



County of Santa Cruz⁰⁶⁴⁵

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060-4000
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

ALVIN D. JAMES, DIRECTOR

August 30, 2000

Agenda: September 12, 2000

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

Consider Adoption of an Ordinance Amending Subdivision (b) of Section 17.10.034 of The Santa Cruz County Code to Update the In-Lieu Fee Schedule

Members of the Board:

As you know, the County has an In-Lieu Fee program. The current In-Lieu Fee Schedule was adopted on August 25, 1998 (Attachment 3).

The County Code requires periodic reviews and adjustments of the fee schedule based on changes in the local real estate market. Information provided by the Association of Realtors (see Attachment 4) shows that between July 1998 and July 2000 the median home sales price increased by approximately 50% and the median sales prices for condominiums and townhouses increased by 60%. The average sales prices increased even more. An updated In-Lieu Fee Schedule -that adjusts the price ranges and fees to reflect the changes in the real estate market — is included as Attachment 1. The proposed amendment to Chapter 17.10 is not a coastal implementing ordinance, so it is not subject to review by the Coastal Commission. It is also exempt from CEQA (see Attachment 2).

It is **RECOMMENDED** that your Board:

1. Consider amendment to Subsection 17.10.034 (b) in concept as recommended by staff, and
2. Place the ordinance on your September 26, 2000 agenda for final action.

Respectfully Submitted,

ALVIN D. JAMES
Planning Director

RECOMMENDED

SUSANA A. MAURIELLO
County Administrative Officer

Attachments

1. Proposed Amendments to Subsection 17.10.034 (b)
2. Notice of Exemption from CEQA
3. Current In-Lieu Fee Schedule
4. Changes in the Local Real Estate Market

ORDINANCE NO. _____

**ORDINANCE AMENDING SUBDIVISION (b) OF
SECTION 17.10.034 OF THE SANTA CRUZ COUNTY
CODE TO UPDATE THE IN-LIEU FEE SCHEDULE**

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

The following Section 17.10.034 (b) of Chapter 17.10 of the Santa Cruz County Code is hereby amended to read as follows:

17.10.034 (b) In-Lieu Calculation. The fee is keyed to the average price of the ultimate market rate units or lots developed and is structured to provide developers with an alternative way to meet their affordable housing obligation. The amount of an affordable housing in-lieu fee shall be determined based on the following Table of In-Lieu Fees and the average sales price of the market rate dwelling units and/or parcels in a project sold to bona fide purchasers for value:

Average Home Price		Average Lot Price		In Lieu Fee
From	To Less Than	From	To Less Than	
	\$420,000		\$168,000	\$160,000
\$420,000	\$440,000	\$168,000	\$176,000	\$168,000
\$440,000	\$460,000	\$176,000	\$184,000	\$176,000
\$460,000	\$480,000	\$184,000	\$192,000	\$184,000
\$480,000	\$500,000	\$192,000	\$200,000	\$192,000
\$500,000	\$520,000	\$200,000	\$208,000	\$200,000
\$520,000	\$540,000	\$208,000	\$216,000	\$208,000
\$540,000	\$560,000	\$216,000	\$224,000	\$216,000
\$560,000	\$580,000	\$224,000	\$232,000	\$224,000
\$580,000	\$600,000	\$232,000	\$240,000	\$230,400
\$600,000	\$640,000	\$240,000	\$256,000	\$236,800
\$640,000	\$680,000	\$256,000	\$272,000	\$246,400
\$680,000	\$720,000	\$272,000	\$288,000	\$256,000
\$720,000	\$760,000	\$288,000	\$304,000	\$264,000
\$760,000	\$800,000	\$304,000	\$320,000	\$270,400
\$800,000	\$880,000	\$320,000	\$352,000	\$276,800
\$880,000	\$960,000	\$352,000	\$384,000	\$286,400

\$960,000	\$1,040,000	\$384,000	\$416,000	\$296,000
\$1,040,000	\$1,120,000	\$416,000	\$448,000	\$304,000
\$1,120,000	\$1,200,000	\$448,000	\$480,000	\$312,000
\$1,200,000	\$1,320,000	\$480,000	\$528,000	\$318,400
\$1,320,000	\$1,440,000	\$528,000	\$576,000	\$324,800
\$1,440,000	\$1,600,000	\$576,000	\$640,000	\$331,200
\$1,600,000	\$1,800,000	\$640,000	\$720,000	\$339,200
\$1,800,000	\$2,000,000	\$720,000	\$800,000	\$345,600
\$2,000,000		\$800,000		\$352,000

SECTION II

This ordinance shall take effect on the 31st day after the date of final passage.

