



# County of Santa Cruz 0125

## BOARD OF SUPERVISORS

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AGENDA: 11/7/00

October 31, 2000

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

RE: DISCUSSIONS WITH THE HOUSING AND COMMUNITY  
DEVELOPMENT DEPARTMENT REGARDING PROPOSED  
REVISIONS TO THE HOUSING ELEMENT

Dear Members of the Board:

This letter will provide the Board with an update on our recent efforts to work with the California State Department of Housing and Community Development (HCD) to obtain certification of our Housing Element.

On April 25, 2000, our Board unanimously adopted a series of new housing initiatives and units projects that would provide the basis for amendments to the Housing Element (see Attachment 1). The following measures were approved by the Board:

- Permitting farm worker housing to be developed as second units on parcels that are designed for agricultural uses;
- Expanding current efforts to rehabilitate and replace existing substandard farm worker housing;
- Pursuing a new migrant farm worker housing facility;
- Codifying changes to allow RV spaces to be converted to permanent affordable housing; and
- Providing for the County to finance development fees or other costs to reduce the cost and increase the

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production of affordable housing, including second units.

In addition, the letter included revised unit projections reflecting production figures associated with these new programs.

The April 25 letter also directed the Chair of the Board to request Assembly Member Keeley to participate in our efforts to obtain certification of our Housing Element and report back to the Board regarding the status of discussions with HCD. To this end, on October 30, 2000, Assembly Member Keeley convened a meeting in his Sacramento office with HCD Director Julie Bornstein to discuss the County's most recent proposed amendments as approved by our Board on April 25, 2000. In addition to Assembly Member Keeley and his staff and Ms. Bornstein and HCD staff familiar with the County's Housing Element, attendees at the meeting included the two of us representing the Board of Supervisors, Susan Mauriello and Erik Schapiro from the CAO's Office, and Alvin James and Jerry Rioux from the Planning Department.

The purpose of this letter is to provide the full Board with an update on these discussions and outline a plan for further discussions with HCD.

In preparation for our meeting with HCD, County staff drafted proposed revised sections of the Housing Element which incorporated only measures approved by the Board since the adoption of the Housing Element in 1994. A copy of the document submitted to HCD is included as Attachment 2.

At our October 30 meeting, Assembly Member Keeley shared with HCD and the County representatives his long-standing involvement with the Housing Element, both as a member of the Board and in the Legislature. He also indicated that a certified Housing Element would address an important element of the agreement between the County and the City of Watsonville concerning the third high school site.

The meeting also provided the County with an opportunity to discuss with HCD the County's overall housing initiatives as well as a more detailed discussion on the proposed measures approved by the Board on April 25. While HCD acknowledged that we have developed some exemplary programs, the main focus of their comments was directed towards how our Housing Element addressed the County's fair share allocation. To this end, HCD staff expressed concerns about certain proposals included in our proposed revisions to the Housing Element. Their major concerns involved:

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- Operational issues about the proposed farm worker second unit program;
- The need to evaluate the true potential of our existing second unit program and that the County demonstrate the program's effectiveness;
- Lifetime deed affordability restrictions acting as a disincentive for the development of second units;
- Various questions about our existing mixed use policies and the potential for mixed use development.

The meeting included a fruitful exchange about these issues and concluded with an agreement that HCD staff would complete their review within 60 days. It is suggested that, after receipt of HCD's final written comments, the Board would discuss how best to proceed with negotiations to address any remaining outstanding issues.

HCD staff also indicated that they had been contacted by interested parties, including the City of Watsonville, concerning the status of the County's Housing Element. To this end, given the agreement between the County and the City of Watsonville concerning the third high school site, it is appropriate for the County to forward a copy of the County's latest submittal to the Watsonville City Council, and for the Board Chair to request that the City Council write a letter of support to HCD for this proposal.

Finally, as we anticipate HCD will raise certain key issues in their review of our revised Housing Element, we recommend that staff provide the Board with regular status reports on issues of concern to the Board. These reports will be placed on the Board's weekly agenda or handled through the written correspondence agenda.

Therefore, we recommend that the Board take the following actions:

1. Authorize the Chair of the Board to transmit the latest revised Housing Element prepared by the County to the Watsonville City Council and request the Council to submit a letter to HCD in support of HCD certification of the proposed revised Housing Element; and

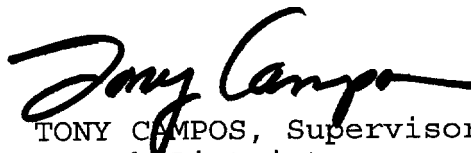
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2. Direct the CAO to provide regular updates to the Board on the status of HCD's review of our proposed Housing Element.

Sincerely,



MARDI WORMHOUDT, Supervisor  
Third District



TONY CAMPOS, Supervisor  
Fourth District

MW/TC:ted  
Attachments

cc: Assembly Member Fred Keeley  
County Administrative Office  
Planning Director

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Development Fees: provide for the County to finance development fees or other costs to reduce the cost and increase the production of affordable housing, including second units

The current proposal does not include the mixed use development policies or the South County second unit pilot program that were proposed in October 1999. However, even without these elements, staff projects that the above new programs and policies would allow approximately the same number of units to be built as would be possible under the October 1999 proposal. While the new build-out projection is 283 units lower than is reported as possible in the current adopted Housing Element, the new policies should result in a higher percentage of farm worker units being produced than either the adopted Housing Element or the 1999 proposal. Attachment 2 shows the projected built-out estimates under the current 1994 Housing Element, the October 1999 proposal and the programs, and policies that are proposed in this report.

Rather than incorporate these proposed programs and policies into a new draft amended Housing Element, staff is bringing these policies to your Board for consideration as concepts. If these proposed programs and policies are acceptable to your Board in concept, staff recommends that representatives of your Board and County staff meet with State HCD to discuss these proposed policy changes and to seek HCD's commitment to certify the Housing Element subject to the County further developing and adopting these programs and policies as amendments to the County's Housing Element. In order to facilitate our discussions with HCD, staff prepared the attached report (Attachment 3) which summarizes the County's housing activities. This report is a compilation and updating of existing material that was used for other purposes. This information has been combined into a single document that makes it easier to present information on the County's behalf. Assembly Member Keeley has been most helpful and supportive to date and has offered to assist the County in our dealings with HCD concerning the Housing Element.

### **Watsonville MOU**

While your Board and County staff have been working for more than five years to secure HCD's certification of the Housing Element, the status of the County's Housing Element was raised as an issue during the recent negotiations related to the proposed new Watsonville third high school. As part of the high school negotiations, the County agreed to enter into a MOU Regarding Affordable Housing with the City of Watsonville. In that MOU, the County made certain assurances relative to the Housing Element and to work with others toward countywide solutions to housing problems (Attachment 5). Attachment 5 compares the existing Housing Element and the policies proposed in this report with the agreements in the MOU.

### **Summary and Recommendation**

On October 19, 1999, your Board agreed to "make it a priority in our State Legislative Package to try to obtain certification from HCD." By agreeing to enter into the MOU

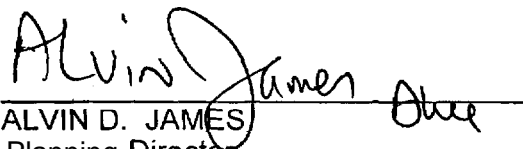
with the City of Watsonville, your Board agreed to proceed with efforts to certify the County's Housing Element. At your Board's direction, staff has identified potential changes to the Housing Element that are consistent with local policies, address issues raised in the MOU with Watsonville and, we believe, should result in State HCD certifying the Housing Element.

In order to move forward with the County's efforts to secure HCD's certification, staff recommends that your Board:

1. Adopt in concept the proposed policy changes and unit projections presented in this report; and
2. Direct staff to schedule a meeting with the Director of State HCD that includes at least the Chair of the Board of Supervisors, CAO, Planning Director and Assembly Member Keeley; and
3. Direct the Chair of the Board of Supervisors to forward this report to Assembly Member Keeley and request his participation in our meeting with HCD; and
4. Direct staff to report back to your Board regarding the results of discussions with State HCD, including a recommendation concerning the setting of a public hearing to receive public testimony regarding the amendment of the Housing Element.

Respectfully Submitted,

RECOMMENDED

  
 ALVIN D. JAMES  
 Planning Director

  
 SUSAN A. MAURIELLO  
 County Administrative Officer

Attachments

1. Proposed Housing Element Programs and Policies
2. Comparison of Housing Build-Out Estimates
3. Housing Activities and Accomplishments Report
4. "MOU Regarding Affordable Housing" with the City of Watsonville
5. Comparison of Current and Proposed Housing Policies and Affordable Housing MOU

## Proposed Housing Element Programs and Policies

The following housing programs and policies were developed for consideration by the Board of Supervisors of Santa Cruz County. The goal in developing these programs and policies was to amend the County's 1994 Housing Element with the goal of securing certification of the Housing Element from the California Department of Housing and Community Development.

### I. Farm Worker Housing

Agriculture is one of the largest and most important sectors of the economy for Santa Cruz County. An adequate supply of decent safe and sanitary housing for farm workers is critical for the health of the local economy and population. The County's 1995 Farmworker Housing Needs Assessment Study estimated that there was a need for 2,200 additional farm worker housing units at the time, including 350 units that needed major rehabilitation. The Study also estimated that an additional 1,180 units would be needed by the year 2002. Evidence of the need for farm worker housing can be seen in the fact that the Santa Cruz County migrant farm worker housing project, which is owned by the State's Office of Migrant Services (OMS) and operated by the Santa Cruz County Housing Authority, has the highest turn away rate of all the OMS centers in California.

The County will consider the following three new programs, which are described below, to improve the condition and increase the supply of farm worker housing.

1. Farm family and farm worker second units
2. Expanding current efforts to rehabilitate and replace farm worker housing
3. Develop a new migrant farm worker housing project

In addition to these three programs, the County will 1) analyze the local regulations for farm worker housing and update these requirements to be consistent with recent changes in state law, 2) identify additional options for encouraging and facilitating the development of farm worker housing throughout the County and 3) aggressively promote the development, maintenance and operation of decent safe and affordable housing options for both permanent and seasonal farm workers by farmers, agricultural interests, agricultural and farm worker cooperatives, nonprofit housing, the housing authority and others.

**A. Farm family and farm worker second units.** At present second units are not allowed on land that has an Agricultural land use designation and/or zoning because of concern that housing is not compatible with agricultural land uses. However, because an adequate supply of farm worker housing is needed to support the agricultural sector, the County will consider allowing second units that are restricted for use by members of the farmer's family and farm workers to be built on Agricultural land. This approach would allow a greater number of farm worker housing units to be produced than is currently possible under the County Codes. For these farm worker second units built

on CA and other agricultural land, the County's existing second unit ordinance would be modified **as** follows:

1. the units must be occupied by family members or farm workers (farm workers must earn at least half of their annual income from agriculture),
2. the maximum size of the units would be 800 square feet rather than 1,200 square feet regardless of the size of the parcel,
3. the units must be sited adjacent to existing structures to minimize the impact on the agricultural use of the site, and
4. the units must meet other development standards that are sensitive to and appropriate for rural sites.

In addition, the County will consider 1) allowing the use of single section manufactured housing and park models as farm family or farm worker second units and 2) allowing for the financing of development fees.

**B. Farm worker housing rehabilitation and replacement program.** The County will expand current programs to assist in financing the rehabilitation, upgrading and, where necessary, replacement of dilapidated and substandard farm worker housing both on and off farm sites throughout the County. In developing this program, the County will also attempt to identify and minimize local requirements and procedures that impede the rehabilitation and replacement of substandard farm worker housing. The County will also attempt to identify barriers to the use of conventional financing and structure the County's financing program to be compatible with and leverage private financing to the greatest extent feasible. The County will also seek the highest possible leveraging of local Redevelopment funds from other sources including HCD's Farmworker Housing Grant Program and Rental Housing Program, the Federal Home Loan Bank's Affordable Housing Program, the Department of Agriculture's Rural Development Programs and the Treasury's Community Development Financial Institution's fund.

**C. Migrant farm worker housing project.** The County will work to identify an appropriate site for a second migrant farm worker housing facility within the County. Prime considerations in seeking this site would include access to utilities and public services, proximity to work sites and the impact of the development on agricultural production and the environment. The County will seek funding from the State's Office of Migrant Services (OMS) and the Department of Agriculture. (Seeking state funding for a second OMS site in Santa Cruz County is already included in the County's Legislative Program for the year 2000.)

**II. RV Park Conversion Ordinance.** A number of RV parks in Santa Cruz County that were developed and approved for temporary and recreational use are currently being used to provide permanent housing for very low income households in violation of their use permits. In two cases, the more intense use of the parks in combination with inadequate maintenance and management practices resulted in severe violations of health and safety codes. Rather than displace the residents who have come to rely on this housing, the County developed and is considering the adoption of an ordinance that would allow most of these temporary/recreational parks to convert to long-



term/permanent occupancy. The draft proposed ordinance is currently being considered by the Planning Commission and is scheduled to return to the Board of Supervisors in June for consideration.

As currently proposed, the approval to convert a park or spaces within a park to permanent occupancy status would be subject to various conditions, including:

1. Complying with the water and wastewater standards established by the County Environmental Health Department for permanent occupancy parks,
2. Complying with or obtaining waivers of various development standards,
3. Limiting initial occupancy to very low income households (those who earn no more than 50% of area median income), and
4. Limiting the rents that may be charged either for park spaces or for RV units and spaces that are rented together.

Allowing the conversion of short-term RV spaces to long-term/permanent occupancy will expand the County's permanently affordable housing stock.

**III. Development Fee Financing Program.** The development fees that are charged by the County and other public agencies to finance public services and offset the impacts of development on the local infrastructure can be a deterrent to the development of affordable housing. In order to encourage the development of permanently affordable housing, the County will: 1) evaluate its development fees and the fees charged by others, 2) consider reducing fees if it is appropriate and/or possible and 3) explore using Redevelopment housing funds or funds from other sources to reduce the impact of development fees on affordable housing. This program would continue and expand the current subsidies that the County provides for affordable housing projects and would be available for second units.

The County will consider structuring this program in various ways, including reimbursing the appropriate agencies for the cost of fee, paying various fees directly and lending funds to the project sponsor to pay the fees. Approval to finance fees would be subject to various conditions, including compliance with the County's Affordable Housing Guidelines.

## Comparison of Housing Build-Out Estimates Potential Units That Can Be Produced

Type of Development	1994 HE	1999 Draft HE	2000 HE Proposal	Change 1994-2000
<b>Urban Areas</b>				
Development on Vacant and Underutilized Parcels	5,316	5,316	5,316	0
Residential in Conjunction w/Commercial Development on Vacant and Underutilized Parcels	588	2,257	588	0
Units from Bonus Density Development	529	599	599	70
<b>Second Units</b>				
Current Regulations	4,373	3,420	4,373	0
Model Program	0	953	0	0
<b>Rural Areas</b>				
Development on Vacant and Underutilized Parcels	6,699	6,699	6,699	0
Residential in Conjunction w/Commercial Development on Vacant and Underutilized Parcels	0	210	0	0
AB 438 Units *	0	134	0	0
Farm Worker Housing Preservation/Replacement	0	0	150	150
RV Park Conversions	0	0	150	150
<b>Second Units **</b>				
Current Regulations	11,398	8,956	9,060	(2,338)
Model Program	0	104	0	0
Farm Work Housing	0	0	1,685	1,685
<b>Total New Units Possible at Build Out</b>	<b>28,903</b>	<b>28,648</b>	<b>28,620</b>	<b>(283)</b>

\* The 1999 build-out estimates included the rebuilding of the Murphy's Crossing and San Andreas farm labor camps and the conversion of Golden Torch RV/travel trailer park. The 2000 estimates assume that additional farm labor camps will be rehabilitated and rebuilt and that multiple RV parks will convert to permanent occupancy.

\*\* The second unit estimates that were adopted in 1994 have been reduced to eliminate rural parcels that are smaller than one acre because these parcels generally cannot handle the wastewater generated by both a primary and secondary unit. The estimated number of rural second units was also reduced in the 1999 estimates to eliminate these smaller lots. The farm worker second unit estimates for the proposed 2000 Housing Element update assume that 75% of the one acre and larger parcels that are zoned for Agricultural uses can accommodate a second unit.



## Comparison of Current and Proposed Housing Policies and the Affordable Housing MOU

	Current Housing Policies	Proposed New Housing Policies	Affordable Housing MOU w/City of Watsonville
1	Housing Element (HE) was adopted by the Board of Supervisors on May 25, 1994.	Board of Supervisors to consider the Housing Element policy modifications described below on April 25, 2000 and agree set a public hearing after meeting with State HCD to review these policies.	The County, within six months of the date of this Memorandum of Understanding shall act in good faith to hold a public hearing to consider the adoption and submission for certification by HCD modifications to the County's Housing Element that includes as a minimum the consideration of the following elements:
a	Various HE programs and policies support the development of affordable housing including inclusionary housing, density bonuses, second units, farm worker housing and other special needs housing. HE Policy 41 encourages larger units that are appropriate for families with children. HE Polices 35 and 36 encourage and support farm worker housing.	Allow farm worker housing to be built as second units on parcels designated for Commercial Agriculture throughout the County. Seek a site and funds for migrant farm worker housing. Allow short-term/transitory <b>RV/trailer</b> parks to convert to permanent housing.	Increase quality, affordable housing for all segments of the community, with particular emphasis on agricultural workers, families with children, and first-time home buyers; and
b	Various commitments to housing rehabilitation exist in HE Policies <b>25, 26, 28</b> and 48.	Create a specific rehabilitation and replacement loan program for farm worker housing.	Increase affordable housing through rehabilitation of existing housing and creative purchasing opportunities in general; and
c	Improved processing for all development is the object HE Policy 2. HE Policy 7 provides for a review of all residential development fees. Priority processing is included in HE Policies 2, 11 and 35 and in the County's Density Bonus ordinance.	Finance fees for affordable housing units, including second units.	Create new incentives for the development of new affordable housing units such as fee reductions and priority processing; and
d	The County's Affordable Housing Program (HE Policy 11 b and Chapter 17.1 of the County Codes) require most housing developments to include 15% affordable units.	Allowing farm worker housing on individual Agricultural parcels ensures that the housing will be dispersed throughout the County.	Geographically disperse affordable single and multi family housing throughout the County, particularly such housing for agricultural workers in the North and South County.



# County of Santa Cruz

## PLANNING DEPARTMENT

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ALVIN D. JAMES, DIRECTOR

April 13, 2000

Agenda: April 25, 2000

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

### **Consideration of Proposed Amendments to the Housing Element of the Santa Cruz County General Plan**

Members of the Board:

At your Board's direction, the Planning Department has explored options for amending the Housing Element of the County's General Plan to add programs and policies that 1) would enable the Housing Element to be certified by the California Department of Housing and Community Development (HCD) and 2) are consistent with local policies and priorities. In addition, your Board recently agreed to enter into a MOU Regarding Affordable Housing with the City of Watsonville. That MOU addresses a variety of housing issues, including the County's Housing Element.

#### **Proposed Housing Element Changes**

Based on your Board's comments at the October 19, 1999 public hearing concerning the earlier proposed modifications to the Housing Element and discussing issues with staff at HCD, County staff recommends that your Board consider the potential changes that are listed below and described in Attachment 1 to this report:

- Farm Worker Housing: allow farm worker housing to be developed as second units on parcels that are designated for Agricultural uses
  - expand current efforts to rehabilitate and replace existing substandard farm worker housing
  - identify sites and seek funding for a new migrant farm worker housing facility
- RV Parks: codify changes to allow RV spaces to be converted to permanent affordable housing

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Proposed Amendments to the  
**Housing Element**  
(Clean and Red-line Versions)

of the Santa Cruz County

**General Plan and  
Local Coastal Plan**

Presented to the  
State of California  
Department of Housing and Community Development  
on October 17, 2000

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### Red-line Version

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Appendices

Note: Only those Sections and Appendices of the adopted Housing Element that are proposed to be changed are included in this package. Both clean and red-lined versions of the proposed amended Housing Element are included in this binder.

## SECTION 4.5: EXISTING HOUSING RESOURCES

The County of Santa Cruz has developed a range of housing programs and resources in recent years. These include programs that encourage or assist with the actual construction of affordable units, housing rehabilitation programs, financial assistance programs, and various support service resources. These housing programs and services are summarized below according to the following three subject areas:

1. Affordable Housing Unit Inventory
2. Housing Resource Programs
3. Housing Support Services

### 1. AFFORDABLE HOUSING UNIT INVENTORY

As of December 1990, there were a total of 1,395 housing units in the unincorporated area of the County that are considered “affordable” housing units. “Affordable” in this case means that the units have been developed with governmental assistance and, therefore, are subject to legal restrictions which control the affordability of the unit for a certain period of time. For example, units directly assisted with certain Federal Housing programs are considered “affordable” but units assisted with Mortgage Credit Certificates, which have no long term affordability restrictions, are not included. The 1,395 total includes units built under the County’s Affordable (Inclusionary) Housing Program (also known as “Measure J”), housing developments that have received governmental assistance (Federal or State), and units produced pursuant to the County’s “Affordable Second Unit,” “Accessory Second Unit,” “Owner Builder,” and “Small Contractor” programs. Therefore the 1,395 unit total includes the 987 affordable units constructed between 1980-90 as discussed previously in this document. Specific information regarding the 1,395 affordable units is summarized in the table at the end of this section.

