	0	0
Pajaro Valley:	0	2	1	3	3	0
Salsipuedes:	0	0	0	0	0	0
San Andreas:	0	0	0	0	0	0
San Lorenzo Valley:	1	2	1	5	2	1
Skyline:	0	0	0	2	2	0
Soquel:	0	1	0	4	5	1
Summit:	0	1	1	0	3	3
TOTAL	<u>2</u>	<u>11</u>	<u>12</u>	<u>34</u>	<u>37</u>	<u>13</u>

(1) Through 9/1/99

Second Units Issued Building Permits by Planning Area

	1994	1995	1996	1997	1998	1999(1)
Aptos:	0	0	0	1	2	1
Aptos Hills:	0	2	1	1	4	3
Bonny Doon:	0	0	1	2	2	1
Carbonera:	0	0	1	1	4	2
Eureka Canyon:	0	1	1	2	1	2
La Selva:	0	0	0	1	0	1
Live Oak:	1	1	0	1	3	1
North Coast:	0	0	0	0	0	0
Pajaro Valley:	0	1	0	2	1	2
Salsipuedes:	0	0	0	0	0	0
San Andreas:	0	0	0	0	0	0
San Lorenzo Valley:	1	2	0	2	2	2
Skyline:	0	0	0	1	1	1
Soquel:	0	1	0	0	6	1
Summit:	0	0	2	0	2	2
TOTAL	2	8	6	14	29	19

(1) Through 9/1/99

Since 1997, ten building permits have been issued for second units within the Coastal Zone. Given this low number of issued Building Permits and the minimal cumulative impact, if any, upon coastal resources, no action limiting the issuance of permits for second units is recommended at this time.