PASSED AND ADOPTED this day of _____, 2000, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS

NOES: SUPERVISORS

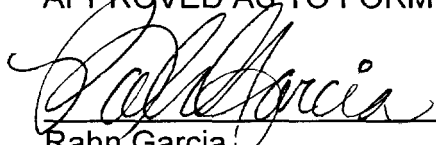
ABSENT: SUPERVISORS

ABSTAIN: SUPERVISORS

Chair of the Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:


Rahn Garcia
Chief Assistant County Counsel

DISTRIBUTION: County Counsel
Redevelopment Agency
Planning
CAO

NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

The County of Santa Cruz has reviewed the project described below and has determined that it is exempt from the provisions of CEQA as specified in Sections 15061 - 15329 of CEQA for the reason(s) which have been checked on this document.

Application No.: **Not Applicable**
 Assessor Parcel No.: **Not Applicable**
 Project Location: **County-Wide**
 Project Description: **Amendment of Chapter 17.10 of the Santa Cruz County Code to increase the in-lieu fees charged for developments that do not include the required affordable housing units**

Person or Agency Proposing Project: County of Santa Cruz

- A. ☒ The proposed activity is not a project under CEQA Guidelines, Sections 1928 and 501.
 B. ☐ Ministerial Project involving only the use of fixed standards or objective measurements without personal judgement.
 C. ☐ Statutory Exemption other than a Ministerial Project.
 Specify type: _____

D. Categorical Exemption

- | | |
|--|---|
| <input type="checkbox"/> 1. Existing Facility | <input type="checkbox"/> 17. Open Space Contracts or Easements |
| <input type="checkbox"/> 2. Replacement or Reconstruction | <input type="checkbox"/> 18. Designation of Wilderness Areas |
| <input type="checkbox"/> 3. New Construction of Small Structure | <input type="checkbox"/> 19. Annexation of Existing Facilities / Lots for Exempt Facilities |
| <input type="checkbox"/> 4. Minor Alterations to Land | <input type="checkbox"/> 20. Changes in Organization of Local Agencies |
| <input type="checkbox"/> 5. Alterations in Land Use Limitation | <input type="checkbox"/> 21. Enforcement Actions by Regulatory Agencies |
| <input type="checkbox"/> 6. Information Collection | <input type="checkbox"/> 22. Educational Programs |
| <input type="checkbox"/> 7. Actions by Regulatory Agencies for Protection of the Environment | <input type="checkbox"/> 23. Normal Operations of Facilities for Public Gatherings |
| <input type="checkbox"/> 8. Actions by Regulatory Agencies for Protection of Nat. Resources | <input type="checkbox"/> 24. Regulation of Working Conditions |
| <input type="checkbox"/> 9. Inspection | <input type="checkbox"/> 25. Transfers of Ownership of Interests in Land to Preserve Open Space |
| <input type="checkbox"/> 10. Loans | <input type="checkbox"/> 26. Acquisition of Housing for Housing Assistance Programs |
| <input type="checkbox"/> 11. Accessory Structures | <input type="checkbox"/> 27. Leasing New Facilities |
| <input type="checkbox"/> 12. Surplus Govt. Property Sales | <input type="checkbox"/> 28. Small Hydroelectric Projects at Existing Facilities |
| <input type="checkbox"/> 13. Acquisition of Land for Wild-Life Conservation Purposes | <input type="checkbox"/> 29. Cogeneration Projects at Existing Facilities |
| <input type="checkbox"/> 14. Minor Additions to Schools | |
| <input type="checkbox"/> 15. Functional Equivalent to EIR | |
| <input type="checkbox"/> 16. Transfer of Ownership of Land to Create Parks | |

E. Lead Agency Other Than County: _____

Staff Planner: _____

Gerald L. Rioux, Housing Program Manager

Date: Aug. 22, 2000

Current Section 17.10.034 (b) — In-Lieu Fee Schedule

17.10.034 (b) In-Lieu Calculation. The fee is keyed to the average price of the ultimate market rate units or lots developed and is structured to provide developers with an alternative way to meet their affordable housing obligation. The amount of an affordable housing in-lieu fee shall be determined based on the following Table of In-Lieu Fees and the average sales price of the market rate dwelling units and/or parcels in a project sold to bona fide purchasers for value:

Average Home Price		Average Lot Price		In Lieu Fee
From	To Less Than	From	To Less Than	
	\$262,500		\$105,000	\$100,000
\$262,500	\$275,000	\$105,000	\$110,000	\$105,000
\$275,000	\$287,500	\$110,000	\$115,000	\$110,000
\$287,500	\$300,000	\$115,000	\$120,000	\$115,000
\$300,000	\$312,500	\$120,000	\$125,000	\$120,000
\$312,500	\$325,000	\$125,000	\$130,000	\$125,000
\$325,000	\$337,500	\$130,000	\$135,000	\$130,000
\$337,500	\$350,000	\$135,000	\$140,000	\$135,000
\$350,000	\$362,500	\$140,000	\$145,000	\$140,000
\$362,500	\$375,000	\$145,000	\$150,000	\$144,000
\$375,000	\$400,000	\$150,000	\$160,000	\$148,000
\$400,000	\$425,000	\$160,000	\$170,000	\$154,000
\$425,000	\$450,000	\$170,000	\$180,000	\$160,000
\$450,000	\$475,000	\$180,000	\$190,000	\$165,000
\$475,000	\$500,000	\$190,000	\$200,000	\$169,000
\$500,000	\$550,000	\$200,000	\$220,000	\$173,000
\$550,000	\$600,000	\$220,000	\$240,000	\$179,000
\$600,000	\$650,000	\$240,000	\$260,000	\$185,000
\$650,000	\$700,000	\$260,000	\$280,000	\$190,000
\$700,000	\$750,000	\$280,000	\$300,000	\$195,000
\$750,000	\$825,000	\$300,000	\$330,000	\$199,000
\$825,000	\$900,000	\$330,000	\$360,000	\$203,000
\$900,000	\$1,000,000	\$360,000	\$400,000	\$207,000
\$1,000,000	\$1,125,000	\$400,000	\$450,000	\$212,000
\$1,125,000	\$1,250,000	\$450,000	\$500,000	\$216,000
\$1,250,000		\$500,000		\$220,000

Changes in the Local Real Estate Market

Home sales prices have skyrocketed in Santa Cruz County since the current In-Lieu Fee schedule was developed and adopted in 1998. Based on information reported by the Multiple Listing Service, the median sales price for single family homes in Santa Cruz County increased from \$320,000 in July 1998 to \$475,000 in July 2000 – nearly 50% in two years. The median sales prices for condominiums and town homes increased by nearly 60% over the same period — from \$190,000 to \$296,250. Over the same period, the amount that Santa Cruz County residents can afford to pay for a home has actually dropped'. (Graphs that show recent changes in the median sales prices of home and condominium in Santa Cruz County are on the following page.)

The gap between home sale prices and what average income Santa Cruz County residents can afford to pay for housing has grown far more dramatically (see table, below). While the median home sales price jumped nearly 50% in two years, the gap between the market and what locals can afford increased by more than 150%. The median home sales price is now more than 2.5 times what our average income resident can afford to pay for a home. Even the median sales price for a condominium or town home is more than 1.5 times what our median income resident can afford.