In addition to these 1,395 affordable units, there were approximately 423 rental subsidies being used by County households under the 199 1 Section 8 program, which is operated by the Santa Cruz County Housing Authority.

There are seventy mobile home parks in the unincorporated County, containing 3,724 mobile homes and 1,278 recreational vehicle spaces, according to 1991 data. (See Appendix #19 for a complete listing of all mobile home parks.) Chapter 13.32 of the County Code (the Mobile Home Rent Stabilization Ordinance) regulates the rent increases that may be charged to mobile home, trailer and recreational, vehicle ~~each~~ owners renting spaces within mobile home and RV parks in the unincorporated County. The law allows rents to be increased annually by 50% of the Consumer Price Index, with additional rent increases possible through special rate adjustments. The law is intended to protect coach owners from financial difficulty and the hardship and expense of possible relocation, due to unreasonable rent increases by park owners.

#### AFFORDABLE (INCLUSIONARY) HOUSING PROGRAM

The Affordable (Inclusionary) Housing Program first became operative in 1979-80 as a result of voter approval of Measure J. The Inclusionary Housing Program requires that 15% of all new units/lots in projects of 5 or more units/lots be affordable to low or moderate income households. Inclusionary units are typically located in the market-rate project being developed, although they can be off-site. From 1980 to 1990, there have been 541 units produced as a result of the Inclusionary Housing Program. These units include both ownership and rental units and are located throughout the County. Their affordability restrictions are monitored by the Santa Cruz County Planning Department and Housing Authority. The Planning Department works with developers to satisfy their affordability requirements. In 1990 and 1998, the Planning Department ~~initiated an evaluation of~~ evaluated and made various revisions to the Inclusionary Ordinance (known as the “Affordable Housing Requirements,” County Code Chapter 17.10) ~~and revisions to that Ordinance have been considered by the~~

## Santa Cruz County General Plan

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~~Housing Advisory Commission, Planning Commission and the Board of Supervisors since that time, with adoption imminent.~~

It is important to note that the inclusionary units built as of December 1990 have included a mix of units developed by both the private market and non-profit groups. Further, some of the inclusionary units have received governmental assistance in the form of federal financial assistance or bond financing. There are basically two types of units included in the Inclusionary program; these are:

- large-developments assisted with federal or bond financing, of which a portion of the total units received inclusionary housing credits, and
- smaller, scattered site developments with the inclusionary units mixed in with market rate units or “freestanding” on their own. An example of a smaller development is the “Habitat for Humanity” 3 unit project in Soquel, where all the units are designed for very low income households and are deed restricted.

In the table at the end of this chapter, the inclusionary units are classified as either “scattered site” units or larger projects which have been assisted through federal or bond financing.

### **SPECIFIC HOUSING DEVELOPMENTS: FEDERALLY ASSISTED/BOND FINANCED**

As of 1991, there were a total of 807 federally assisted or bond financed affordable housing units in the unincorporated areas of the County. Of these, 439 units (54% of total) are specifically designated for senior/handicapped households and the remaining are available for families. These units have been assisted with federal funds or bond financing, and are available at affordable rents for very low and lower income households. The table at the end of this chapter includes information on each of the federally assisted housing developments in the unincorporated area of the County.

### **SPECIFIC HOUSING DEVELOPMENTS: STATE ASSISTED**

As of 1991, there were 142 State-assisted units available for farmworker households in the unincorporated areas of the County. Approximately 106 of these units are located in the Buena Vista project and are available only on a seasonal basis. The remaining 36 units are located in the Tierra Alta development and are year-round housing units.

### **- TRANSFER OF HOUSING CREDITS PROGRAM**

~~Santa Cruz County has been recognized for providing an assortment of incentives and policies aimed at developing and maintaining affordable housing options within the context of a growth management system. In 1981, for example, the County received a special award from the Department of Housing and Community Development in recognition of the innovative “Transfer of Housing Credit” program established within the County’s affordable housing program.~~

The Transfer of Housing Credit program ~~allows~~ allowed developers providing at least 35% affordable units within a residential development to acquire “credits” for up to half of the affordable units provided, which could then ~~can~~ be sold to other developers to assist in affordability requirements for other projects. By creating this “affordable housing bank,” the County has provided an incentive for developers to devote a minimum of 35 percent of a project to affordable units.

Experience with the Transfer of Housing Credit program led to the conclusion that developer-built off-site affordable housing units often do not have the same quality as units produced within market rate projects or by nonprofit developers. Consequently, Chapter 17.10 of the County Code was amended in 1998 to eliminate transfers of credit. At the same time, the Code was modified to give developers four options for satisfying the



County's affordable housing requirements:

1. build affordable units on-site,
2. pay in-lieu fees that will be used to finance affordable housing,
3. dedicate a site or sites within their project to the County for affordable housing development, or
4. partner with a non-profit organization to construct off-site affordable housing.

## SECOND UNIT PROGRAMS

~~The County has developed Second Unit Programs which allow an additional units to be constructed on a lot with an existing single family dwelling, or in conjunction with a new dwelling on the same lot. In 1986, the County developed and adopted a program to encourage the creation of second units on lots that had an existing or planned single-family residence. As of December 1990, approximately 11 affordable second dwelling units had been permitted by the County-. During the summer of 1993, the County began revising policy to significantly expand the opportunities for second unit construction. Revisions to the County's second unit regulations were approved by the Board of Supervisors in 1993, and went to the Coastal Commission for approval in 1994. That Ordinance clarified what constitutes an accessory a second unit, and permitted an increase in unit size and greater design flexibility. In addition, more latitude was provided for family members, who are exempt from the County's affordable housing program income and asset requirements. Accessory Second unit construction was allowed in the rural areas. However, a limitation was placed on the number of accessory-second units that could be developed in a single year in the Live Oak Planning Area due to roadway design and drainage deficiencies.~~

~~The Ordinance revisions recognize that necessary units have been called various names, i.e., granny units, second units, accessory units and affordable second units. The Ordinance proposes that only one term be used, that of "accessory dwellings". Such dwellings are defined as those These revisions allowed second units containing up to 640 square feet in the urban areas, and up to 800 square feet in the rural areas, on property accommodating a main, larger dwelling unit. The Ordinance changes would allow accessory dwellings-second units on residentially designated legal lots of record in the rural part of the County, provided that the lots meet the size requirements of the County's septic system regulations.~~

~~The revised Ordinance would allow allowed setback reductions for accessory-second units, based upon County design guidelines. With the exception of family members, second units produced under the new Ordinance would continue to meet the income and asset requirements defined by the County's Affordable Housing Program. Tenants related to the property owner of the main dwelling, however, would be exempt from the income and asset restrictions. A priority would continue to be offered to income and asset qualified seniors I A , , , : , , , under the former Ordinances, occupancy by up to two people was allowed in an accessory dwelling a second unit.~~

~~Under the former ordinances, all building permit fees, capital improvement fees (parks, child care, roadside/roadway and transportation improvement) and up to the first \$500 of development impact fees for such units were waived as a method of encouraging their construction. A revised County Fee Schedule will be prepared for the new Accessory Unit Program, following consideration of the Ordinance changes by the Coastal Commission. It is likely that fee incentives will remain for accessory dwellings that constitute part of the price restricted affordable unit inventory.~~

One of the objectives during the 1991-96 time frame was to encourage the production of more second affordable units. Therefore, Program #17 in Section 4.8 of this document set forth an action plan for encouraging more second units during the Housing Element's 5 year time frame.

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In 1997, the Second Unit Ordinance was again amended with the goal of creating greater numbers of second units. Second units were allowed to be as large as 1200 square feet in some rural areas. The two person household restriction was eliminated. The level of review was reduced from a public hearing to an administrative review, thereby lowering the application fee. The responsibility for certifying the eligibility of tenants for second units has been transferred from the Housing Authority to the Planning Department for family members and the Redevelopment Agency for non-family members. This transfer of responsibility has reduced the waiting time for certification by many weeks, as outlined in Appendix 24.

~~With adopted of the amended Ordinance, the potential of additional affordable units in the rural areas is estimated to be approximately 11,100. Of that number, some 762 units could result in the coastal zone. In additional, it is estimated that 4,373 accessory units could be constructed in the County's urban area. Based on a total unit potential in both the rural and urban areas of 15,771, an exclusion of some units with family members tenants from the sales price restricted inventory, the prevailing fair market rents for comparably sized units, and a one bedroom to two bedroom limitation on such units with a maximum occupancy of two people, it can be further assumed that approximately fifty per cent (7,885) of the units will address the needs of lower income households, and fifty percent (7,886) will constitute moderate income units.~~

With adoption of these amendments, there is a potential for approximately 9,060 additional second units in rural areas of the County. In addition, it is estimated that 4,373 second units can be constructed in the County's urban area. The combined potential in both the rural and urban areas is therefore 13,433 units (see Appendix #22 and Section 4.6). Since family members who occupy second units are exempt from the County's income and asset guidelines and seniors with moderate incomes can also occupy these units, it is assumed that approximately half of the units (6,717) will serve as moderate income housing. The remaining half (6,717) will address the needs of lower income households under the County's income and rent restrictions.

While the 1997 amendments resulted in a 59% increase in second unit applications, the County will be considering additional changes and incentives, including the financing of development fees for second units, allowing second units for farm workers in agricultural zones and allowing the use of single section modular or manufactured homes as second units for farm workers. It is estimated that 1,685 second units can be built for farm workers and farm families, which would raise the total number of potential second units to 15,118.

It is unknown how many second units will actually be ~~constructed by 1996~~ approved and built, since the estimated total depends on the desire of individual property owners to build another unit on their property, and the outcome of Planning Department Administrative review of individual applications, Table 6.3 presents the County's best estimate of the potential number of second units that can be build. However, the program clearly reflects the County's support of increased construction of second units to address the County's affordable housing needs.

### **OWNER BUILDER PROGRAM**

An owner-builder who meets the eligibility criteria of the Affordable Housing Requirements can be eligible to obtain an affordable housing building permit. The owner-builder would have to be of lower or moderate income, and the unit built would be required to meet the maximum sales price for a new unit from the Income, Asset, and Unit Price Guidelines of the Affordable Housing program. There have been 4 owner builder units constructed as of December 1990. This program was effective when permit allocations were scarce but is no longer considered to be a necessary program and has been eliminated.

### **SECTION 8 RENTAL SUBSIDIES**

The Santa Cruz County Housing Authority manages the federally subsidized Section 8 program. The Section 8 program provides rental subsidies that assist very low and lower income households throughout the County.

The subsidies are known as Section 8 Certificates or Vouchers and help to pay for a portion of a lower income household's monthly rent. In 1990, the Housing Authority managed 423 Section 8 subsidies for households living in the unincorporated area of the County and maintained an extensive waiting list of households desiring Section 8 assistance.

### **DENSITY BONUS PROGRAM**

The County's General Plan and Local Coastal Plan contain provisions for obtaining a 25% density bonus if a project contains at least the required percentage of affordable units or units serving qualified residents. The County's density bonus provisions were consistent, but in excess, of those of the State Density Bonus law in effect until 1990. When the State law was changed, the County initiated a process to draft a County density bonus ordinance consistent with the new State law. ~~The County's implementing ordinance has been reviewed by the HAC, Planning Commission and Board of Supervisors. The County's implementing ordinance was adopted by the Board of Supervisors in December 1994.~~

The County's ~~proposed~~ Density Bonus Ordinance allows a 25% density bonus for qualifying projects providing either 20% lower income, 10% very low income or 50% senior housing. The County's Ordinance extends the State law requirements as they apply to senior housing, and awards a 50% density bonus to 100% affordable senior projects. The Ordinance is specific and clear concerning the procedures an applicant must follow to receive the density bonus and associated concessions for an eligible project. Because of the increased specificity of the Ordinance, it is anticipated that developers will opt to use the new system more frequently and with greater success than under the County's prior Density Bonus Program. In 1991, anticipating the adoption of the County's Ordinance and in recognition of the new State Law, for example, a lower income senior project in south County requested and received a 42% density bonus in 1991.

It is estimated, that given the number of vacant or underdeveloped sites within the urban area of the County that have the potential to be eligible for and to receive a density bonus, 2,530 units could be produced. Without benefit of the density bonus, only a maximum of 1,931 units could be generated on these same vacant and underdeveloped parcels. Of the 2,530 total units, 529 are estimated to be affordable. Of that number, 122 are estimated to be very low income, 242 lower income and 105 as senior affordable units for a total of 469 low and very low income units. In addition, 60 affordable moderate income units could be produced through the 15% inclusionary requirement applied to density bonus developments.

## **2. HOUSING RESOURCE PROGRAMS**

In addition to specific units designated as affordable units, there are also several programs that support the production and/or conservation of affordable housing opportunities.

### **SHARED HOUSING PROGRAM**

Senior Network Services has been administering the Shared Housing Program under contracts with both the County and the incorporated cities within the County. The program "matches" elderly households with other households in shared housing arrangements. From 1985-90, Senior Network Services matched 244 households in the unincorporated area of the County. Senior Network Services also provides housing information to elderly households with regard to the type of affordable housing units available in the County. A summary sheet is updated on a regular basis which provides information on the type and location of housing resources available to elderly households in the county.

**MORTGAGE CREDIT CERTIFICATE PROGRAM**

The Mortgage Credit Certificate (MCC) program has been available in the County since 1988. For the first two years, the program was managed by the County Planning Department but is currently operated by the County Housing Authority. The MCC program assists moderate income households who are trying to purchase their first home. Mortgage Credit Certificates annually provide a 20% federal tax credit against the mortgage interest of the home purchased. As of January 1991, 145 MCCs had been issued in the County and 31 of those had been associated with the purchase of an inclusionary unit.

**MORTGAGE ASSISTANCE PROGRAM**

San Francisco Federal has been awarded Affordable Housing Program funds through the Federal Home Loan Bank to provide a mortgage assistance program in the County for approximately 25 households. The assistance is anticipated to be in the form of "silent second" mortgages on the purchase of a property; typically, there are no monthly payments required on a silent second mortgage until either the household can afford to begin paying or when the property is sold or title transferred. The program has been operating since 1991.

**HOUSING FORECLOSURE FUND**

In 1990, the County established an Affordable Housing Foreclosure Procedure and earmarked funds within the County's dedicated Housing Fund to be used for that purpose. The revolving fund is to be used to preserve the County's affordable housing stock from foreclosure or other risks that would trigger their conversion to market-rate housing. In the event of a foreclosure, monies would be used to pay the delinquent portion of the loan and to obtain title to the property, or cure the default without purchase, so the unit can remain affordable and be sold to an income eligible purchaser.

~~The Affordable Housing Foreclosure monies were generated through the Affordable Housing Ordinance's in-lieu provision provided by the Redevelopment Agency affordable housing fund. With this, developers pay an in-lieu fee for affordable housing to the County instead of building their required inclusionary housing. The in-lieu fee is equal to either the appraised value of the improved affordable lot or the price of the first market rate parcel sold in the subdivision. The County's Redevelopment Agency also decided to participate in this process, as necessary, to retain affordable units using RDA's low and moderate income funds.~~

**HOUSING REHABILITATION PROGRAMS**

There are several programs available to assist with rehabilitating housing units.

- **HAND (Housing Assistance and Neighborhood Development):** These are low interest or deferred loans to property owners to assist them in rehabilitating their property. County staff directly administered the HAND program until 1990. In 1990, the County received \$500,000 from State Community Development Block Grant (CDBG) funds for HAND and contracted with the Housing Authority to operate the program. The application proposed assisting approximately 27 households in rehabilitating their homes during the next 24 months. This program has been transferred to the Redevelopment Agency who has completed two CDBG programs and provides a mobile home rehabilitation program.
- **Earthquake-Related Assistance:** The Housing Authority also managed the CALDAP

(California Disaster Assistance Program) program for eligible County households. As of 1/1/91, the Housing Authority estimated that they had approximately \$10 million allocated from CALDAP and that they had processed 56 loans to date. Of the 56 loans, 30 loans went to households located in the unincorporated areas of the County. In addition, approximately \$6 million was awarded by the Federal Emergency Management Agency (FEMA) to the County of Santa Cruz as a result of the settlement of a class-action lawsuit filed by quake victims in three northern California counties (San Francisco, Alameda and Santa Cruz). The funds were to be used to rehabilitate residential motels and community service centers which provide housing to lower income households. Approximately \$1 million of the total funds were allocated to rental rehabilitation assistance and, of that amount, \$338,666 for projects in the unincorporated areas of the County. It was estimated that approximately 15-20 rental units will be rehabilitated with these funds. The Housing Authority is administering this rehabilitation program for the County.

### **REDEVELOPMENT TAX INCREMENT FUNDS**

The County's Redevelopment Agency will be important in developing affordable housing opportunities in the 1991-96 time period. Redevelopment Agencies are required by state law to devote 20% of bond proceeds or tax increments generated from a project area to increase, preserve and improve the community's supply of low and moderate income housing. These funds form the capital for the "Low and Moderate Income Housing Fund," which is typically managed by the Redevelopment Agency and used to fund housing projects. State law also contains specific provisions for the use of these funds, long term affordability requirements and replacement housing provisions. A specific provision approved by the State legislature (Health and Safety Code Section 33334.4) creates a linkage between the use of Redevelopment funds and Housing Element programs. This provision requires redevelopment agencies to spend monies in the Low and Moderate Income Housing Fund to assist very low and lower income households in proportion to the identified need for these income groups. Although the legislation is silent as to how the relative need for units is to be identified, it is generally recommended that the needs as identified in a community's Housing Element be used for that purpose. Therefore, the estimated need by household income category as outlined in Section 4.8 of this Element should be used as a guide for Redevelopment funds.

In 1990, there was approximately \$7 million in the Agency's Low and Moderate Income Housing Fund and the Agency was operating in one project area, the Live Oak-Soquel area. In order to best utilize these funds and to develop some long-term strategies, the Redevelopment Agency prepared a report in May 1990 ("Housing Report: Recommendations and Program Guidelines") which presented background information and project policy recommendations.

This report was subsequently approved by the Agency's Board of Directors (the County Board of Supervisors) and Agency staff was directed to begin implementation of the Agency's housing programs. The report identifies four general program areas in order to encourage new affordable housing development:

1. New Construction (development of new affordable rentals or first time homeowner units),
2. Site Acquisition (development of 100% affordable units or mixed income or mixed use projects with affordable units),
3. Apartment Rehabilitation and Preservation Program (acquisition and rehabilitation of existing

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- housing and/or conversion to limited equity coops), and
4. Mobile Home Park Acquisition and Conversion Program (conversion of mobile home parks to cooperative ownership).

The report stipulated that the Redevelopment Agency anticipates using a substantial portion of their Low and Moderate Income Housing funds for lower and very low income projects. Since adoption of the 1990 report, Agency staff has been active in evaluating potential housing developments and projects. The following are the housing developments projected to be assisted with Redevelopment Housing funds as of 199 1:

1.	18 Units	Stepping Out	Rental Units for Very Low Income Disabled (New Construction)
2.	3 1 Units	Lagoon Beach	Limited Equity Coop for Very Low Income Families (Rehab.)
3.	34 Units	Ace High	Mobile Home Park Coop for Lower Income Seniors (Rehab.)
4.	2 Units	Habitat	Self-Help Units for Very Low Income Families (New Construction)
5.	39 Units	Cunnison Lane	Rental Units for Very Low Income Families (New Construction)
6.	21 Units	HIP	Rental Units for Very Low Income Disabled (New Construction)
7.	15 Units	Merrill Road	Rental Units for Very Low Income Families (New Construction)
8.	60 Units	O'Neill Ranch	<del>Mix To Be Determined, Very Low/Lower Inc. (New Const.)</del>
9. 8.	2 Units	Juan Pablo	Owner Units for Very Low and Lower Income (New Const.)
	<del>222</del> 162	Total Units	

The Redevelopment Agency plans to assist other affordable units in addition to those noted above during the time frame of this Housing Element. The ~~222~~ 162 units listed above represent only those developments that were in progress in 1991 when the Housing Element was being prepared. ~~In addition, these units are in various stages of development and the actual unit counts may vary when developments are actually constructed.~~

**AB 438**

Assembly Bill 438 (Torlakson Bill), adopted in 1998, allows a community to substitute units, up to 25% of its obligation to identify adequate housing sites, if it includes within its housing element programs committing assistance during the planning period to low and very low income households at affordable housing costs or affordable rents. The types of projects include substantially rehabilitated units providing a net increase in the community's affordable housing stock, conversion of existing multi-family units to affordable from non-affordable, preservation of existing housing units for low and very low income households. Prior to the adoption of AB 438, the County assisted in two projects that met these provisions; the 68 unit Woodland Heights project and the 18 unit Murphy's Crossing camp. The reconstruction of the condemned San Andreas Farm Worker housing project (44 units) broke ground in early 2000. Additional projects of this type, including the upgrading and conversion of

transitory trailer parks to permanent housing (est. 100 to 150 units) and the preservation and improvement of other farm labor camps both on the North Coast and in South County (est. 100 to 150 units) could result in the equivalent of up to 300 new units as shown in Table 6.3.