Median Home Sales Prices and Housing Affordability

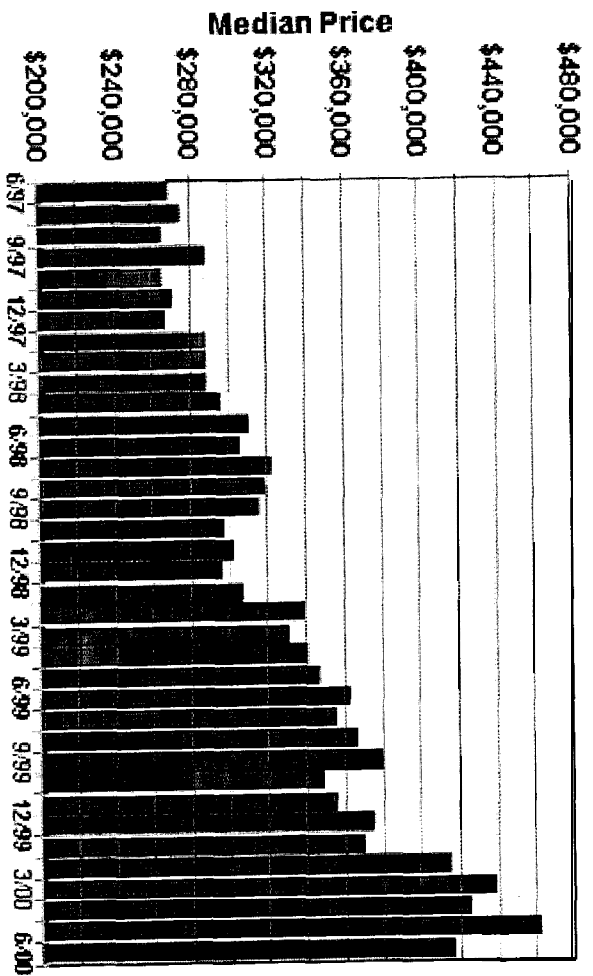
	Median Home Sales Price	Measure J Sales Price ²	Affordability Gap	
			Dollars	Percent ³
July 1998	\$321,000	\$195,082	\$125,918	64.5%
July 2000	\$475,000	\$186,860	\$288,140	154.2%
% Change	48.0%	-4.2%	128.8%	

¹ This is because the County's median income has increased very little over the past two years and interest rates have increased significantly. The maximum sales price for affordable units is based on the County median income adjusted for a household size that is one greater than the number of bedrooms in the unit, the current market interest rate for 30-year fixed rate loans and housing costs (principal, interest, taxes, insurance and home owners dues) equal to 30% of gross monthly income.

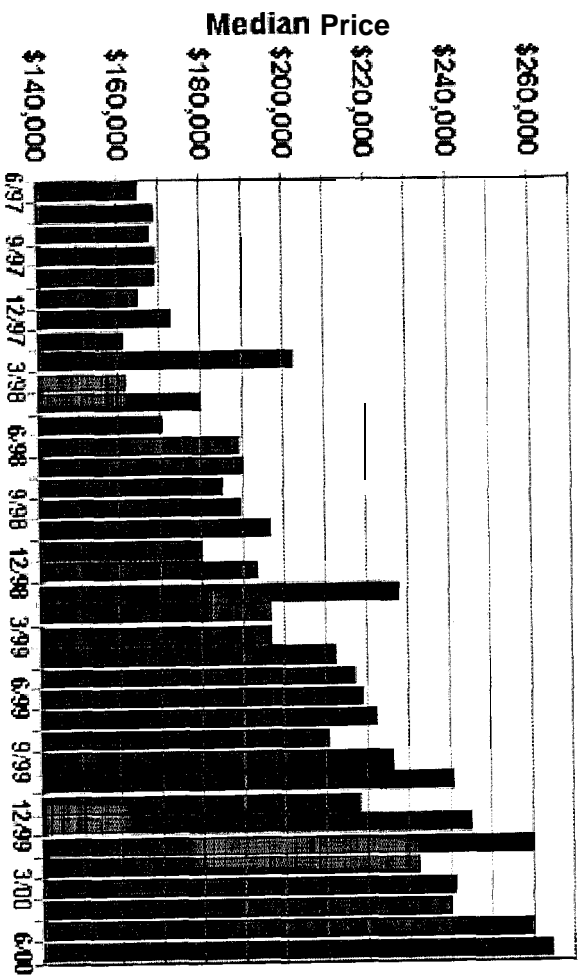
² Both values are based on a 3 bedroom home with no home owners dues. The interest used for current price calculations is the average APR for California lenders reported by BankRate.com each Monday — this rate was 8.00% on July 31, 2000. The rate for to calculate the price in July 1998 is the monthly national average interest rate of 7.05% reported at HSH.com for July 1998. When rates peaked this year, the maximum sales price dropped below \$175,000, and when rates bottomed out in late 1998, the maximum sales price topped \$200,000.

³ This Percentage is calculated by dividing the dollar amount of the Gap by the Measure J Sales Price which is what the average County resident can afford.

Median Sales Price Houses



Median Sales Price Condos/Townhouses



These graphs were prepared by Gary Gangnes of Real Options Realty in Soquel using home sales data from the Multiple Listing Service. Other statistics on the local housing market are available on his website: www.rof.com.