### **3. HOUSING SUPPORT SERVICES**

The services and organizations that follow assist in protecting and encouraging affordable housing opportunities in the County.

#### **FAIR HOUSING AND TENANT/LANDLORD ISSUES**

Fair housing information and tenant-landlord dispute mediation is available through the Legal Aid Society. These activities have been funded by the County Planning Department using either Community Development Block Grant (CDBG) funds received by the County or program income from past CDBG activities (i.e., when housing rehabilitation loans are paid back).

In addition, assistance with regard to tenant/landlord issues is available through the Office of Consumer Affairs in the County District Attorney's office. Information and resources are provided to both tenants and landlords regarding their rights and responsibilities. Further, the County Planning Department and Office of Consumer Affairs assist tenants and landlords with the Security Deposit Interest Ordinance passed by the County in 1988.

#### **COUNSELING PROGRAMS**

The County Planning Department and the Housing Authority have both offered various housing counseling programs. Under contract to the County Planning Department, the Housing Authority sponsors "Affordable Housing" seminars on a twice monthly basis. These seminars provide information to potential homebuyers on how to work with title companies and real estate agents, the types of housing available, the escrow process, etc. In addition, the Housing Authority also provides mortgage default counseling, home equity conversion counseling and counseling in regards to tenant-landlord complaints in federally funded projects.

#### **COUNTY COMMISSIONS AND COMMITTEES**

The County of Santa Cruz Housing Advisory Commission (HAC) plays an important role in helping the County to maximize overall housing resources. The Housing Advisory Commission is composed of citizens appointed by the Board of Supervisors to discuss and provide recommendations on issues related to housing in the County. The members of the Commission represent the various geographic areas of the County and meet on a monthly basis. The Commission is staffed by the County Planning Department. The Commission provides its recommendations regarding housing issues to both the County Planning Commission and the Board of Supervisors.

The Affordable Housing Coordination Committee was convened by the County Administrative Officer at the direction of the Board of Supervisors to assist in coordination of affordable housing production and information. Through 1991, the Committee has been meeting monthly and is attended by the Housing Authority, Redevelopment Agency, Planning Department, County Administrative Office and Human Resources Agency. The Mental Health Housing Advisory Committee was established as a result of the Mental Health report and Grand Jury recommendations to develop means to produce more

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housing for mentally disabled households. Through 1991, the committee met monthly or more often as needed. In addition to the groups noted above, other County commissions or committees that evaluate housing issues are the Seniors Commission (senior housing issues), the Agricultural Policy Advisory Commission (farmworker housing), Mobile Home Commission (mobile homes), the Long Term Care Committee (housing for elderly and disabled), and the Farm Labor Housing Committee.

### NON-PROFIT AGENCIES AND ORGANIZATIONS

The County is fortunate to have several non-profit agencies and organizations that are involved in housing development. The Santa Cruz County Housing Authority is very active in the management of housing programs as well as developing new housing opportunities. Non-profit housing developers active in the County include ~~Santa Cruz Community Housing Corporation~~, Mercy Charities Housing, Habitat for Humanity, South County Housing, Mid-Peninsula Housing Corporation, Housing for Independent People, CHISPA and Pajaro Valley Affordable Housing Corporation.

### COUNTY REGULATORY PROCEDURES

The County has approved several Ordinances and revised portions of the County Code in support of housing programs. Some of the more significant County actions are:

Chapter 17.10: Affordable Housing Requirements (which specifies requirements for the inclusionary housing program); the “Income, Asset and Unit Price Guidelines” (which contain affordable unit standards, sales and rental prices, income determination, etc. and which is the implementing document for the Affordable Housing Requirements); Chapter 13.30 (which restricts mobile home park owners from converting their parks to other uses); Chapter 13.13 (which is the mobile home rent stabilization ordinance); Chapter 12.06 (which specifies procedures for demolition and replacement of habitable residential structures); Chapter 13.10.68 1 and-685 (which covers second units; and Ordinance 395 1 (which establishes penalties for illegal construction or conversion). Amendments to Chapter 13.10 were adopted to clarify requirements governing the location and type of farmworker housing that can be built or rebuilt in the County. Ordinances which address the County’s existing rental housing stock are the Condominium Conversion ordinance, Tenant Relocation Assistance Ordinance, and the Interest on Tenant’s Security Deposit Ordinances.

The Planning Department has prepared major revisions to the Affordable Housing Ordinance and the Income, Asset and Unit Price Guidelines. ~~Proposed is an increase in the inclusionary requirements to either 20% or 25%, depending on the scale of the project and more flexible requirements for non-profit housing developers. The County has proposed an ordinance to implement the State Density Bonus law. These proposals have been reviewed by the Housing Advisory Commission, Planning Commission, and Board of Supervisors. The County approved, in concept, a Construction legalization Program geared toward legalization of illegal residential additions and/or structures. County Code Section 18.10.500, as amended, will formally establish the program. The County has adopted an ordinance to implement the State Density Bonus law. The County enacted a Construction legalization Program geared toward legalization of illegal residential additions and/or structures.~~



## Chapter 4: Housing Element

**Table 5.1**  
**Inventory of Affordable Housing Units**  
**Santa Cruz County (Unincorporated Area) as of 1991**

Total Units	Inclusionary	Housing Program/Project	Location	Type of Household Account
<b><u>Scattered Sites</u></b>				
365	365	Inclusionary Housing Program (Rental & Ownership Units)	Countywide	Very Low, Lower and Moderate
<b><u>Housing Projects: Federal or Bond Assisted</u></b>				
76	28	Volunteers of America (Rentals) HUD Section 202/Section 8 (Transfer of Credits Generated)	Live Oak	Very Low and Lower Income Senior Handicapped (76 Units)
126	63	Elizabeth Oaks (Rentals) HUD 22 1(d)(4) Section 8 (Transfer of Credits Generated)	Live Oak	Very Low and Lower Income Senior/Handicapped (48 Units) Family (78 Units)
105	0	Pajaro Vista (Rentals) HUD Sect. 221(d)(4) Section 8	Pajaro Valley	Very Low and Lower Income Senior/Handicapped (105 Units)
27	0	Seapines (Rentals) Section 8	Aptos	Very Low and Lower Income Senior Handicapped (105 Units)
84	0	Seaside (Rentals) HUD Sect. 22 1 (d)(4) Section 8	Live Oak	Very Low and Lower Income Senior/Handicapped (6 Units) Family (2 1 Units)
80	29	Seascape Senior (Rentals) HUD Section 202/Section 8 Transfer of Credits Generated	Aptos	Very Low and Lower Income Senior/Handicapped (80 Units)
200	0	Villa San Carlos (Rentals) HUD Section 236/Section 8	Live Oak	Very Low and Lower Income Senior/Handicapped (56 Units) Family (144 Units)
57	0	Public Housing (Rentals)	Countywide	Very Low Income Family (57 Units)
52	52	Dominican Oaks (Rentals) (52 of 206 units are inclusionary)	Live Oak	Very Low and Lower Income Senior/Handicapped (52 Units)
<b><u>Housing Projects: State Assisted</u></b>				
36	0	Tierra Alto (Rentals) Permanent Farmworker Housing	Pajaro Valley	Very Low Income Farmworker Families (36 Units)
106	0	Buena Vista (Rentals), Seasonal, Office of Migrant Service	Pajaro Valley	Very Low Income Farmworker Families (106 Units)
35	0	Ace High Mobile Home Park Cooperative Ownership	Live Oak	Very Low and Lower
31	0	Lagoon Beach Cooperative Ownership	Live Oak	Very Low and Lower
<b><u>Housing Projects: Local</u></b>				
4	4	Owner Builder Program (Owners)	Countywide	Very Low, Lower and Moderate
11	0	Second Units (Rentals)	Countywide	Very Low and Lower
1,395	541	Totals		

## **SECTION 4.6: VACANT AND UNDERDEVELOPED LAND**

An essential element of the General Plan update process was an analysis of the future development potential in the County, especially in the areas within the Urban Services Line (USL). This analysis included an inventory of existing land uses, based on the 1980 General Plan designations and zoning in effect in 1990, including the identification of vacant and underutilized land. By identifying where additional development could be accommodated within the urban areas of the county, it was possible to evaluate the potential for new housing units in the County and to develop various alternatives for the use of vacant and underutilized land. The results of this analysis were used as background information for the County's General Plan update. A similar analysis was conducted for the rural areas of the County several years ago, and this analysis is updated annually to adjust for new building permits issued.

### **URBAN AREA "BUILD-OUT" POTENTIAL**

"Build-out" is a theoretical condition that occurs when a designated area is completely developed to the intensity allowed by the General Plan and zoning designations. In practice, land development is a complex and dynamic process, and "total" buildout is rarely, if ever, attained. Rebuilding and remodeling of individual parcels continues to occur, rezonings are proposed, land is converted to parks or open space, and the area continues to change even if there are few vacant parcels left.

Build-out must be viewed in a context of timing, since during periods of slower growth, build-out in the urban area will take longer than during periods of rapid growth. Build-out must also be viewed in the context of the ability of local government to provide services and to protect the environment. Infrastructure must keep pace with development, and the rate of development must be managed to avoid unacceptable impacts on the environment or a reduction in service to County residents.

The build-out analysis that was performed looked only at the amount of new development that could be accommodated on vacant and underdeveloped land given zoning in effect in 1990, and made no assumptions about the timing of the development. Also, no assumptions were made regarding the availability of infrastructure and the adequacy of public services for new development. The analysis was conducted with the use of a parcel-based model and a field inventory of the existing land uses. The field inventory was conducted in 1990, and provided an accurate representation of total residential and non-residential land use in the urban area at that time. The computer build out model allowed the County to estimate the number of units that could be built within the urban area given the zoning in effect at the time. The build-out model used parcel-specific zoning designations and precise acreage figures obtained from the County's computer mapping data base.

The build-out model relied on parcel size, existing land use, the zoning designation in effect at that time, and a "net developable land" factor that excluded land that was not developable for residential use due to road easements, environmental constraints, and other restrictions. The "net developable land" factor was determined by a survey of approved and constructed development in different categories. For example, on parcels without special environmental restrictions, approximately 70-80% of the parcel was developable. For each zoning category, a separate "net developable land" factor was calculated. Using these variables, the model calculated future buildout potential. For vacant parcels the calculation was relatively simple. For residential use, the size of the lot (e.g. 10 acres) was multiplied by the density as prescribed by zoning (e.g. R-1-6 allows 6,000 square foot lots or approximately 6-7 units per acre), then multiplied by the "net developable land" factor, (e.g 70% for a 10 acre site) to achieve the maximum number of units buildable; in this example, 49 units (10 acres x 7 units/acre x .7 developability factor).

The assumptions made in this calculation are: (1) the zoning in effect in 1990 is assumed; and (2) the developable land area is determined by an average of similarly sized and zoned parcels previously developed in the urban area. For properties which were already built upon, but could, under existing zoning, be intensified (“underutilized” parcels), the model only calculated the additional development potential. Use of the term “underutilized” does not imply that a parcel developed at a lower intensity than allowed should be developed further. It does, however, recognize that the property owner could, and often does, apply for additional development that would make maximum use of their parcel. For the purposes of the General Plan update, the build-out model was used as a basis to determine how much development potential remained within the urban area, assuming zoning designations in effect in 1990. This information is important since it is essential to determine the conditions that actually existed before any changes were contemplated. Table 6.1 illustrates the results of the build-out model run for residential uses, assuming zoning in effect in 1990, and potential new units are shown as a range. The maximum of the range assumed that all new development and intensification occurs based on the allowable zoning, while the minimum build-out assumed that some existing uses remain intact, even though the zoning designation allows for more.

<b>Table 6.1 Build-Out Model Results Summary Urban Area Assuming Zoning in Effect in 1990* (1980 General Plan) Potential Development on Vacant &amp; Underutilized Land</b>					
Planning Area [within Urban Services Line)	Total Acres	Total # Parcels	Total Existing Housing Units	Range of Potential” Additional Housing Units	Range of Total Housing” Units at Build-Out
Carbonera	1,293	1,754	1,498	360 - 430	1,858 - 1,928
Live Oak	2,305	8,315	11,598	1,950 - 2,400	13,548 - 13,998
Soquel	979	2,599	3,110	600 - 750	3,710 - 3,860
Aptos/Aptos Hills (small area)	2,747	8,553	7,830	2,200 - 2,400	10,030 - 10,230
Pajaro Valley	1,121	2,855	3,401	1,500 - 1,800	4,901 - 5,201
Total Urban Area	8,445	24,076	27,437	6,610 - 7,790	34,047 - 35,217
Total Rural Area Build-Out (from 1990 Growth Trends Report) 6,699 additional units					
*Note: Zoning Categories were assumed for all calculations except in the Pajaro Valley where inconsistencies between zoning and General Plan designations required revisions using General Plan categories. Also, where multiple zonings or special use zonings did not allow the model to calculate a potential unit total, manual calculations were conducted. Only development potential on vacant and underutilized land was considered. Potential units produced through the Second Unit ordinance, density bonus development or residential development on commercially designated were not included.					

Using this model, approximately 6,610 to 7,780 residential units could have been added to the urban area to reach build-out under zoning existing at the time. Live Oak and Aptos would absorb the majority of those units, accounting for 30 and 33% of the added urban area units, respectively. As the table indicates, the majority of each planning area was already built-out (65-86%) with the exception of the urban Pajaro Valley. This

potential build-out calculation does not, however, take into consideration additional “second units” that could be constructed in the future, nor does it consider potential “density bonuses” that could be granted to developers providing housing for very low or low income residents.

### URBAN BUILDOUT POTENTIAL AND GENERAL PLAN ALTERNATIVES

Since this Housing Element was developed prior to the update of the Land Use Element of the General Plan, different density alternatives had not been generated when the housing policies and programs were developed. The General Plan update process included substantial citizen participation and resulted in four possible alternatives for future development in the urban area of the County. These alternatives included the existing (1980) General Plan (Alternative 1), a low residential density alternative (Alternative 2), a medium density residential alternative (Alternative 3), and an alternative that would meet the HCD “Fair Share” goals (Alternative 4). The low residential density alternative (Alternative 2) was chosen by the Board of Supervisors as the “preferred alternative” for the purpose of environmental analysis.

The residential build-out estimates described previously are based on zoning designations that implement the existing (1980) General Plan (Alternative 1). The low residential alternative (Alternative 2) could accommodate approximately 5,316 additional units; the medium density alternative (Alternative 3) could accommodate approximately 7,759 additional units; and the HCD “Fair Share” housing alternative (Alternative 4) could accommodate approximately 12,132 additional housing units in the urban area. Table 6.1a shows the potential build-out of vacant and underutilized land for the proposed General Plan land use plan (Alternative 2).

Planning Area	Total Existing Housing Units	New Units at Build-Out	Total Units at Build-Out (2)	Potential Accessory Second Units
Aptos	7,830	1,258	9,088	2,143
Carbonera (1)	1,498	138	1,636	308
Live Oak	11,598	1,473	13,071	577 (2)
Pajaro Valley (1)	3,401	1,309	4,710	953
Soquel	3,110	1,138	4,248	392
Total Urban Area	27,437	5,316	32,753	4,373

(1) Portions of the planning area inside of the Urban Services Line only.  
 (2) The Live Oak planning area is limited to the five new second units per year.  
 (3) Total units at build-out does not include units produced under the bonus density program, second units, units recognized under the ~~illegal construction amnesty program~~ Construction Legalization Program, or residential units produced in commercial development.

Market-rate and affordable units that could result through exercise of the density bonus provisions adopted by the County were not tallied in computing the General Plan build-out potential. It was thought that the density bonus would be sought on a case by case basis by developers whose choice was driven by market conditions, project scale and financing requirements - all of which are difficult to forecast. However, assuming that developers of every vacant and underdeveloped parcel in the urban area that could accommodate five or more

units under the proposed General Plan land use designation requested and received a density bonus, then 2,530 units could result. Without benefit of the density bonus, only a maximum of 1,931 units could be generated on those vacant and underdeveloped parcels. Of the 2,530 total units, 529 are estimated to be affordable units. Of that number, 122 are estimated to be for very low income, 242 for lower income, 105 for senior affordable units, and 60 as affordable (a combination of very low, lower and moderate income) units produced through the 15% inclusionary requirement applied to density bonus developments.

## RURAL AREA BUILDOUT POTENTIAL

Table 6.1 summarizes the build-out potential within the Urban Services Line, assuming the (1980) General Plan and zoning designations. The Urban Services Line defines where urban services may be provided, guiding the extension of public services and the subsequent creation of urban densities, and coordinating new residential development with the provision of public services and facilities. Areas outside of the Urban Service Line are considered rural and are designated for lower density development. According to information developed by the County Planning Department, there is a potential for up to 6,699 additional units in the rural areas of the County, given existing General Plan designations. This number excludes the potential for construction of new second dwellings on existing legal lots of record in the rural area that could result under the newly adopted then in effect Second Unit Ordinance. The rural build-out analysis was developed in mid-1990 and is based on a January 1, 1990 count of 24,737 existing units in rural areas, with a projected total of 31,436 units at rural "build-out". As in urban areas, build-out potential includes both vacant and underdeveloped parcels. Estimated additional rural dwelling units at build-out are shown in Table 6.2.

Planning Area	Total Existing Housing Units	New Units at Build-Out	Total Units at Build-out (2)	Potential Accessory Second Units (3)	
Aptos Hills	1,812	531	2,343	<del>798</del>	798
Bonny Doon	1,099	348	1,447	<del>569</del>	569
Carbonera (1)	2,441	729	3,170	<del>1,140</del>	1,140
Eureka Canyon	1,509	740	2,249	<del>798</del>	798
La Selva Beach	1,071	634	1,705	<del>570</del>	178
North Coast	250	324	574	<del>228</del>	228
Pajaro Valley (1)	754	187	941	<del>342</del>	342
San Andreas	1,407	207	1,614	<del>570</del>	378
Skyline	1,135	721	1,856	<del>684</del>	684
San Lorenzo Valley	11,055	1,222	12,277	<del>4,445</del>	2,719
Salsipuedes	224	265	489	<del>228</del>	228
Summit	1,980	791	2,771	<del>1,026</del>	998
<b>Total Rural Area</b>	<b>24,737</b>	<b>6,699</b>	<b>31,436</b>	<b><del>11,398</del></b>	<b>9,060</b>

- |  |
|--|
| <p>(1) Portions of the planning area outside of the Urban Services Line only</p> <p>(2) Total units at build-out does not include units produced under the bonus density program, <del>accessory dwellings</del> second units, units recognized under the <del>illegal construction amnesty</del> legalization program or residential units produced in commercial development.</p> <p>(3) does not include second units for farm workers and farm families.</p> |
|--|

Source: "Housing and Population Estimates" County of Santa Cruz Planning Department, August 1990
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The build-out analysis used in preparing the General Plan Environmental Impact Report did not address the potential addition of affordable housing in the County's rural area. An inventory of existing parcels in the rural area that could potentially accommodate a second unit, under the County's then second unit regulations, revealed that there was a second unit potential of ~~11,398~~ 9060 additional units. Of these units it is estimated that approximately ~~5,700~~ 4530 would be lower-income affordable units and ~~5,698~~ 4530 would be moderate-income affordable through rural area build-out. In addition, there is the potential to develop 1685 second units for farm workers and farm families under new policies that are being considered by the Board of Supervisors. If these numbers are added to the total rural area build-out of 6,699 additional units identified in the 1990 Growth Trends Report, some ~~18,098~~ 17,444 units could result under existing zoning in the rural area.

## CONCLUSIONS

This analysis shows that there is considerable potential for new affordable units in the County. The number of units which could potentially be constructed in the future, however, depends on the final land use plan developed during the General Plan Update, available subsidies, market conditions, and policies that could be adopted that would encourage the production of affordable housing. Considering vacant and underutilized parcels, and including the inclusionary housing requirement, approximately 1,692 units could be constructed for very low or lower income residents under the current General Plan Designations (Alternative 1). This figure would be reduced to approximately 615 units under the low residential density alternative (Alternative 2), but would be increased to approximately 3,123 units in the medium density residential alternative (Alternative 3), and to approximately 6,439 units in the HCD "Fair Share" alternative (Alternative 4). It is important to remember, however, that these figures do not account for other factors that could significantly increase the amount of affordable housing available in the county. These other factors include density bonus incentives for the provision of affordable housing, second units on existing residential parcels, and dwelling units constructed in conjunction with commercial development on commercially designated land.

Generally, estimates for the number of affordable units that could be produced under each alternative are conservative, and the total build-out figure is theoretical only. None of these estimates are intended to be projections, and they are subject to change as development and redevelopment occur, and as economic conditions change. Under the (1980) General Plan, the greatest potential for new development would occur in the Live Oak planning area. County policies, however, require that affordable housing be equitably disbursed throughout the urban areas of the County, and the other General Plan land use alternatives work towards a more equal distribution. In order to accomplish long-term housing objectives, the General Plan focuses on a variety of measures to provide additional housing opportunities, orderly and cost efficient extensions of public services and protection of the County's unique environment.

<b>Table 6.3 Potential New Units by Affordability Level (Urban &amp; Rural Areas)</b>					
<b>Type of Development</b>	<b>Very Low/ Lower</b>	<b>Moderate Income</b>	<b>Total Affordable</b>	<b>Market Rate</b>	<b>Total Possible</b>
<b>Urban Areas</b>					
Development on Vacant and Underutilized Parcels	355	2,642	2,997	2,319	5,316
Residential in Conjunction w/Commercial Development	588	0	588	0	588
Units from Bonus Density Development	469	60	529	70	<del>529</del> 599
Accessory-Second Units	2,187	2,186	4,373	0	4,373
<b>Rural Areas</b>					
Development on Vacant and Underutilized Parcels	260	0	260	6,439	6,699
AB 438 Units (2)	300	0	300	0	300
Accessory-Second Units	<del>5,700</del> 4,530	<del>5,698</del> 4,530	<del>11,398</del> 9,060	0	<del>11,398</del> 9,060
Farm Worker Second Units	843	842	1,685	0	1,685
<b>Total New Units</b>	<del>9,559</del> 9,532	<del>10,586</del> 10,260	<del>20,145</del> 19,792	8,828	<del>28,973</del> 28,620
AMBAG New Construction Goals 1989-1996	5,507	2,165	7,672	4,311	11,983
(1) New construction goals developed by AMBAG are for the time of 1989-1996, General Plan "buildout" is estimated to occur at a much later date, after the year 2005 (depending on residential growth rate).					
(2) Preservation or replacement of existing substandard units.					
Source: Santa Cruz County Planning Department Build-Out Analysis, 1993-1994.					

## NON-RESIDENTIAL LAND (WITHIN URBAN SERVICES LINE)

There are also vacant and underutilized parcels within the County's Urban Services Line that are designated for commercial and industrial uses. According to information in the Environmental Impact Report for the General Plan update, there are 126.4 acres of vacant or underutilized commercially designated land that could potentially accommodate 1,888,000 square feet of new commercial development. General Plan policies allow the construction of residential units in conjunction with most commercial development if the residential uses make up 50% or less of the total area of the project. Residential uses are not allowed in areas designated Service Commercial, and may be infeasible on small parcels, where additional parking cannot be accommodated. Based on the existing potential for commercial development, however, it is estimated that an addition 588 residential units could be constructed in these areas. Table 6.4 shows the number of units by planning area that could potentially be constructed in conjunction with commercial development.

<b>Table 6.4</b>				
<b>Potential Residential Units</b>				
<b>in Commercially Designated Areas</b>				
<b>Planning Area (within Urban Services Line)</b>	<b>Acres</b>	<b>Potential Commercial Square Foot</b>	<b>Potential Residential Square Foot</b>	<b>Potential Units</b>
Aptos	20.4	294,000	73,500	91
Carbonera	0	0	0	0
Live Oak	80.6	1,202,000	300,500	375
Pajaro Valley	3.0	49,000	12,250	15
Soquel	22.4	343,000	85,750	107
Totals	126.4	1,888,000	472,000	588



## SECTION 4.7: HOUSING CONSTRAINTS

There are conditions created by economic forces in the private market as well as regulations and programs imposed by public agencies that can affect housing development. These constraints impact the production of new housing as well as the maintenance and improvement of existing housing. Below is an analysis of both market (non-governmental) and governmental constraints that could affect the housing stock in the County.

### MARKET (NON-GOVERNMENTAL) CONSTRAINTS

Private market forces that affect housing primarily include those factors that influence the cost of housing. These factors are land and construction costs (including infrastructure improvements), and financing costs.

#### LAND AND CONSTRUCTION COSTS

Land costs for new residential development vary depending on their location and their size. (All costs cited in the following paragraphs are estimates based on asking/selling prices occurring in the 1989-91 time frame.) Standard single family lots within urbanized areas, usually on “in fill” parcels less than 10,000 square feet in size, are typically in the \$1 00,000-\$250,000 range (\$175,000 would be a mid-range figure). These lots usually have most infrastructure improvements completed and are ready for construction. Larger parcels of land, usually on the Urban-Rural fringe or in the rural area of the County, are more expensive; costs to acquire those parcels are dependent on their total acreage and available amenities.

Land costs for single-family subdivisions and for multi-family developments vary according to whether they have permit approval (i.e. a tentative or final map) and whether they are being sold as “raw” land or with infrastructure improvements completed. Land for multi-family development can range from \$40,000 up to \$90,000 or more per unit (\$65,000 per unit would be a mid-range estimate), again depending on parcel size, infrastructure availability and permit approval status.

Construction costs, like land costs, vary depending on the type of residential development. As of 1991, single-family construction costs in Santa Cruz County were in the range of \$60-\$125+ per square foot, depending on material and supply costs, and labor costs. Using the lower range of \$60 per square foot as an example a hypothetical 1,500 square foot home would cost \$90,000 for construction costs only. Additional costs include land acquisition, permit fees and infrastructure costs (if not already provided). Tables 7.1 and 7.2 illustrate typical development costs for single family and multi-family residential construction in Santa Cruz County.

<b>Table 7.1</b> <b>New Single Family Residential Construction</b> <b>Example of Typical Development Costs</b> <b>1,500 Square Foot Detached Unit on Improved Lot, 1991</b>	
\$175,000	Land Costs (Single family, improved lot, mid-price range estimate)
\$ 90,000	Construction Costs (1,500 sq. ft. @ \$60/sq. ft.)
<u>\$ 5,000</u>	Governmental Fees (Building Permit, School Impact fees does not include infrastructure or development fees)
<b>\$270,000</b>	<b>Total Costs</b>

**Table 7.2**  
**New Multi-Family Residential Construction**  
**Example of Typical Land and Construction Costs**  
**1,300 Square Foot Attached Unit**

\$ 65,000	Land Costs (Multi-family, improved lot, mid-range estimate, all fees paid)
\$ 71,500	Constructions (1,300 sq. ft. @ \$55/sq. ft.)
\$136,500	Land and Construction Costs
\$ 27,300	Overhead, Profit and Financing Costs (20%)
<b>\$163,800</b>	<b>Total Development Costs</b>

This \$270,000 estimate is a conservative one in that it assumes modest construction costs and only a minimum level of fees (development and infrastructure fees were assumed to be paid and included as part of the cost of the improved lot). The estimate also assumes that there is no developer overhead, financing, marketing or profit costs. These type of costs could range from 10-25% of the total development cost, resulting in a final estimated cost of between \$297,000 to \$337,500 for the example in Table 7.1.

Multi-family construction costs benefit from the “economies of scale” by producing more than one unit at a time and multi-family units are usually smaller than single-family units. Estimated multi-family construction costs vary from \$35-\$75 per square foot, again depending on labor and material costs (\$55 per square foot would be a mid-range estimate). The example assumes that the developer has paid all fees and permits and those costs are then included in the final land costs. Further, the multi-family example in Table 7.2 assumes that a developer was involved in the production of this unit and the costs include the developer’s overhead, profit and financing costs which are “passed on” to the buyer.

## FINANCING COSTS

The costs of financing residential development and acquisition are dependent on national economic trends and policy decisions. Interest rates for residential construction loans and permanent financing fluctuate depending on market conditions. For example, many residential construction loans are tied to the private market and “float” depending on the prime rate or other market indicators. In addition to interest rates, loan terms and conditions can vary and are affected by the availability of funds in both the primary and secondary markets.

At the time that this document was initially prepared (1991), financing was available for most types of residential development and acquisition in Santa Cruz County. Mixed use and other innovative types of residential development might have difficulties securing financing from typical sources such as banks, savings and loans, mortgage companies and mortgage brokers. However, for traditional residential developments, both construction and permanent mortgage financing (i.e. financing to purchase a home) were available using a variety of options, including fixed rate, variable rate, combination loans (i.e. 5 year fixed rate, 25 year variable rate), teaser rate loans, etc. Fixed-rate mortgage loans with a 30 year term had interest rates varying from 9.5% to 11%. Variable rate loans were available at “teaser” rates as low as 6.5% but the actual “Annual Percentage Rate” (APR) was more in the range of 10%-11.5%. Interest rates are an important factor in residential financing because, as interest rates increase, more potential homebuyers are excluded from the market. For example, a \$100,000 fixed rate, 30 year mortgage at 10% requires a \$878.00 month mortgage payment while the payment on the same loan amount at 9% is \$805.00 per month, a difference of \$73.00 per month. This interest rate difference can be the deciding factor in whether a household “qualifies” for a mortgage loan or not, depending on their annual income and the size of the loan. For instance, with mortgage rates in the 7 percent

range (30 year fixed, July 1993) the affordability of home buying increases significantly.

In Santa Cruz County, then, availability of financing may be a constraint to housing for innovative developments, such as mixed use or limited equity cooperatives. For traditional residential development, availability of financing is not so much a constraint as are interest rates or other terms and conditions affecting financing. Market conditions can act as a constraint by limiting the number of individuals and households that can “afford” to purchase or develop property.

## GOVERNMENTAL CONSTRAINTS

Governmental constraints are usually regulations and procedures developed to protect the quality of life in a community. While these governmental regulations are necessary, they can increase the cost of development and thus the cost of housing.

### LACK OF ADEQUATE FEDERAL AND STATE SUBSIDIES FOR HOUSING

Santa Cruz County cannot be solely responsible for assisting in the production of the County’s future affordable housing stock. Significant increases in Federal and State subsidies will be necessary to satisfy the State-mandated AMBAG projected affordable housing needs. For example, a total subsidy of 643 million in 1991 dollars (this would include a subsidy of 564 million for very low and lower income households, and a subsidy of 89 million for moderate income households) would be required to produce the 7,672 units projected to address the needs of the County’s very low, lower and moderate income households. This total subsidy amount assumes an average subsidy cost, in 1991 dollars, of \$100,000 for very low and lower income households and \$41,000 for moderate income households, in order to close the “affordability gap” between what such households can afford to pay and the market rate cost of the units in Santa Cruz County.

## LAND USE CONTROLS

### Changes in Countywide Land Use Controls

Revisions to the County’s second unit regulations were approved by the Board of Supervisors in 1993 and 1997. ~~went to the Coastal Commission for approval in 1994.~~ Provided that health and safety issues can be addressed, second units will be allowed on all residentially-designated legal lots of record of at least one acre in size in the rural areas of the County. In addition, locational and design requirements were relaxed to promote urban area development. Setback reductions were authorized, based on design guidelines, and family members were exempted from income and asset eligibility requirements. Maximum unit sizes were increased, the two person household limitation was eliminated, and the level of review was reduced from a public hearing to an administrative review. It is projected that ~~15,771~~ 13,433 second units could result from the Ordinance revisions. ~~Of that number, approximately 762 would be in the rural coastal zone.~~ It is projected that half of the second dwellings will serve the needs of lower income and the other half, of moderate income households. The actual number of units constructed will depend on many factors, including lot size, siting of the proposed second unit, infrastructure constraints, and other environmental constraints. These units will also likely be constructed in an incremental way, based in part on the desire of each property owner to have an additional unit on his/her property, subject to some governmental intervention in terms of occupancy level and income restrictions. The County is proposing further incentives and concessions to encourage second units. These are outlined in Appendix 23.

### **Residential Densities: Land Use and Zoning (Within the Urban Services Line)**

The County's General Plan and Zoning ordinance provide for a range of housing types and densities. Urban residential densities, for new development, require service from a public sewer or sanitation district as well as public water and fire protection. The lowest urban density "Urban Very Low" is used in areas within the Urban Services Line where environmental constraints, primarily steep slopes or sensitive habitats, prevent development at higher urban densities, or in areas where a transition is needed to adjacent rural densities. This density allows development at 1.0 to 4.3 units per net developable acre. This density range is equivalent to 10,000 square feet to one acre of net developable parcel area per dwelling unit, and zoning designations fall within that range.

The "Urban Low Density" residential designation consists of those areas suited to larger lot, predominately detached residential units. Housing types appropriate to the Urban Low Density designation may include detached houses, duplexes, and clustered small lot detached units at allowable densities. This density range allows 4.4 to 7.2 units per net developable acre, which is equivalent to 6,000 to 10,000 square feet of net developable parcel area per unit. Appropriate zoning for this designation would include R-1-6, R-1-8, R-1-10, or RM-6.

The "Urban Medium Density" designation provides for a broad range of housing types including detached houses, duplexes, townhomes, mobile home parks, and small lot detached units at allowable densities. This designation is located where a full range of urban services are available, including access onto a collector or arterial street and a location near neighborhood, community or regional shopping facilities. The density range allows 7.3 to 10.8 units per net developable acre, which is equivalent to lot sizes of 4,000 to 6,000 square feet of net developable parcel area per unit. Appropriate zoning for this designation would include R- 1-4, R- 1-5, RM-4 and RM-5.

The "Urban High Density" residential designation allows all of those housing types found in the Urban Medium Density designation, as well as garden apartments and congregate senior housing. This designation is served by a full range of urban services and in locations near collector and arterial streets, transit service, and neighborhood, community, or regional shopping facilities. The density range allows development at 10.9 to 17.4 units per net developable acre, which is equivalent to 2,500 to 4,000 square feet of net developable parcel area per unit. Appropriate zoning for this designation would include R-1-3.5, R-1-4, RM-2.5, RM-3, and RM-4.

Additionally, provisions in the General Plan allow a density increase of 25% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the General Plan for the inclusion of affordable housing. This bonus would apply to developments containing 20% of the total units for lower income households, or 10% of the total units for very low income households or 50% of the total units for qualifying (senior) residents. A density increase of 50% over the maximum allowable residential density under the applicable zoning ordinance and land use element of the General Plan is allowed for developments containing 100% lower and very low income qualifying (senior) residences. A corresponding decrease in allowable lot size applies to any density bonus development. The Ordinance is specific and clear concerning the procedures an applicant must follow to insure he receives the density bonus and associated concessions for an eligible project. The Ordinance offers certainty and clarity to developers on key project concerns, i.e. density, unit yield and design features. Because of the greater specificity of the Ordinance, it is anticipated that developers will opt to use the new system more frequently and with greater success than under the County's prior Density Bonus Program. In 1991, anticipating the adoption of the County's Ordinance and in recognition of the new State law, for example, a lower income senior project in south County requested and received a 42% density bonus. In addition, County policies allow the construction of residential units in conjunction with commercial development, if the residential units occupy 50% or less (67% if 100%

affordable) of the total building area. It is projected that allowing this type of mixed use development will create 588 potential new residential units which could be constructed in conjunction with commercial development on vacant and underdeveloped commercial parcels (see Section 4.6).

### **Residential Densities: Land Use and Zoning (Outside the Urban Services Line)**

For parcels located outside of the USL and in the rural area of the County, densities are calculated in a different manner. The maximum densities in areas zoned "RA," Residential Agricultural, and "RR," Residential Rural categories are calculated using the "Rural Residential Density Determination" matrix. This matrix evaluates a number of factors, including infrastructure and environmental factors, in order to calculate the appropriate land size. Typically, the minimum lot size is at least one acre and site requirements in regards to setbacks, lot coverage, etc. vary as to whether the minimum site area per dwelling unit is less than 5 acres or more than 5 acres.

### **Residential Site and Structural Requirements**

Section 13.10.323 of the County Code specifies site and structural requirements for parcels according to residential zoning category. Setbacks are typical for residential developments; for example, the minimum width for a parcel zones R- 16 (residential with a minimum land area of 6,000 net developable square feet) is 60 feet with a minimum front yard setback of 20 feet and a minimum rear yard setback of 15 feet. Structural and site requirements are not considered a constraint to development in the County.

The County's adopted revisions to the Second Unit Ordinance allow setback reductions for second units, subject to design guidelines. The need for and degree of setback reductions for such units was the subject of hearings by the County's Housing Advisory Commission, Planning Commission and Board of Supervisors.

In addition to the requirements noted above, the County has also adopted design criteria for residential districts. These criteria apply to all residential projects of ~~2~~<sup>3</sup> or more units and encourages the clustering of residential units. The purpose of clustering is to promote energy efficient and cost efficient site planning, to promote quality common open space and to provide for other amenities. The design criteria also address such issues as drainage and erosion control, access and circulation, solar access, building height and mass and landscaping. Generally, the criteria encourage efficient use of the land, promoting coordinated site design such as shared driveways, parking, circulation, landscaped open space and trash collection areas. Overall, these criteria encourage better utilization of land and are not a constraint to development.

### **GROWTH MANAGEMENT PROGRAM (MEASURE J)**

In 1978, Santa Cruz County voters approved "Measure J," which directed that future growth and development be guided by a set of policies and procedures. Measure J has been codified as Chapter 17.01 of the County Code, which defines a growth management system and an affordable housing system for Santa Cruz County. Six policies have been defined in Chapter 17.0 1. These are:

1. Preserve Agricultural Land. It shall be the policy of Santa Cruz County that prime agricultural lands and lands which are economically productive when used for agriculture shall be preserved for agricultural use.
2. Distinguish "Urban" and "Rural" Areas. It shall be the policy of Santa Cruz County to preserve a distinction between areas in the County which are "urban," and areas which are "rural." Divisions of land in rural areas shall be discouraged, and, new residential developments shall be encouraged to locate in urban areas.

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3. **Urban Area Protection.** It shall be the policy of Santa Cruz County to insure that new development in the unincorporated “urban” areas does not proceed without the provision of adequate services which will enhance the quality of life for current and future residents of these urban areas; the County Capital Improvement Plan shall reflect this commitment.
4. **Annual Population Growth Limit.** It shall be the policy of Santa Cruz County to set an annual population growth goal for this County which shall limit growth to that amount which represents Santa Cruz County’s fair share of each year’s statewide population growth.
5. **Housing for Persons with Average Incomes.** It shall be the policy of Santa Cruz County that at least 15% 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.
6. **Resource Protection.** It shall be the policy of Santa Cruz County to prevent the division or other development of lands which contain timber resources, mineral resources, and wildlife habitat or other natural resources, except when any such development is conditioned so as to prevent the loss of or damage to such resources.

Following adoption of Chapter 17.01, the County Board of Supervisors has annually adopted a growth rate and allocated a sufficient number of building permits to accommodate the adopted rate. From 1979 through 1990, the County has allocated approximately 10,695 building permits, and a surplus of 2,962 permits allocated but not issued existed at the end of 1990. This indicates that, for the period from 1979 to 1990, the process of allocating permits based on annual projected growth rates has not been a constraint to the development of housing since there have been more permits allocated than actually used. Table 7.3 indicates that historically the Board of Supervisors has allocated an average of 776 building permits per year from 1979 through 1990. When the special 1989 allocation of 1,384 permits for affordable units is considered, then the average number of permits issued yearly increases to 891. Table 7.4 illustrates the average number of permits that would be needed to meet the AMBAG new construction projections for 1989 to 1996. Approximately 1,375 permits will need to be issued annually, given the AMBAG projection.

In summary, the Measure J allocation process was not a constraint to development in the 1979-90 time frame; but allocations would need to be increased above the average experienced from 1979-90 to meet the AMBAG scenario of new construction projections for the 1989-96 time period.

It is important to note that the new construction projections in Table 7.4 include units affordable to very low, lower and moderate income households as well as above moderate income units. As a means of eliminating this potential constraint to the development of affordable units, the County has exempted affordable units from the allocation process. ~~Santa Cruz County recognizes the importance of preserving the potential for developing affordable units and intends to exempt affordable units as well as to “carry over” unused permit allocations for market rate housing units.~~ A further description of this program is contained in Program # 11 in Section 4.8 of this Housing Element.

<b>Table 7-3 Building Permits Allocated 1979-1990 County of Santa Cruz</b>		
<u>Year</u>	<u>Allocation</u>	<u>Special Allocation</u>
1979	930	
1980	1,055	
1981	937	
1982	968	
1983	972	
1984	991	
1985	757	
1986	768	
1987	468	
1988	<b>489</b>	
<b>1989</b>	<b>489</b> 1,3	84 (for Affordable Units)
1990	<u>487</u>	
<b>Average</b>	<b>776/year</b>	<b>891/year</b>

Source: Planning Department, 199 1

<b>Table 7.4 Average Allocation of Building Permits Needed to Meet New Construction Projections, 1989-1996</b>	
	<b>AMBAG Projection</b>
<b>New Construction Need, 1989-96</b>	<b>11,983</b>
Building Permits issued, 1989-90	<770>
<b>Remaining Need, 1991-96</b>	<b>11,213</b>
Permits Carried Over and Available, January 199 1	<2,962>
<b>Remaining Need, 1991-96</b>	<b>8,251</b>
<b>Average Annual Allocation of Permits Needed (Remaining Need Divided over 6 year period, 1991-96)</b>	<b>1,375</b>

Source: Planning Department, June 1991

### Codes and Enforcement

The County enforces the Uniform Building Code (UBC), and related trade codes, throughout the County. Inspectors from the Building Code Compliance Section of the Planning Department investigate violations to the Building Code on a complaint basis. The Uniform Building Code is necessary for the proper construction and maintenance of housing production in the County and is not considered a constraint to development.

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### Construction Legalization Program:

The Board of Supervisors authorized a Construction Legalization Program in 1994. The program allowed building and/or development permits to be issued to legalize certain structures that were built illegally on or before October 19, 1993 if they:

1. complied with the applicable building and development regulations currently in effect; or
2. complied with the applicable building and development regulations which were in effect at the time of construction and did not create a health and safety hazard; or
3. were in minor noncompliance with the applicable building and development rules at the time they were built or were currently in minor noncompliance with the rules in effect; but are authorized by the Planning Director with findings.

The number of dwellings that were eligible for legalization through this program is unknown. However, in early 1994 there were 327 reported structures containing 2, 3 or 4 illegal units, 110 reported illegal mobile homes, and 104 reported illegal single family dwellings being processed by the County's Code Compliance Section. ~~This number of reported cases vastly understates the total number of illegal units in the County, and eligibility for legalization through the Program will be determined upon review of individual applications.~~ As of June 1996, 390 people had paid for eligibility screening appointments, 122 building permit applications were submitted, 100 building permits were issued, and 83 discretionary permit applications were submitted. Additional applications continue to trickle in during 1998.

### Incentives for Affordable Projects

In addition to the federal and state mandates concerning affordable housing (Federal Fair Housing Law, State Housing Element Law, State Density Bonus Law, Article 10.7, Sections 65590 et seq. on Coastal Zone Development, and Chapter 5, Article 8, Section 54220 et seq. on disposition of surplus land for affordable housing), the County has provided incentives for affordable housing. These local incentives entail processing, design and financial concessions.

As of 1994, the following affordable projects have received regulatory and/or fiscal assistance from the County:

1.	Habitat for Humanity, 3 units Soquel - land donation + funds
2.	Pacific Family Home Mobile Home Co-op (34 units) - County was coapplicant with Co-op and leveraged MPROP loan
3.	VOA (75 units) - landscaping and off-site improvements, parking waiver, affordable housing transfers of credits
4.	Lagoon Beach Co-op (31 units) - funds leveraged for state loan
5.	Stepping Out Housing (18 rental units for mentally disabled) - priority processing, land donation, funds leveraged for HUD loan
5.	The Farm (39 units) - land assemblage, land acquisition, grant and conveyance; funds leveraged for state and federal funds; parking reduction
7.	Habitat for Humanity (2 units in Live Oak) - land acquisition grant, County performed lot split
8.	McIntosh Mobile Home Park (28 coaches) - land acquisition as leverage for eventual funding
9	Brommer (6 units) - matching funds for HUD grant
10.	Merrill (15 units) - 50% of land acquisition; leverage for state loan
11.	Woodland Heights (68 units) - provided 40 year extension of the Measure J affordability restrictions



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12.	CDBG rehab (30 units) - provided local matching funds
13.	Beachcomber Mobile Home Park (73 coaches) County coapplicant and provided leverage for state MPROP loan
14.	Habitat for Humanity (1 unit, Live Oak) - land acquisition and conveyance
15.	Arroyo Verde (10 1 units) - grant to maintain affordable sales prices; modification of Measure J pricing formula; affordable housing transfers of credits; Planning Department fee deferral; Public Works sewer fee rebate
16.	Maciel (21 units) - land acquisition grant, leverage for HUD and CDBG funds; parking reduction, density bonus proposed
17.	<del>O'Neill Ranch (60 units) - land acquisition, pre-development costs, infrastructure</del>
18.17.	Tierra Alta (36 farmworker housing units) - provided local matching funds for CDBG application; sriority processing of waste water improvement system
19.18.	Pennsylvania Ave. (32 units) - worked with City of Watsonville on easement release and land donation for Housing Authority affordable housing project
20.19.	30 <sup>th</sup> & Portola (24 units) - CDBG funds used for land write down
21.20.	Paloma del Mar (129 lower income senior units) - density bonus, parking waiver, bicycle storage space waiver, height variance, sanitary sewer fee reduction/waiver, affordable housing transfer of credits
22.21.	Elizabeth Oaks (126 units) - affordable housing transfers of credits
23.22.	Seascape (80 senior units) - affordable housing transfers of credits
24.23.	Creek Drive (2 units) - acquisition, rehab and resale as affordable two inclusionary units due to become market rate
25.24.	Westhaven Ct. (1 unit) - acquisition and resale as affordable inclusionary unit due to become market rate

### Parking Requirements

Requirements for on and off site parking are typical for residential developments in similar California communities. In order to facilitate more affordable housing development, the County does allow up to a 75% reduction in parking requirements for elderly housing developments.

### Energy Conservation

With regard to energy conservation requirements, the County has enforced Title 24 regulations since 1983 for construction in the unincorporated area. Title 24 is energy conservation standards that provide guidelines for residential construction in regards to energy conservation items; for example, specifying appropriate wall, ceiling or **floor** insulation. As noted earlier in this chapter, the "Residential Design Criteria" also contains standards for energy efficiency in residential design and construction such as orienting living areas to the south in order to take maximum advantage of solar heating and cooling, provision of solar access, etc. The Title 24 regulations and the design criteria are not considered as constraints to development since they promote a more energy efficient residential environment.

### ESTIMATED RESIDENTIAL DEVELOPMENT FEES

Since the passage of Proposition 13, governmental fees have increased substantially as local governments attempt to pay for needed services with limited resources. Fees for residential development have in particular been affected in recent years. In order to determine typical fees for residential developments in the County, two different types of projects were selected, a single family and a multi-family development. The single family development is assumed to be in the Live Oak Planning area and each unit is estimated to be approximately 2000 square feet. The 20 unit multi-family project is assumed to be in the Pajaro Planning area and a typical unit is approximately 1000 square feet.

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There are certain exceptions to the County's fee schedule. Because permit and development fees can affect the viability of potential affordable housing projects, County Code Section 15.0 1.080 specifies that housing units reserved for low and moderate income purchasers shall be exempt from park dedication fees. Financing the f&s for affordable housing units is being considered by the County.

**Table 7.5  
Typical Fees for Residential Development  
County of Santa Cruz, 1991**

	<b>20 Unit Single Family (Live Oak)</b>	<b>20 Unit Multi-Family (Pajaro Valley)</b>
<b>Planning Department Review Fees</b>		
Development Review Group Fee	625	625
Residential Development/Subdivision Fees	<b>5,000</b>	<b>5,000</b>
<b>Development Fees</b>		
<b>County Fees</b>		
Park Dedication	55,780	41,820
Roadside Improvements	37,000	13,400
Transportation Improvements	38,000	39,200
Child Care	7,380	2,420
<b>District Fees</b>		
Sanitation Districts	60,000	80,000
Drainage Fees (Zones 5, 6, 7 and 8)	3,000	3,000
Water Hook-ups	54,700	60,000
School Impact Fees (paid to school district)	63,200	31,600
<b>Building Permit Fees</b>	<u>34,000</u>	<u>11,955</u>
<b>Total</b>	<b>\$358,685</b>	<b>\$289,020</b>
<b>Per Unit Cost</b>	<b>\$17,934</b>	<b>\$14,451</b>
Notes on Table 7.5		
1. Residential Development Permits are processed "at cost" for projects of 20 or more units. The deposit is approximately \$5,000. Actual cost may be more or less than this depending on the level and amount of staff time required.		
2. Development impact fees are dependent on the planning area and service district that the development is located in. The estimates above are based on hypothetical developments located in the Live Oak and Pajaro Valley planning areas. There may be other miscellaneous fees (such as one pertaining to individual Fire Districts) which are not included in these illustrations.		
3. Roadside Improvement Fees and Transportation Improvement Fees can be credited against the full amount of the fees whenever a developer is required to construct certain off-site transportation or roadside improvements.		
4. School impact fee for Live Oak School District is \$1.58 per conditioned square foot. School impact fee for Pajaro Valley Unified School District is also \$1.58 per conditioned square foot.		
5. Child Care Fees were calculated at \$369 per single family units and \$121 per multi-family unit.		

~~Affordable Second Units: The Board of Supervisors has directed that the following fees be waived for the affordable second unit program:~~

- ~~a) building permit fees~~
- ~~b) all County imposed improvement fees, and~~

e) ~~development permit fees up to maximum of \$500 per second unit.~~

~~With the recent Ordinance amendments regarding accessory dwellings, a new Fee Schedule is being developed that will acknowledge the affordability of both the income restricted and exempted units. For example Also, lower income affordable units may receive, pursuant to district policy, a sanitary sewer connection fee reduction within the Freedom Sanitary Sewer District and sewer and water connection fee reduction in the Davenport District.~~

~~Units sponsored by eligible private non-profits: As authorized by County Code Section 18.10.420, eligible non-profit organizations will be granted the following:~~

- ~~a) \$500 fee credit per project towards development application fees; and~~
- ~~b) \$500 fee credit per project towards building permit fees.~~

The Zucker Systems report on Permit Processing (1990) noted previously in this Chapter recommended that various actions be taken to review the County's fee schedule. The report noted that the fee structure was complex and created confusion for staff and the public. Adjustments were made to the fee schedule to make it more consistent and unified recommendations.

## LOCAL PROCESSING AND PERMIT PROCEDURES

County processing and permit procedures have been the subject of several studies in 1989-90. An evaluation of the processing of single family dwelling permits was conducted by Western Productivity Group, Inc. in 1989, and, in 1990, Zucker Systems provided a series of recommendations to improve the overall planning process. Both reports were approved by the Board of Supervisors and staff was directed to begin implementation of the reports. The Western Productivity Group report focused primarily on building permits and discretionary permits (Levels II through V) related to single family dwelling (SFD) permits, including new construction, remodels and additions.

The Planning Department has identified seven different levels of review for discretionary applications. These are:

- Level 0: various reviews submitted as discretionary applications (e.g., rural matrix)
- Level I-III: application requires only administrative review and approval
- Level IV: application requires administrative approval and public notice
- Level V: application requires Zoning Administrator hearing and public notice
- Level VI: application requires Planning Commission hearing and public notice
- Level VII: application requires Commission and Board hearings and public notice.

There were six major findings cited in the Western Productivity Group report; these were:

1. The present in-take practice of building permit applications needed to be changed to one which would require a more complete and processable application. The acceptance of applications, knowing that certain variances, geologic, biotic, environmental, and/or other reviews or permits were needed or required was responsible for
  - delays in the process cycle
  - automatic denials and subsequent additional reviews
  - excessive handling of the application
  - confusion between the applicant and the Planning Department and even more serious, conflicting

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comments or requests by the Planning Department.

2. Effective control of the flow of work through the process was not evident.
3. The review of the planner's staff report by supervision prior to approval or denial for the discretionary permit application was the only real quality check made in the Single Family Dwelling (SFD) application process.
4. Present staffing appeared adequate to accommodate the present work load imposed by SFD related permit applications in a timely manner.
5. The manner in which applications and related paperwork were stored during the review process was poor.
6. The primary mission of the Planning Department's role as related to SFD permit applications was not known and in many cases, not agreed to by both staff and management.

The report identified specific recommendations to address these issues as well as others. Included as part of these recommendations were procedures to streamline the permit processing system and reduce time delays. As of the 1991 monthly progress reports prepared by the Planning Director to the Board of Supervisors, some of those recommendations have been implemented and some time frames have been reduced. For example, processing time for single family building permit applications has been reduced from the 1989 "baseline" amount of 12.1 weeks to 6.1 weeks in the fourth quarter of 1990. As of 1991, there was a mixed degree of success with discretionary permit application processing times. The average time to process a complete application decreased for Levels I and IV-VII but increased for Levels 0, II and III applications. For example, Level VII application time frames decreased from 11 months to 9 months while Level II application times increased from 1 month to 3 months.

Compared to the Western Productivity Group study, the Zucker Systems report was broader in scope in that it evaluated the entire development processing system as it operated in the County in 1989. The report provided an overview of the processing procedures, and contained 102 specific recommendations for improvement. Some of the key recommendations included:

- The need to train department managers in management functions
  - A variety of changes in the way plans are processed
  - The need to clarify a variety of planning policies
  - The need to expand staff training programs
  - A program to either increase efficiency, or hire more staff and raise fees to avoid the continuation of a backlog of development permits.

The 102 recommendations were very specific in nature and ranged from major and substantive efforts such as revising the entire "Development Review Group" (DRG) process to very simple actions such as preparing new signs for Planning Department lobby. The report concentrated on how the system operated rather than evaluating the appropriateness of policies and programs. However, in certain instances, the report did identify problem areas with policies. For example, the report noted that while the consultants were specifically asked not to address policy issues, a number of points were noted during their study which they felt should be "highlighted." Page 18 in the report noted that,

"The County tends to regulate many things at a highly detailed level not found in other communities. Perhaps more important than the policy to regulate at a detailed level, is the method of regulation. The

ordinances tend toward trying to specify every alternative, rather than establishing clear criteria or direction and allowing some flexibility of interpretation and application. This results in a cumbersome set of ordinances that are difficult to understand and administer and that can actually lead to some of the confusion that they are designed to eliminate.”

Following these comments were some specific operating recommendations on how to clarify policies and prevent conflicting policy statements. Similar to the Western Productivity Group’s report, the Planning Director prepared monthly progress reports on the implementation of the recommendations in the Zucker Systems’ study. Each of the 102 recommendations were identified in the progress reports with comments on the status of each recommendation. As of June 1993, all of the 102 recommendations have been implemented or are ongoing programs by their nature.

## LAND AND INFRASTRUCTURE

### Available Land

One of the most important areas of concern in planning for housing in the 1991-96 time frame is whether there is adequate land and infrastructure for the expected housing demand. AMBAG has estimated that 11,983 new units are needed between 1989 and July 1, 1996 in order to accommodate new housing demand and maintain a healthy vacancy rate within the housing stock. The County requested a revision to this estimate, projecting that 7,302 total units, rather than 11,893 units would be needed by July 1, 1996.

The information in Section 4.6 of this element (Vacant and Underdeveloped Land) indicates that there is enough land in the urban area of the County which is residentially designated to accommodate an additional 5,316 units, exclusive of second units, units produced through the density bonus process, and residential development on commercial land. Table 6.3 in Section 4.6 shows that sufficient land is designated under the 1994 General Plan, in the urban and rural areas, in conjunction with other incentives, to accommodate an additional ~~28,903~~ 28,620 new units. Therefore, it appears that the County does have sufficient residentially designated land to accommodate the AMBAG estimate of 11,893 new housing units.

Comparing the data from Table 6.3 with the goals for new construction indicates that the County can meet the AMBAG estimated housing need. Meeting the AMBAG goal of 5,507 units for very low and lower income residents, however, will be difficult to achieve unless substantial subsidies are provided from governmental sources and other methods are identified to assist in the provision of affordable housing. There are a number of programs recommended in Section 4.8 of this Element which describe other incentives for affordable housing, and those programs are listed below.

1. Consider allowing for “over-retail” lower income units in appropriate village core settings.
2. Continue to allow residential development, secondary to the commercial use, in appropriate commercially designated areas.
3. Continue to pursue and implement the, density bonus ordinance.
4. Implement appropriate recommended actions of the Farmworker Housing Needs Study which could result in construction of very low and low income affordable units for farmworker housing.
5. Continue implementation of the revisions to the County’s Second Unit Ordinance, which will result in a greater number of new affordable units in both the urban and rural areas of the County. Revise the fee

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structure as needed to encourage the development of second units.

In summary, there is more than adequate available land to accomplish the overall new construction goal of 11,983 units and adequate land at suitable densities for moderate and above moderate income units and a sizable percentage of very low and lower income units. With the combination of actions noted on the previous page and additional governmental subsidies, there should be more than adequate land to meet all housing needs as specified by the State and AMBAG.

### INFRASTRUCTURE

As part of the General Plan update process, an Environmental Impact Report (EIR) was prepared, as required by CEQA, to evaluate various development alternatives. The EIR evaluated public facilities and services such as street systems and circulation, water supply, storm drainage, schools, police protection, fire services, wastewater treatment and disposal, parks and recreation facilities and libraries. The EIR also appraised environmental impacts such as noise, air pollution and water pollution. As directed by the Board of Supervisors, the General Plan update is focused on the urban areas of the County. The evaluation of environmental impacts assumes that the majority of development, under any alternative, would occur within the boundaries of the Urban Services Line (USL). Additional development in the rural areas, as allowed under the accessory dwelling unit ordinance, is not included in the General Plan EIR, but underwent separate environmental review.

Following is a brief summary of the analysis. Please refer to the Draft Environmental Impact Report for the Santa Cruz County 1993 General Plan and Local Coastal Program for an in-depth discussion of the analysis.

**Drainage:** The County is responsible for assuring adequate drainage and flood control countywide. Three primary departments handle aspects of policy development, regulatory enforcement, and project implementation. The Planning Department, the Department of Public Works, and the Redevelopment Agency. The Santa Cruz County Urban Services Area (CUSA) encompasses portions of twelve coastal watersheds, each with its headwaters in the Santa Cruz Mountains or the adjoining foothills. Predominant land uses in the watersheds range from logging, open space and low density residential in the steeply sloping, forested uplands to high density commercial and residential in the urbanized areas through the Highway 1 corridor and southward to the shoreline. Significant flooding in the coastal watersheds can occur during long duration rainstorms and minor, localized flooding can occur under conditions where inadequate storm drain systems or culverts induce backwater flooding. Such flooding can produce local damage, increase erosion along roadway embankments and impede traffic or increase road hazards.

Any additional development would result in an increase in storm water drainage and a decrease in surface water quality. The land use plan described in the General Plan (Alternative 2) would produce impacts that could generally be reduced to a less than significant level by the application of General Plan policies and programs, and by constructing projects planned in the County's Capital Improvements Program (CIP). Without additional funding for storm water contaminant removal systems, however, there could be a significant impact on surface water quality in the Aptos planning area.

The HCD "Fair Share" alternative (Alternative 4) would result in the same impacts as the proposed land use plan, but would result in additional impacts in the Live Oak and Pajaro planning areas that could not be mitigated to a less than significant level. There is insufficient existing, planned and funded infrastructure in the Live Oak and Pajaro Valley planning areas to compensate for increased storm water drainage and potential flooding. In addition, there is potential for a negative impact on groundwater recharge and water quality.

Fire: Fire protection within the USL is provided by several fire districts and all districts have mutual aid agreements with neighboring districts. In 1990, a countywide ordinance was adopted which requires the use of automatic sprinkler systems and non-combustible roofs on new construction. This ordinance is expected to reduce the demands on fire services. All fire districts rely upon property tax and Special District Augmentation funds for revenue, and some districts also collect a benefit assessment to assist with operations. All fire districts currently consider their level of service to be satisfactory, with the exception of the Scotts Valley Fire Protection District, although all districts have been affected by State budget reductions.

Additional development allowed under the General Plan land use plan could potentially be served if additional funds were secured for both firefighters and equipment. In the Scotts Valley Fire Protection District, additional funds would also be needed for construction of at least one additional fire station. As a mitigation measure to impacts identified in the EIR, a policy has been added to the General Plan that would require a written statement from the fire district stating that the agency has the ability to adequately serve the project prior to approval of any discretionary project.

Libraries: The County and Cities of Santa Cruz, Capitola and Scotts Valley operate and maintain a library system under a Joint Powers Agreement for all the County, except for the City of Watsonville. The City of Watsonville's library system and Soquel's volunteer library system are separate from the County's library system. In 1990, a comprehensive study of the County library system was completed, and goals and objectives were established to serve future County population growth. By the year 2000, the County library system is proposed to add approximately 137,000 square feet of library space to include: a new Mid-County branch to serve Capitola, Live Oak and Soquel; restoration of service at the Porter Memorial Library in Soquel; an addition to the Aptos branch library; and construction of new facilities in the South County, Scotts Valley, and Felton.

The planned expansion of library facilities would be sufficient to serve the population increase proposed by the Draft General Plan. Build-out of the "Fair Share" alternative (Alternative 4), however, would generate demands on libraries in excess of the long range plan and would require an additional 8,350 square feet of library facilities in addition to planned facility improvements. Based on the average size of present County facilities (excluding the Central Facility) this would represent the addition of two new facilities and the expansion of existing facilities by 1,500 square feet. Recent State revenue changes have curtailed operations at existing library facilities and there is no funding available for new facilities or expansion beyond that currently planned.

Parks: The Santa Cruz County Parks, Open Space, and Cultural Services Department (POSCS) maintains and operates the County's park and recreation programs. Its objective is to establish and maintain a geographical distribution of neighborhood, community, and regional parks and recreation facilities for the use of County residents. County park policies set goals for provision of park acreage for residents. According to General Plan policies, neighborhood parks should be provided at a goal of three acres per 1,000 persons and be located within one mile from most urban residents, and community parks should be provided at two to three acres per 1,000 persons and be located within four miles of urban neighborhoods. The County does not set goals for regional parks since the provision of regional parks is based on unique resources and locational opportunities rather than a parkland/population ratio.

Currently, without any additional development, existing developed parks do not meet County standards. Existing neighborhood park acreage is inadequate in Aptos, Live Oak, Pajaro Valley and Soquel and existing community park acreage is inadequate in Aptos, Live Oak and the Pajaro Valley planning areas. To meet goals for park acreage in the future, the General Plan land use plan would require an additional 348 to 491 acres of neighborhood and community parkland. Policies in the General Plan which require dedication or fees to

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provide parks, a geographic distribution of parkland and designation of specific future park sites could provide sufficient park acreage for future residents if the County is able to capture an adequate funding source for park purchase and development. Because of the uncertainty of funding, the lack of sufficient existing and planned parks is considered to be a significant unavoidable impact in the EIR. There is, however, insufficient land available in the urban area to provide for the additional 420 to 593 acres of neighborhood or community parkland needed for buildout of the “Fair Share” alternative (Alternative 4). Because the majority of vacant and underdeveloped land available would be dedicated to medium to high density housing under Alternative 4, there would be insufficient remaining vacant land to meet park standards within convenient distances from urban development.

**Schools:** School service in the urban area of the County is provided by five school districts including the Live Oak Elementary, Pajaro Valley Unified, Santa Cruz City, Soquel Union Elementary, and Scotts Valley School Districts. Nearly all of these school districts are currently operating above capacity with an average of eight portable classrooms on each school site. In response to increased school enrollments, school districts are examining the feasibility of physical expansions and operational changes including year-round scheduling.

Development under the land use plan of the General Plan would result in impacts on schools that have been identified as significant and unavoidable in the EIR. Existing and planned facilities in all school districts will not be sufficient to accommodate the projected 4,058 students resulting from additional development. No additional funding for more facilities is foreseen in any school district. Although school impact fees are collected for all new residential construction in the County, developer fees have traditionally fallen far short of what has been needed to construct new facilities.

Development under the “Fair Share” Alternative would result in an increase in student population of 9,273, more than double that of the land use plan described in the General Plan. Existing facilities could not accommodate the increase, and there would be insufficient additional funding to build new facilities. There would also be insufficient vacant land available under this alternative for new school sites to be located within the urban area. Development constraints to build new school facilities in the rural areas and transportation costs would only increase the cost of providing these services.

**Wastewater Treatment:** A number of special districts are responsible for providing sanitary sewer services in the County and for maintaining and operating local wastewater collection systems. Wastewater in the urban portions of the County is conveyed to a wastewater treatment plant in either the City of Scotts Valley, City of Watsonville, or the City of Santa Cruz. The County does not operate a wastewater treatment of its own in the urban areas, but shares treatment capacity in the other plants through a Joint Powers Agreement.

The City of Watsonville Wastewater treatment plant has a total capacity of 16.5 million gallons per day (mgd). This treatment capacity is shared among the Freedom County Sanitation District, Salsipuedes Sanitation District, Pajaro County Sanitation District (in Monterey County), and the City of Watsonville. The Watsonville plant provides advanced primary treatment and is required by the State to meet secondary standards by 1998. The capacity of the plant is not expected to change after completion of the upgrades but the upgrades are being planned based on current capacity rights of the plant’s users.

Through the Freedom, Salsipuedes, and Pajaro County sanitation districts, the County has wastewater treatment entitlement to 3,201 mgd at the City of Watsonville Treatment Plan, of which it currently uses 2 mgd.

The City of Santa Cruz Wastewater Treatment Plant provides advanced primary treatment and has a total capacity of 17 mgd. The total treatment capacity at the Santa Cruz Wastewater Treatment Plant is shared between the Santa Cruz County Sanitation District and the City of Santa Cruz. The treatment plant is required



by the State to be converted to secondary treatment standards, and those upgrades are expected to be completed by 1997. Total treatment capacity of the plant is expected to remain the same upon completion of the upgrades, but the plant could ultimately be expanded to treat up to 23 mgd of wastewater. This estimate is based on the size of the treatment plant site and the nature of the operation. If the plant is expanded to treat over 21 mgd of wastewater, the City would be required to amend its permit with the Regional Water Quality Control Board.

Through the Santa Cruz County Sanitation District, the County has an entitlement to 8 mgd of the City of Santa Cruz treatment plant's capacity. The County currently uses 5 mgd from its allocation, and the remaining capacity is designated for use by the City of Santa Cruz.

The increase in population generated by any land use alternative could be served by remaining capacity of the Santa Cruz Wastewater Treatment Plant. ~~However, there are three sewer mains in the Santa Cruz County Sanitation District that are currently over capacity: Rodeo Gulch and Felt Street in the Live Oak Planning Area, and State Park Drive in the Aptos Planning Area.~~ General Plan policies require a written commitment be received from the service district guaranteeing that the required level of service is available prior to issuance of building permits. This policy would assure adequate sewer trunk capacity but the cost of expanding trunk lines could constrain development.

In the Freedom County Sanitation District (FCSD), development under any alternative would exceed the capacity of the Sydney Avenue Bypass sewer line. In 1987 the FCSD proposed a three-phased improvement plan for the Sydney Avenue Bypass which would install a new, larger line parallel to the existing line. The new capacity was designed to accommodate buildout of the land in the FCSD's sphere of influence and to accommodate development that was existing or planned in the 1980 General Plan. This capacity would accommodate the population increase projected to occur under the 1994 General Plan land use plan, but there is insufficient vacant and underdeveloped land within the FCSD sphere of influence to accommodate the "Fair Share" Alternative (Alternative 4). Development of additional land at higher densities has not been included in the design capacity of the sewer bypass line.

There is sufficient capacity of the City of Watsonville Wastewater Treatment Plan to accommodate wastewater generated by the 1994 General Plan land use plan. Under the "Fair Share" alternative, treatment capacity rights allotted to the FCSD would be exceeded. In addition, the treatment plant would not have sufficient capacity to meet the secondary treatment standards required by 1998. The upgrade capacity is based on the current capacity rights of the plant's users and development at higher densities could not be accommodated by the FCSD's share of the total capacity.

**Water Supply:** Commercial and domestic water supplies in Santa Cruz County are provided by a number of municipal water systems, County water districts, investor-owned water companies, mutual water companies, and individual systems. Within the Urban Services Line (USL) water is primarily supplied by three agencies. The Live Oak and Carbonera planning areas are supplied by the City of Santa Cruz Water District, the Soquel and Aptos planning areas are supplied by the Soquel Creek Water District, and the Pajaro Valley planning area is supplied by the Watsonville Water Department. In addition, the Pajaro Valley Water Management Agency (PJVMA) was created by State legislation and approved by voters in 1984 to manage water resources within the Pajaro Valley Basin. The PVWMA does not supply water, but is the responsible local government agency with the power to regulate water use. Agricultural water use is a significant portion of water demand, especially in the southern portion of the County, and is usually provided by groundwater pumping.

Santa Cruz County receives no State or federally imported water. Instead, the County depends entirely on limited surface water storage, stream diversions, and pumping of groundwater. The absence of imported water from outside the County places finite limits on water supply. An extended statewide drought caused by below

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average rainfall during the 1987 to 1992 winter seasons stressed existing water supplies in the County.

During this drought, surface water reservoirs were seriously depleted, groundwater pumping increased, existing seawater intrusion in the Pajaro Valley expanded in extent, and reduced stream flow caused increased pressure on the County's riparian habitats, fish and wildlife. The area of aquatic habitat used by fish for spawning was greatly reduced. Water availability within Santa Cruz County varies, because each water purveyor is dependent on different sources of supply. Water purveyors reliant on surface water as their primary source were forced to impose usage restrictions during the drought. Water suppliers who rely on groundwater extraction have historically maintained an adequate supply, but groundwater pumping has caused increased pumping depressions around major wells, and in the Pajaro Valley, there is a serious groundwater basin overdraft and seawater intrusion problem.

The Santa Cruz City Water Department (SCCWD) is the largest water system in the County, and serves approximately 80,000 customers in the City of Santa Cruz, Live Oak, Pasatiempo (in the Carbonera planning area) and North Coast. More than 90% of the water supply for the SCCWD is dependent on surface water runoff, and some groundwater is pumped from wells at the eastern end of the service area. Normal existing water demand varies from 3,800 to 4,200 million gallons (11,662 to 12,890 acre feet) per year. The "Firm Yield," defined as the maximum amount of water that can be reliably provided during the most severe drought on record, is 3,510 to 3,910 million gallons (10,772 to 12,000 acre feet).

Because the SCCWD is primarily dependent on surface water supply sources, it is vulnerable to reduce supply during drought, and the available water supply can vary widely from year to year. The water supply is adequate and often exceeds demand, during years of average or above average rainfall, but in drought years there is little or no capacity to supply increased demand for water. As of 1991, the SCCWD was in the process of conducting an engineering and environmental evaluation of 13 water supply alternative identified in the master plan study. These alternatives include expanding surface water collection sources, wastewater reclamation, and groundwater wells.

The General Plan land use plan would increase demand in the Live Oak and Carbonera planning areas, served by the City of Santa Cruz Water Department, by 680 acre feet per year. During drought periods, this extra demand could exceed the "Firm Yield" resulting in demand that could exceed supply. General Plan policies would require that the County work with water purveyors to require water conservation measures for new and existing uses, that water purveyors verify the capacity of the system to serve new proposed development, that water purveyors work to develop additional water sources, and that a firm commitment to serve new development be required prior to approval of the development.

Under the "Fair Share" alternative, water demand in the Live Oak and Carbonera planning areas would increase by 1,076 acre feet per year. Since development of an additional water supply which has no adverse environmental impacts would be difficult, and funding for such a source is uncertain, this additional demand would have a significant impact on existing supplies. General Plan policies requiring a firm commitment of water availability from water purveyors in order to approve new development would preclude development at densities required in the "Fair Share" alternative.

The Soquel and Aptos planning areas are both entirely within the groundwater basin supplying the Soquel Creek Water District (SCWD), and are largely within the SCWD service area. The SCWD supplies approximately 38,000 customers in the City of Capitola, and the communities of Soquel, Aptos, Seacliff, Rio Del Mar, Seascape and La Selva Beach. The existing annual water demand in the basin is estimated at 11,413 acre feet, and the annual safe yield is estimated at 13,350 acre feet. About 90% of the water supply is for residential use, with the remaining 10% for commercial use. All water supply is from groundwater pumping,

from a system of 16 active wells. Approximately 60% of the water is derived from the Purisima Formation, an aquifer that underlies most of the district service area, and the remainder of the supply is pumped from the Aromas Formation, which underlies the eastern portion of the area.

Build-out under the General Plan land use plan would increase water demand in the Soquel and Aptos planning areas by approximately 1,028 acre feet per year. This increase alone would not exceed the safe yield of the basin, however, additional increased water demand would occur in the same basin from growth and additional private wells outside of the Urban Services Line. The cumulative demand on the groundwater basin in the year 2010 is estimated to be 13,900 acre feet, resulting in a deficit or overdraft of 550 acre feet. General Plan policies described previously could mitigate the impact of this deficit, but may curtail some development served by the Soquel Creek Water District. Under the "Fair Share" alternative, increased water demand is estimated at 1,322 acre feet per year, a 11.6% increase over existing demand. Limited water supplies in the Soquel Creek Water District could preclude development at densities needed for this alternative, since the estimated deficit in the year 2010 would be increased to 844 acre feet.

The City of Watsonville Water Department (WWD) serves approximately 47,000 customers located within the City limits as well as in Corralitos, Freedom, and Salsipuedes. The WWD currently obtains all of its water supply from groundwater pumping, with 12 active production wells. Water demand in 1990 was approximately 2,500 million gallons.

The WWD is located entirely within the Pajaro Valley groundwater basin, and within the jurisdiction of the Pajaro Valley Water Management Agency (PVWMA). The predominant use of the groundwater in this basin is irrigation for agriculture. Although municipal use by the WWD is estimated to be only 11% to 13% of the total groundwater extracted annually, projections of increased urban demand must be considered in the context of the entire groundwater basin, which has regional problems of overdraft and saltwater intrusion. Total annual water demand in the Pajaro Valley basin was estimated as 65,000 acre feet in 1991. Based on groundwater modeling of the basin for the period from 1964 to 1992, a safe annual yield to prevent any seawater intrusion would be 25,000 acre feet. If coastal pumping is strictly limited, safe yield increases to 50,000 acre feet per year with limited saltwater intrusion.

Development under the General Plan land use plan would increase demand in the Pajaro Valley planning area by 801 acre feet per year. General Plan policies described earlier, plus policies aimed at water conservation and restricting coastal pumping would help to reduce the impact of this amount of additional demand. However, because the extent of the existing overdraft is so severe, only the development of additional water supplies could completely mitigate the effects of more development. General Plan policies requiring adequate water supply prior to approval of new development would preclude development at densities necessary to implement the "Fair Share" alternative.

**Police Protection:** The County of Santa Cruz Sheriff-Coroner's office provides police protection services to the unincorporated areas of the County. As of 1994, a total of 262 staff members are responsible for all of the duties of Administration, Operations and Detention Bureau: The Patrol Division has a staff of 63 patrol deputies, seven sergeants, four lieutenants, and one chief deputy. The Sheriff-Coroner's office does not measure service levels with any single service standard, but urban planners have relied on the number of patrol deputies per 1,000 people as a rough measure of police service levels. The Sheriff-Coroner's office has 0.48 officers per 1,000 people, and is striving for a ratio of one patrol deputy per 1,000 people.

The per capita ratio is often used to estimate the number of additional officers needed to serve population growth while maintaining the existing level of service. Build-out under the General Plan land use plan would require an additional seven patrol deputies in order to maintain the existing level of service. Population in the

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five urban planning areas would increase by 33,856 people under the “Fair Share” alternative, requiring an additional 16 patrol deputies to maintain existing service levels.

The Sheriff-Coroner’s office has no plans to increase personnel levels in the 1993-1994 fiscal year, or in the near future, due to budget constraints. Increased population growth would have office-wide impacts, since additional administrators, investigators, record keepers, etc. may be needed to support the additional patrol deputies. Reducing these impacts to less than significant levels depends on the County’s ability to capture an adequate funding source which may require special State legislation or a vote of the local electorate.

**Circulation and Roadway Capacities:** Santa Cruz County’s transportation system is heavily automobile oriented. The County includes several State highways: Highway 1 along the coast, Highway 17 to Santa Clara County and the San Francisco Bay Area, Highway 152 from Watsonville to Gilroy, Highway 129 from Watsonville to San Benito County, Highway 9 from Santa Cruz to Boulder Creek and Saratoga, Highway 236 near Boulder Creek, and Highway 35 which runs along the summit of the Santa Cruz Mountains into San Mateo County. Sections of Highway 1 and 17 are freeways, but most of the roadway network in Santa Cruz County consists of conventional highways, roads and streets.

The County is served by its own Metro Transit District bus routes, a pair of Monterey-Salinas Transit inter-county routes, express bus service from Live Oak and Scotts Valley to San Jose, and private operators. The Southern Pacific railroad runs the length of the County but does not provide any passenger service.

The County has fairly extensive pedestrian and bicycle facilities in the urban areas, but some developments did not initially construct sidewalks and other pedestrian facilities so these facilities are not always continuous through the urban area. Pedestrian facilities and bicycle facilities in rural areas are minimal or non-existent.

Much of the County’s unincorporated area contains a relatively sparse roadway network designed for suburban and rural land uses in often hilly or mountainous terrain. Such a roadway network has few parallel arterials and highways and therefore has a higher potential for significant bottlenecks if the overall level of auto traffic is not limited. Level of Service (LOS) is used to measure traffic conditions, using letter grades ranging from “A” to “F”, with “A” indicating free flows (the best level of service) and “F” indicating major delays and operations at or near capacity.

Most freeway segments in the County operate at or near capacity during weekday peak hours, with portions of both Highway 1 and 17 operating at LOS “F”. In the Soquel area, Soquel-San Jose Road and Porter Street have a forced flow condition, as does Park Avenue from Highway 1 to Cabrillo College Drive. In the Freedom area, Airport Boulevard experiences periods of unstable flow. Sections of Graham Hill Road and Highway 9 in the San Lorenzo Valley have periods of significant congestion, exceeding the capacities of these roadways. Of 66 intersections studied in 1991 as part of the General Plan update, 25 percent of those operated at level of service “D” or below; generally considered unacceptable or marginally acceptable. For more detailed information; please see Appendix #20, which contains the “Roadway Capacity” table for the County.

Under the General Plan land use plan, traffic congestion would generally increase at intersections studied. That congestion would be moderate, however, if improvements identified in the Circulation Element are completed. Only one intersection now operating at LOS “C” would deteriorate to LOS “E”. Thirteen intersections are projected to require signalization by the year 2010, and improvements are already planned for eight of those. One segment of Highway 1, between Morrissey Boulevard and Rio Del Mar Boulevard would have increased traffic volumes, resulting in a deterioration from LOS “D” to “F”. Three other segments currently operating at LOS “F” would experience an increase of traffic volumes of at least 6% of capacity. Planned improvements and improvements identified by the Circulation Element of the General Plan would generally be sufficient to

reduce traffic impacts to an acceptable level. The exception to this would be impacts to State highways, which are under the jurisdiction of Caltrans. Although the Circulation Element identifies improvements that would reduce traffic impacts on State highway segments, the timing and completion of these improvements may not correspond to population increases, resulting in a deterioration of service levels.

Build-out of the “Fair Share” alternative, even with implementation of the Circulation Element improvements, would result in traffic congestion that would increase substantially when compared to existing conditions. It is expected that four of the intersections studied would operate over capacity (LOS F) and an additional five intersections would operate at severely reduced capacity.

## **SECTION 4.8: GOALS, OBJECTIVES, POLICIES AND PROGRAMS**

“This time, like all times, is a very good one, if we but know what to do with it.” - Ralph Waldo Emerson.

One of the best ways to plan for the future is to look at the past. Reviewing past accomplishments, evaluating areas of strength and identifying programs for improvement are all helpful tools in planning for today and tomorrow. The previous chapters in this document were designed to “set the stage” for planning for the County’s future housing needs. Information in Sections 4.2 and 4.3 provide a background perspective on recent changes in County household, population and housing stock data. Section 4.4 contains an evaluation of the County’s progress towards implementation of housing goals and objectives for the 1985-90 period and then Section 4.5 contains a summary of the existing (1991) housing resources in the County. Sections 4.6 and 4.7 summarize the constraints that can affect the provision of adequate housing opportunities, including governmental constraints and non-governmental constraints. Availability of adequately zoned land is an important concern and is discussed separately in Section 4.6 and then included as part of another discussion in regards to constraints in Section 4.7. In summary; then, the information in Sections 4.2-4.7 provide a framework from which to develop a blueprint of housing needs, goals, objectives and programs for the **future**.

### **1991-1996: HOUSING NEEDS**

Information presented in Sections 4.2-4.7 leads to the following conclusions:

- 1. New residential construction should not be constrained by the number of allocated and available building permits.**
  - There were 3,723 building permits that were either “carried over,” or allocated in program years 1990 and 1991 (approximately 53% of those permits are designated for “affordable” units). The County needs to allow full and timely utilization of all available permits, as well as additional permits that will be issued from 1992-96.
  - The development community has the primary responsibility to provide new housing opportunities. However, the County must recognize that it has an important role in facilitating and supporting those housing opportunities. By simplifying permit processing procedures and reducing time lines, the County can act as an important participant in the housing development process and can facilitate the production of an adequate supply of new housing opportunities.
- 2. Housing is expensive in California. Housing is a top priority.**
  - There should be an increased emphasis by local, State and federal levels of government to provide more assistance to affordable housing. In addition, every effort must be made by the County to assist the development community in providing housing affordable to very low, lower and moderate income households.
  - Existing affordable housing opportunities need to be preserved on a long term basis. These opportunities currently exist in the County’s inventory of affordable housing units and, also the mobile home parks and the existing rental housing stock.
  - There should be sufficient land at appropriately-zoned densities for very low and lower income

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housing. The County should evaluate various actions that will ensure sufficient land at appropriate densities for very low and lower income housing.

### 3. **The County's existing housing stock is "aging" and there will be an increased need for housing rehabilitation and maintenance programs.**

- Maintenance and rehabilitation of the existing housing stock will be a critical issue in future years as the County's housing stock ages. All funding resources must be utilized in order to provide financial and technical assistance to property owners whose units need rehabilitation, and are occupied by very low, lower and moderate income households.

### 4. **There are households in the County with special housing needs that should be considered when developing housing opportunities in the future. Further, innovative housing developments should be encouraged to meet some of these needs.**

- Seniors, single parents, disabled, overcrowded, farmworker and homeless households have been identified "special need" households in the County.
- Affordable housing is the most important need of all the special need households. In addition, some of these households have other housing needs such as accessible housing, adequately sized units and a variety of housing choices in terms of housing type.

## 1991-1996: HOUSING GOALS AND OBJECTIVES

As noted earlier in Section 4.4, the four housing goals from the 1985 Housing Element are still very appropriate to continue in the 1991 Housing Element. Those goals are identified below and a discussion of housing needs, objectives and programs for 1991-96 are organized according to each of the four goals.

### COUNTY OF SANTA CRUZ HOUSING GOALS: 1991-1996

- **Housing Supply:** To ensure a decent home and a suitable living environment for all County residents.
- **Housing Affordability:** To protect and increase the supply of housing affordable to lower and moderate income households.
- **Existing Housing Conditions:** To maintain and improve the physical condition of existing housing.
- **Equal Housing Opportunity:** To ensure that all County residents have equal access to housing opportunities.

## HOUSING SUPPLY

### PROJECTED HOUSING NEEDS: NEW CONSTRUCTION

The Association of Monterey Bay Area Governments (AMBAG) has developed projections of housing need for communities in the Monterey Bay region. The AMBAG document, "Regional Housing Needs Plan" (adopted June 1990), provides information which identifies regional housing needs and responsibilities, and provides communities with estimates of projected housing needs from 1989-96.

The AMBAG Plan divides the region into “Housing Market Areas,” that are defined as areas which are geographically and economically distinct from the rest of the region which have similar housing needs. The “Jobs and housing relationship” is considered to be a key identifying feature of each market area; that is, the majority of people that work in a Housing Market Area will theoretically also choose to live there. The County of Santa Cruz is divided into two Housing Market Areas: Pajaro Valley and North Central Santa Cruz County. The Pajaro Valley market area actually straddles both Santa Cruz and Monterey counties with the City of Watsonville as the focal area. The North Central Santa Cruz County market area is the remainder of Santa Cruz County not included in the Pajaro Valley market.

Projected population and household demand were estimated for the two Santa Cruz County market areas. These estimates were based on data provided by two State agencies (State Department of Housing and Community Development and the State Department of Finance) that projected future population growth. AMBAG then applied certain assumptions regarding housing unit vacancy and replacement factors. Based on this information, the AMBAG document projects the number of new housing units needed by July 1, 1996 in order to accommodate population growth as well as housing vacancy and replacement factors. The total new construction need projected by AMBAG is 11,983 units from 1989-96.

However, at the request of Santa Cruz County and other communities in the region, AMBAG has requested that the State reconsider the allocation of new required units to the region. (Please see the information in Appendix #7 of this Element for further details on this request.) The alternative housing goal has been included in this housing element for comparison purposes. It was also utilized for growth impact analysis purposes as part of the General Plan update. More current information regarding projected population growth supports the County’s revised housing goals. See Section 4.1 for comments on population growth rates.

Information in Section 4.7 of this Element describes the County’s growth management system and the relationship between it and the new construction estimates. As illustrated in Table 7.4, the County would need to issue an average of 1,375 building permits per year from 1991-1996 to meet the AMBAG new construction estimates. Because ~~most of~~ the County permit processing improvements proposed by the Western Productivity and Zucker Systems analyses have been adopted and put into practice, realization of the AMBAG unit projections will be more easily accomplished.

The new construction goals and the average number of permits needed to support those goals include housing units projected to be needed for all household income groups, including housing affordable to very low, lower and moderate income households. Santa Cruz County supports and encourages the development of new affordable housing opportunities and expects its permit allocation process to reflect this philosophy. Therefore, the County has revised its process so that affordable units are exempted from the allocation system. Permits will be readily available for the total number of units projected to be needed for very low, lower and moderate income households from 1989-96.

The County will continue to allocate permits for housing units for above moderate income households through the permit allocation system. Approximately 590 permits would need to be allocated on a yearly basis from 1991-96 in order to meet the AMBAG estimate of need for above moderate income housing units. This was developed by taking the total new construction goal for 1989-96 and subtracting out the goal for very low, lower and moderate income households. After adjusting for building permits issued from 1989-90, a revised goal for above moderate income units for 1991-96 then results.

The County continues to encourage the development of second units. Ordinances revising the Second Unit Ordinance in 1994 and 1997 have made these affordable units more attractive for property owners to develop. It is projected that 13,433 units can be constructed under current policies (see appendices 22 through 24). In



addition, the County is considering allowing the construction of second units on agriculturally zoned land, which would allow an additional 1,685 second units to be produced for farm workers and farm families.

The County's recently enacted ordinances that allow for the replacement of substandard farm worker housing and the upgrading and conversion of recreational vehicle parks to permanent occupancy will result in 300 substandard units being substantially rehabilitated and/or replaced. In addition, the County allows the creation of new residential units in conjunction with commercial development on vacant and underutilized commercial properties. Existing policies will allow up to 588 new residential units in Mixed-Use developments.

#### **OBJECTIVE 4.1**

To facilitate and encourage the use of allocated and available permits through simplified and expedited permit processing procedures and technical assistance and support to the development community. Exempt units affordable to very low, lower and moderate income households from the permit allocation process in order to facilitate meeting new construction goals for affordable housing.

#### **OBJECTIVE 4.2**

Ensure that an adequate amount of publicly and privately held land is designated in the General Plan and appropriately zoned to accommodate the County's housing goals for affordable units.

#### **EXISTING POLICIES/PROGRAMS TO CONTINUE:**

##### **1. Permit Allocation System**

**Program Description:** The County will revise its permit allocation system by exempting units affordable to very low, lower and moderate income households. The maximum number of units exempted will equal or exceed the new construction goal for very low, lower and moderate income households as identified by the County's housing goals.

**Objective:** Exempt units affordable to very low, lower and moderate income households from the permit allocation system.

**Time Frame:** 1991-1996 Ongoing

**Responsible Party:** Planning Department, Board of Supervisors

##### **2. Permit and Development Processing**

**Program Description:** Continue to implement the recommendations contained in the Western Productivity Group, Inc. Report (1989) and the Zucker Systems Report (1990) and additional "reform" measures which can improve permit procedures. In particular, recommended program and procedural changes that will reduce permit processing time, eliminate confusion and provide a better level of customer service to all potential clients should be evaluated and implemented as quickly as possible.

**Objective:** Coordinated and efficient processing of development and permit applications and reduced application time lines.

**Time Frame:** 1991-1996 Ongoing

**Responsible Party:** Planning Department, Board of Supervisors

##### **3. Inventory of Vacant and Underdeveloped Parcels/Rezoning**

**Program Description:** Maintain and improve upon the inventory of vacant and underdeveloped parcels in the County, both within the Urban Services Line (USL) and in rural areas. Evaluate the appropriateness of rezoning existing residentially zoned land to higher density; especially sites that would be appropriate as "I" sites (higher density, affordable housing sites); investigate the potential for redesignating

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commercial, industrial or publicly-owned land to residential; or, permitting residential uses in combination with commercial and industrial use.

**Objective:** Increase supply of land available for residential use, including accessory dwelling residential use, in the County unincorporated area to assure that enough land is available to meet affordable housing goals.

**Time Frame:** 1991- 1993 : Update existing inventory of vacant and underdeveloped parcels.  
1993- 1994: Based on General Plan Update recommendations and the results of the 1991-93 inventory, evaluate rezoning or redesignation of appropriate vacant/underdeveloped land to allow increased residential use.

~~1993-1996- Ongoing:~~ Maintain and update inventory of vacant/underdeveloped parcels as needed.

**Funding:** CDBG "Planning and Technical Assistance" Grant (1991)

**Responsible Party:** Planning Department, Board of Supervisors.

#### EXISTING POLICIES/PROGRAMS TO BE REVISED:

##### 4. Annual Report on Growth Goals and Building Activity

**Program Description:** In its annual report to the Board of Supervisors on growth goals, the Planning Department shall also include information on:

- a) level of residential construction during past year and the level of density to which parcels have been developed. In specific, the report shall summarize land divisions or subdivisions approved/constructed and a comparison of the maximum allowable density for those parcels and the density actually approved, and
- b) progress, on achieving the new construction goals as identified in this Housing Element.

**Objective:** Annual update and review of level of residential activity and relationship to new construction goals.

**Time Frame:** Annually, ~~1991-1996~~ Ongoing

**Responsible Party:** Planning Department, Board of Supervisors

##### 5. Density Bonus Program

**Program Description:** The County shall continue implementation of an ordinance which complies with State Density Bonus Law providing a 25% density bonus (plus the potential for additional incentives) to developers proposed 10% very low or 20% lower income or 50% qualifying senior projects. ~~The County exceeds the State requirements by offering up to a 50% density bonus for qualifying senior housing projects in which 100% of the units are affordable.~~

**Objective:** Implement State Density Bonus Law

**Time Frame:** 1994: Adoption of Ordinance; ~~1994-96- Ongoing:~~ Ordinance Implementation

**Responsible Party:** Planning Department, Board of Supervisors

##### 5.1 Accessory Dwelling Second Unit Program

**Program Description:** Continue implementation of the County's Second Unit Ordinance ~~that was adopted in 1993 by the Board of Supervisors, entailing revisions to the County's former Second Affordable and Accessory Second Dwelling Ordinances. The ordinance revisions that~~ provides greater flexibility in the areas of second unit design, size and location, as well as in tenancy types and eligibility criteria. ~~Consider eliminating the guest house ordinance in conjunction with implementation of the accessory dwelling program to facilitate the beneficial housing impacts anticipated. Prepare public information and program outreach materials, and monitor program activity.~~

**Objective:** Second units produced in both the rural and urban areas of the County for income eligible and/or family member tenants.

**Time Frame:** ~~1994-1996~~ Ongoing

**Responsible Party:** Planning Department, Housing Advisory Commission, ~~Housing Authority,~~ Redevelopment Agency, Board of Supervisors

## NEW POLICIES/PROGRAM:

### 6. Land Use Consistency

**Program Description:** Review General Plan use designations and zoning designations on land parcels to ensure that two designations are consistent.

**Objective:** Consistent designations on parcels to eliminate confusion and reduce permit processing time lines.

**Responsible Party:** Planning Department, Board of Supervisors

### 7. Residential Fee Structure

**Program Description:** Review existing residential unit and second unit fee structure; evaluate appropriateness of current fee structure and simplify where necessary.

**Objective:** Consistent and appropriate residential fees

**Time Frame:** ~~1991-1994~~ 2001-2

**Responsible Party:** Planning Department, Department of Public Works, Board of Supervisors

### 7.1 Retention of Designations for Properties Designated Urban High or Urban Medium Residential and Zoned RM

**Program Description:** Retain the current General Plan designations and zoning for property currently designated Urban High or Urban Medium Residential and zoned Multifamily Residential (RM) unless the Board of Supervisors finds, after public hearing, that development of one or more of the properties as multifamily housing would result in a threat to public health or safety, a significant injurious threat to the environment, or a nuisance. This policy does not change the existing General Plan policy and the County Zoning Ordinance which allow for single family development on property zoned for multifamily housing.

**Objective:** retention of land designated to multifamily housing

**Time Frame:** 2000 - 2002

**Responsible Party:** Planning Department, Housing Advisory Commission, Board of Supervisors

### 7.2 Financing Program for Affordable Development

**Program Description:** The County, and the Board of Supervisors in its capacity as the Redevelopment Agency (RDA), shall continue and enhance its financing program for developments at least 35% lower or very low income rental housing and target the financing to property Urban Medium Residential and zoned Multifamily Residential (RM). The RDA shall establish a fund to assist in development costs, infrastructure fees or improvements, construction costs, and other such costs as are appropriate. The County shall also provide priority of review consistent with the current County ordinances. The RDA shall retain flexibility to utilize its funds for other low, very low, or very, very low income and other projects authorized under Redevelopment Agency Law.

**Objective:** Provide financial assistance for affordable projects

**Time Frame:** Ongoing

**Responsible Party:** Redevelopment Agency, Board of Supervisors

### 8. Residential/Commercial Live/Work Mixed Use Development

**Program Description:** Through the General Plan Update and town plans, evaluate the potential of additional housing provided on upper floor areas in commercial areas. Where elements of convenience, commercial property security and compatible environments warrant, consider the possibility of encouraging allow live/work mixed use developments. In addition, evaluate appropriate incentives (such as reduced parking requirements) as well as zoning incentives to encourage "work/live" spaces in such

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~~areas. Maintain existing language in adopted town plans to facilitate these uses.~~

**Objective:** Additional residential units provided in commercial and mixed use areas.

**Time Frame:** Ongoing

**Responsible Party:** Planning Department, Board of Supervisors

#### 9. Allowance of Residential Uses in Commercial Zones

~~Program Description:~~ Through the General Plan Update and town plans, consider allowing higher density. When appropriate, allow residential development, secondary to the commercial use, in allowable commercially-zoned areas.

**Objective:** Additional “close-in residential” units provided in commercial areas.

**Time Frame:** 1998 - 2000, 2002

**Responsible Party:** Planning Department, Board of Supervisors

#### 10. Clarification of Lane Use Regulations

**Program Description:** As directed by the Board, revise Land Use and Zoning regulations of the County Code (Volume 2) with the goal of clarifying and simplifying regulations for use by the public and the development community.

**Time Frame:** 1991 - 1994

**Responsible Party:** Planning Department, Board of Supervisors

#### 10.1 Construction Legalization Program

**Program Description:** As approved by the Board of Supervisors, allow building and/or development permit to be issued to structures lacking permits built on or before October 19, 1993, if they meet applicable building and development regulations currently in effect; or those in effect the time of construction, if health and safety hazards are not created; or subject to Planning Director approval.

**Objective:** Recognize existing illegal residential additions and/or units.

**Time Frame:** 1994 - 1996

**Responsible Party:** Planning Department

#### 10.2 Fair Share Housing

~~Program Description:~~ Work with the City of Watsonville to consider possible allocation local jurisdictions to recognize the transfer of County Fair Share Goals to Watsonville in conjunction with County support for City annexations to meet Pajaro Valley housing needs.

**Objective:** Pursue with the -cooperative formulation and allocation of Regional Fair Share Housing Goals in conjunction with annexations of unincorporated areas for the Pajaro Valley.

**Time Frame:** 1994 - 1996 Ongoing

**Responsible Party:** Planning Department, Planning Commission, Board of Supervisors

#### 10.3 Second Unit Incentives

**Program Description:** Revise applicable County regulations to adopt and implement the following incentives (see appendices 23 and 24 for additional information):

- Lower level of review from Level 5 (public hearing) to Level 4 (administrative review)
- Reduce application fee
- Increase the maximum allowable size of second units
- Reduce siting and related requirements
- Eliminate two person occupancy restriction
- Create flexibility for vacant second units
- Reduce frequency of reporting occupancy status
- Streamline eligibility certification process

**Objective:** Increase the affordability of and incentives for creating second units.

**Time Frame:** 1997 -2002

**Responsible Party:** Planning Department, Housing Advisory Commission, Redevelopment Agency, Board of Supervisors

#### 10.4 Farm Family and Farm Worker Second Unit Program

**Program Description:** Consider allowing second units to be produced on agriculturally zoned land subject to development standards that are sensitive to and appropriate for rural sites including the size and location of the unit.

**Objective:** Increase the supply of decent affordable housing for farm families and farm workers in rural areas of the County.

**Time Frame:** 2001 - 2002

**Responsible Party:** Planning Department, Housing Advisory Commission, Agricultural Policy Advisory Commission, Redevelopment Agency, CAO's Office, Board of Supervisors

#### 10.5 Second Migrant Farm Worker Housing Center

**Program Description:** Consider identifying an appropriate site and seeking funding to develop a second migrant farmworker housing center like the current Office of Migrant Services Center in South County.

**Objective:** Increase the supply of decent affordable housing for migrant farmworkers.

**Time Frame:** 2001 - 2002

**Responsible Party:** Planning Department, Housing Advisory Commission, Agricultural Policy Advisory Commission, Housing Authority, Board of Supervisors

#### 10.6 Development Fee Financing Program

**Objective:** Increase the production of affordable housing throughout the County, including second units and farmworker housing by financing or deferring the payment of development fees.

**Time Frame:** 2001 - 2002

**Responsible Party:** Planning Department, Housing Advisory Commission, Redevelopment Agency, CAO's Office, Board of Supervisors

## HOUSING AFFORDABILITY

To protect and increase the supply of housing affordable to very low, lower and moderate income households.

Information cited earlier in this Element highlights the increasing cost of securing housing in the County. The median sales price of an existing home in the south county area (1990) was approximately \$194,711 and sales prices in the north county area were even higher with the median at \$271,829. These prices typically exclude all households except those with above moderate income and even some of those households cannot afford to purchase a home unless they have sufficient equity to use as a down payment.

The rental housing market is usually the more affordable choice for lower and moderate income households, however, in Santa Cruz County, very low and lower income households in particular often spend a larger proportion of their monthly income for rent than is considered "affordable". As Table 3.9 demonstrates, the average very low income household of 4 persons could "afford" to pay \$496 per month for housing, but the average one bedroom rental unit in northern Santa Cruz County was renting for \$630 in 1990. The shortage of affordable rental units is demonstrated by the fact that the Housing Authority had over 6,000 households on their waiting list for Section 8 or other rental assistance in 1990. Approximately 52% of those households listed were residents of the unincorporated area.

## **AFFORDABILITY: NEW CONSTRUCTION**

As part of the County's Growth Management Program, there is a stated goal that at least 15% of all newly constructed housing be affordable to lower and moderate income households. In the County's Redevelopment areas, this requirement is further strengthened by State redevelopment law which also specifies that 15% of the total number of units built in the area be affordable to low and moderate income households, and 40% of these units, or 6% of the total, be available to very low and 9% to lower income households.

The affordability goals as identified by AMBAG in their 1990 "Regional Housing Needs Plan" contain estimates of new housing needs according to household income levels. In that document, AMBAG estimates that 64% of new housing opportunities from 1989-96 should be affordable to very low, low and moderate income households. In developing these estimates, AMBAG's primary objective was to encourage similar distributions of lower income households throughout the region and to discourage concentrations of any one household type in any area. As noted earlier in this Chapter, it is projected that 7,672 units are needed to meet the new construction goals of the "Regional Housing Needs Plan" according to AMBAG's projections.

In order to encourage the development of units needed to reach the AMBAG fair share projections, the County has revised its allocation process so that units affordable to very low, lower and moderate income households are exempt from the process. ~~Further, the~~ The County has also supported the development, preservation and improvement of approximately 486-657 affordable units and 60 beds for special needs populations ~~currently (1992) through the year 2000 (see Table 8.2) and provided financial and/or regulatory relief for at least 1,305 units of affordable housing (see the discussion under "Codes and Enforcement" in Section 4.7). Further, the County is currently (as of 2000) supporting the development, preservation and improvement of an addition 295 affordable housing units (see Table 8.3) and will consider encouraging the production of affordable housing by proposed revisions to the Capital Improvement Fees structure and by providing financing for development fees.~~

In addition to the pending affordable units, there will also be units produced through the inclusionary housing program (Measure J). A minimum of 15% of all new units constructed are required to be affordable to very low, low or moderate income households according to Measure J requirements and as specified by the County's Affordable Housing Requirements. ~~The County is currently considering increasing the inclusionary requirement to 20-25% as part of the comprehensive revisions to the Affordable Housing Ordinance and the "Income, Asset and Unit Price Guidelines."~~ The County is also considering increasing the opportunities for ~~second, affordable units (1993).~~

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**Table 8.2**  
**Pending Affordable Units 1992**  
**County of Santa Cruz**

———— # of Units Affordable to:

Total Units	Very Low	Lower —*	Moderate	Project	Location	Housing Type
101		51	50	Arroyo Verde	Pajaro Valley	Ownership
129		129		Paloma de Mar	Pajaro Valley	Rental (Senior)
18	18			Stepping Out	Cabronera	Rental (Disabled)
2	2			Habitat	Live Oak	Ownership
21		21		Housing for Ind. People	Live Oak	Rental (Disabled)
15	15			Merrill Road	Soquel	Rental
31	31			Lagoon Beach Apartments	Live Oak	Ownership: Rehab Rentals
39	39			Cunnison Lane	Soquel	Rentals
60	0	34	26	O'Neill Ranch	Soquel	
-	36	36		Aptos Village	Aptos	
<b>Total</b>	<b>486</b>	<b>305</b>	<b>76</b>			

\*Unit affordable to lower income households may also be occupied by very low income households. (Note: these projects were all approved)

**Table 8.2**  
**Affordable Housing Project Assisted**  
**(Projects Completed through 2000)**

Project	Description	Developer	No. Units	Status
Habitat for Humanity (scattered sites)	New construction; single family houses for sale to very low income	Habitat for Humanity	6	Completed
Pacific Family Mobile Home Park	Conversion of mobile home park to limited equity co-op; low income coach owners	Santa Cruz Community Housing	34	Completed
VOA Senior Housing	New construction apt. units; very low income seniors	Volunteers of America	75	Completed
Lagoon Beach Cooperative	Apt. conversion to limited equity cooperative; very low income	Santa Cruz Community Housing	31	Completed
Stepping Out	New construction apartments; very low income disabled adults	Stepping Out Housing, Inc.	18	Completed
Cunnison Lane/Farm	New units/child care; very low income families	Mid-Peninsula Housing Coalition	39	Completed
Brommer Street	Apt. purchase/rehab.; transitional housing formerly homeless families	Housing Authority	6	Completed
Woodland Heights	Preserve affordability of low income senior rental project	Vosti Properties	68	Completed
Arroyo Verde	Enhance affordability of very low and low income ownership project	Housing Authority	101	Completed
Merrill Road	New construction; v. low income families	Housing Authority	15	Completed
Casa Linda	New construction; single family houses for very low income families	Housing for Indep. People	21	Completed
Beachcomber Mobile Home Park	Conversion of mobile home park to limited equity co-op; low income coach owners	Santa Cruz Community Housing	73	Completed
CDBG Housing Rehabilitation	Rehabilitation of single family, apartments and mobile homes; low income	Various	16	Completed
Murphy's Crossing	Rehabilitation and purchase of farm labor camp; low and very low income	Mid Peninsula Housing Coalition	18	Completed
Sorrento Oaks	Private mobile home park conversion; loans to low income park residents	Private Cooperative	13	Completed
Tierra Alta	Sanitation improvements for low and very low income farm worker housing	Housing Authority	36	Completed
Foreclosure Fund	Measure J preservation; low and moderate income homeowners	RDA	3 (to date)	Completed
Cliffwood Estates Mobile Home Park	Private mobile home park conversion; loans to low income park residents	Private Cooperative	9	Completed
Willowbrook Assisted Care Housing	Assisted living housing and affordable rental units	Willowbrook LLC	40 beds + 4 units	Completed
Above the Line	Transitional housing for formerly homeless teens & affordable rental units	Mercy Housing	20 beds + 7 units	Completed
McIntosh Mobile Home Park	Preserve, expand, and upgrade mobile home park; low income	Mercy Housing	28	Completed
First Time Home Buyer Program	Assistance to low and very low income households to purchase homes	RDA	37 (to date)	Ongoing
Mobile Home Rehab. Program	Loans to low and very low income mobile home owners for coach upgrades	RDA	10 (to date)	Ongoing
Last/Deposit Program	Loan program to low income households to avoid homelessness	Housing Authority (contract w/ RDA)	0	Ongoing
Families in Transition	Program to assist lower income homeless families transition to self-sufficiency	Families In Transition	0	Ongoing
			717 60 657	units and beds beds units

**25** Units



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**Table 8.3**  
**Affordable Housing Project Assisted**  
**(Projects In Process as of 2000)**

Project	Description	Developer	No. Units	Status
Vista Verde Apartments	New units and child care for very low income families	South County Housing	76	Under Construction
San Andreas Farm Labor Housing	Reconstruction of dilapidated farmworker housing	Mid Peninsula Housing Coalition	43	Under Construction
Seascape	Property deeded to County for affordable housing	Not yet identified	Est. 40	In Progress
Habitat for Humanity Harper Street	New construction; single family houses	Habitat for Humanity	2	In Progress
McGregor	New Construction Rental Housing	Housing Authority	34	In Progress
Pajaro Lane	New Construction Rental and Ownership	South County Housing	100	In Progress
First Time Home Buyer Program	Assistance to low and very low income households to purchase homes	RDA	0	Ongoing
Mobile Home Rehab. Program	Loans to low and very low income mobile home owners for coach upgrades	RDA	0	Ongoing
Last/Deposit Program	Loan program to low income households to avoid homelessness	Housing Authority (contract w/ RDA)	0	Ongoing
Families in Transition	Program to assist lower income homeless families transition to self-sufficiency	FIT	0	Ongoing
Total Units			295	

**OBJECTIVE 4.3**

Support the development of affordable units by providing a good faith effort to meet the new construction goals for very low, lower and moderate income households as identified in the County's housing goals.

**AFFORDABILITY: PRESERVATION OF EXISTING AFFORDABLE UNITS**

There are three areas of need in regard to preservation:

- 1) Preserving existing stock of affordable units that have been financed with government assisted financing,
- 2) Conserving mobile homes as a source of affordable housing, and
- 3) Protecting existing rental housing stock from being converted to ownership units.

**Government Assisted Affordable Units**

According to Table 5.1, there are a total of 1,329 affordable units in the unincorporated area of the County. Of these units, 698 units have been assisted with HUD financing. These 698 units are located in the following projects: As the following chart shows, there are 737 units in the County that have been assisted with HUD financing. These units, the HUD program(s) under which they were financed and the year in which their affordability restrictions may expire are listed below:

Name	# of Units	HUD Program	Expiration
Villa San Carlos	200 units	Section 236/Section 8	1991 (70 Units) 1992 (40 units)
Pajaro Vista	105 units	Section 221(d)(4)/Section 8	2003

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Seaside Apartments	84 units	Section 22 1 (d)(4)/Section 8	2003
Elizabeth Oaks	126 units	Section 22 1 (d)(4)/Section 8	2003
VOA	76 units	Section 202/Section 8	2006
Stepping Out	18 units	Section 202/Section 8	2012 (20 years from 5/22/92)
Casa Linda	21 units	Section 202/Section 8	2016 (20 years from 1/8/96)
Seascape Senior	80 units	Section 202/Section 8	2023
Seapines	27 units	Section 8	2023
<b>Total HUD units</b>	<b>737 units</b>		

Of these projects, there are two government assisted developments that could potentially convert to market rate housing during the ten year period from 1991-2001. These two developments are:

**1) Villa San Carlos, 2500 Soquel Drive, Santa Cruz**

Villa San Carlos is a rental housing development of 200 units; approximately 144 of those units are family units and 56 are senior/handicapped units. The Section 236 mortgage is not due to expire until 2012; however, the project had 70 Section 8 contracts expire in 1991 and another 40 contracts expire in 1992. Generally, HUD has been renewing the Section 8 contracts for five year terms; these contracts scheduled for expiration were renewed until 1996 and 1997 respectively. The County continues to monitor the status of the Section 8 contracts and advocate for their renewal during the time frame of this Housing Element.

**2) Pajaro Vista, 1955 Pajaro Lane, Freedom**

Pajaro Vista is a rental development of 105 units designed for senior and handicapped households. This development is assisted with Section 221(d)(4) and Section 8 rental subsidies. The Section 8 subsidies were due to expire in January 1994. In December 1990, the owners of the development sent correspondence to the County Redevelopment Agency indicating that they plan to renew their Section 8 contract for the next live year period (from 1994 - 1999). Similar to Villa San Carlos above, the County will continue to monitor the status of the Section 8 contracts and advocate for their renewal during the time frame of the Housing Element.

It is important that projects such as the two identified on the previous page be preserved. The cost of replacing these types of units would be very expensive in today's market. As noted in Section 4.7, the cost of new construction for multi-family residential units is approximately \$163,800 for a 1,300 square foot unit. This estimate was developed using mid-range costs for both land and construction and the overhead and profit were deleted, then the typical cost for a 1,300 square foot unit in 1991 dollars would be \$85,000; for a 1,000 square foot unit, the cost would be \$75,000; and for an 800 square foot unit, the cost would be \$68,000. Using these costs as rough estimates, following would be the cost to replace the two projects noted previously with new units designed to accommodate the same type of households:

<b>1. Villa San Carlo</b>	144 Family Units (1000 square feet)	144 @ \$75,000 each = \$10,800,000
	56 Elderly Units (800 square feet)	56 @ \$68,000 each = \$ 3,808,000
		<b>Total = \$14,608,000</b>
<b>2. Pajaro Vista</b>	105 Elderly Units (800 square feet)	105 @ \$68,000 each = \$ 7,140,000
		<b>Total = \$ 7,140,000</b>

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The costs noted above are estimates of new construction, replacement costs. However, these are “low-end” conversion cost estimates. The cost to acquire the units “as is” would be less but there would probably also be renovating and maintenance costs that would have to be added on to the sales price.

The major concern for both Villa San Carlos and Pajaro Vista is not prepayment of mortgages (although Pajaro Vista’s 221 (d)(4) could be paid but is not likely), but rather the potential loss of Section 8 rental subsidies. Should the Section 8 contracts expire and not be renewed by HUD or the owners-~~not appear likely or feasible at this time~~, then there is a possibility that the rents could increase for the tenants. Possible courses of action at that time would be for a request for Section 8 vouchers from the set-aside pool that HUD maintains or possible assistance through other funding sources such as the Redevelopment Low and Moderate Income Housing Fund. Further, the County Housing Authority has indicated that they would be willing to assist in any efforts necessary to maintain the affordability of these units. Therefore, at this time, the necessary course of action will be for the County to continue to monitor these two projects and to develop a program to assist these units in the event that the Section 8 contracts are not renewed.

Other than the two projects noted above, there do not appear to be any other affordable units in the unincorporated areas that are in threat of being converted to market rate housing. There are no Farmers Home or CHFA (California Housing Finance Agency) assisted units in threat of conversion in the forecasted time period, according to the Housing Authority. Regarding the County’s inclusionary housing program, most units built under the County’s program (Measure J) carry permanent affordability restrictions upon resale (restrictions vary from a minimum of 10 years to “in perpetuity”) and, in addition, the County has established a Foreclosure Fund to protect the loss of any of these units in foreclosure proceedings.

There are Section 8 Moderate Rehabilitation units in the County whose contracts might be expiring in the 1991-2001 time frame but, according to data from the Housing Authority, all of these units are located in incorporated areas.

### **OBJECTIVE 4.4**

Preserve the existing affordable housing inventory of 1,329 housing units through the following actions:

- a) monitor the status of the renewal of Section 8 contracts for both Villa San Carlos and Pajaro Vista
- b) preserve the existing affordable housing stock by maintaining a comprehensive and updated information data base on the units included under the inclusionary housing (Measure J) program and other units considered to be “affordable.” Information to be maintained includes household income levels, household type, rent levels, sales prices, affordability restrictions, household tenure, etc.,’ and
- c) continue to utilize the Foreclosure for Affordable Units to assist threatened affordable units.

### **CONSERVATION OF MOBILE HOME PARK STOCK**

Mobile homes represent an important and valuable source of affordable housing opportunities, especially for senior households. There were 3,480 mobile homes in the unincorporated area of the County as of January 1, 1990. These mobile homes represent 57% of all mobile homes in the entire County (unincorporated as well as incorporated areas). It is important that the County preserve these mobile homes opportunities by 1) ensuring that the mobile home parks in which they are located are not converted to other uses 2) actively assisting in the purchase of the parks by the mobile home residents, and 3) facilitating maintenance and rehabilitation of the existing mobile home units.

**OBJECTIVE 4.5**

Conserve the County's existing stock of 3,480 mobile homes by continuing to enforce County ordinances that protect mobile home parks from conversion and provide rent stabilization agreements.

**PROTECTING RENTAL HOUSING STOCK**

Rental units are an important part of a community's housing stock, primarily because they usually are more affordable than owner-occupied housing units. It is important that rentals, especially **multi-family** apartment units, are available in a housing market so that there are a variety of housing opportunities for very low and lower income households in particular. Priorities for the County in producing and preserving the rental housing stock include preventing conversion of multi-family apartments to condominiums through the Condominium Conversion Ordinance, supporting the Section 8 (existing) rental subsidy program by preserving the existing number of Section 8 subsidies, requiring relocation assistance for displaced tenants, requiring interest payments of tenants' security deposits, and requesting additional subsidies to meet the County's housing needs.

**OBJECTIVE 4.6**

Preserve the County's existing stock of rental units and assist in the production of new rental units, as they provide affordable housing opportunities.

**EXISTING POLICIES/PROGRAMS TO CONTINUE:****11. Affordable Housing Production**

**Program Description:** Support the development of new affordable housing opportunities for very low, lower and moderate income households by:

- a) Exempting affordable units from the Permit Allocation System (see Program #1),
- b) Continuing the Inclusionary Housing Program (Measure J) and revising the Affordable Housing Ordinance (Chapter 17.1) as necessary: to simplify the program; and, to create incentives for developers to participate in the program such as financial incentives or technical assistance (i.e. special permit handling, priority processing) incentives,
- c) passage of a Density Bonus Ordinance which provides incentives to developers proposing 10% very low or 20% lower income or 50% qualifying senior projects,
- d) Increasing coordination with the Redevelopment Agency in providing incentives to developers and
- e) Seeking the \$398-643 million dollars in funding necessary to subsidize the production of the estimated 4,675 - 7,672 affordable housing units.

**Objective:**

Very low income households: 2,090 - 3,430 units;

Lower income households: 1,266 - 2,077 units

Moderate income households: 1,319 - 2,165 units

TOTAL: 4,675 - 7,672 Units

**Time Frame:**

1991-92: Revising permit allocation process to exempt affordable units

1993-94: Revising Affordable Housing Ordinance and creating Density Bonus Ordinance

1991-1996: Supporting residential development within commercial areas, as appropriate.

1998-on: Supporting the production of 4,675 - 7,672 affordable units and pursuing the funding necessary from State, Federal and other sources.

**Program Description:** Continue to implement County Code Chapter 13.13, as may be amended from time to time, which provides guidelines for the mobile home rent stabilization program. Implement 1999 amendments that extended rent control protections to long-term residents of RV and Trailer parks. In addition, continue to implement County Code Chapter 13.30 which restricts mobile home parks owners from converting parks to other uses. Consider creating a special land use category for mobile homes and designating existing parks as “Mobile Home Parks” on General Plan Land Use Map. Maintain the Mobile Home Co-op Conversion Program managed by the Redevelopment Agency.

**Objective:** Preserve existing mobile home parks and actively assist in providing affordable housing opportunities through rent stabilization and cooperative conversion programs.

**Time Frame:**

1991-1994: Evaluate feasibility of creating special land use category for mobile home parks on General Plan Land Use Map.

**Responsible Party:** Planning Department, Board of Supervisors, Redevelopment Agency

**13. Condominium Conversion and Demolition/Replacement Housing**

**Program Description:** Continue to implement the Condominium Conversion Ordinance (County Code Chapter 14.02) to protect the rental housing stock. Continue to implement the Demolition and Replacement Ordinance (County Code Chapter 12.06) which requires replacement of affordable housing units, in the Coastal Zone, that are demolished or converted to non-residential use and located in projects of 3 or more units.

**Responsible Party:** Planning Department, Board of Supervisors

**14. Coordination with Other Public and Private Organization**

**Program Description:** Continue to work with the Housing Authority, non-profit housing developers and for profit developers on developing affordable housing opportunities. Maintain adequate data bank on housing stock characteristics and make available to interested parties who may need it for funding applications and program descriptions:

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors

**15. Foreclosure Fund**

**Program Description:** Continue to maintain a revolving fund to assist inclusionary (Measure J) units or any other eligible affordable in threat of foreclosure proceedings. The funds are used to maintain the affordability of the unit to a lower or moderate income household and to preserve the unit as part of the County’s affordable housing stock.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors, Redevelopment Agency

**Financing:** \$140,000 in “start-up” funds already provided; additional funds as needed from “in-lieu” fees or other sources.

**15.1 Interest on Tenants Security Deposits**

**Program Description:** Continue to require that tenants security deposits earn interest that is payable to the tenant on an annual basis or at the time tenancy ceases. Interest rates will be evaluated to ensure that they reflect general market conditions.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, County Administrative Officer, Auditor’s Office, County Treasurer, Housing Advisory Commission, Consumer Affairs.

**EXISTING POLICIES/PROGRAMS TO BE REVISED:****16. Affordable Housing Outreach**

**Program Description:** Designate the “Affordable Housing Outreach” program as a high priority work task for the 199 1- 1996 program years. As part of that program, include the following items for staff to complete:

- a) Aggressively inform the public and the development community about the availability of permits for affordable housing units.
- b) Continue to work towards improving the public’s perception of the Planning Department’s attitude about housing, especially affordable housing. Nurture an approach to housing development, with staff that are enthusiastic and helpful to developers who wish to provide affordable housing. Fast tracking of applications,
- c) Use consistent language in reporting information on affordable housing. Affordable housing includes the inclusionary (Measure J) program as well as other units developed with government assistance, whose affordability is restricted for a period of time.
- d) Provide improved household and unit data for the County’s affordable housing units, including the inclusionary units as well as other affordable units built by non-profit developers. Organize the data as appropriate for the needs of the Planning Department, Redevelopment Agency and the Housing Authority. At a minimum, include:
  - # of total housing units developed
  - # of total affordable units developed (including inclusionary units)
  - # of Inclusionary (Measure J) units developed
  - # of affordable units according the household income categories; that is, a breakdown of units according to whether they are affordable by very low, lower or moderate income households
  - # of affordable units by income category (see above) and household tenure (owner or renter)
  - type and length of affordability restrictions and monitoring requirements.

Report the information above on an annual basis in the staff report prepared for the establishment of growth rates and permit allocations.
- e) In conjunction with e) above, monitor the location of affordable units in the County. Develop and implement a policy which encourages the proportional distribution of affordable housing units in the County, based on the existing supply of affordable housing, the development potential of the area, and the access to employment opportunities.
- f) Prepare a brochure outlining requirements and procedures for affordable housing.

**Objective:** Maintain a preserve existing inventory of affordable housing stock. Encourage use of building permits allocated for affordable units.

**Time Frame:**

1991-1996: Implement Affordable Housing Outreach Program

199 1- 1996: Maintain and update information on affordable housing stock as identified in “e” above; Monitor location of affordable units in County.

**Responsible Party:** Planning Department, Redevelopment Agency, Housing Authority, Board of Supervisors.

**17. “Second Unit” Programs**

**Program Description:** Implement the ~~newly amended revised~~ Second Unit Ordinance so that more property owners are encouraged to provide second units. Create incentives (either financial or technical assistance with permit processing) to encourage property owners to provide more affordable units and develop public information/outreach program to correct public misperceptions and encourage program participation (see Appendices 23 and 24).

~~Lowered level of review from Level 5 (public hearing) to Level 4 (administrative review)~~

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- Reduced application fee
- Increased maximum unit size
- More flexible siting standards
- More flexible occupancy standards
- Streamlined eligibility certification process
- Reduced reporting requirements

**Objective:** At build-out, ~~11,398~~ 9,060 units in the rural area and 4,373 units in the urban area, with a limitation of 5 units per year in the Live Oak planning area.

**Time Frame:** ~~1993-1996~~ Ongoing

**Responsible Party:** Planning Department, Board of Supervisors, Housing Advisory Commission, Redevelopment Agency, ~~Housing Authority~~, Public Works Department

### 18. Leverage Additional Affordable Housing Funds

**Program Description:** Aggressively explore the variety of potential financial assistance programs from both the public and the private sector to provide more affordable housing units. Examples of public and private sector fund resources include the list in Appendix #1.

**Objective:** Secure additional funding sources for affordable housing opportunities.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors, Redevelopment Agency, Housing Authority, Housing Advisory Commission, County Administrative Office.

## NEW POLICIES/PROGRAMS:

### 19. Innovative and Cost Effective Building Technology

**Program Description:** Encourage the production of more affordable units through modern building technology, such as manufactured housing. Such housing would need to demonstrate that it meets building code, design criteria and neighborhood compatibility standards. Evaluate the possibility of adopting a policy encouraging developers of affordable housing to consider the use of manufactured housing in their developments.

**Time Frame:** 1992-1994. Evaluate potential policies and programs to encourage use of manufactured housing in residential developments.

**Responsible Party:** Planning Department, Board of Supervisors

#### 19.1 Modular Second Units Consistent with Design Standards

**Program Description:** Consider allowing the use of single-wide manufactured housing for farm worker and farm family second units.

**Objective:** Reduced construction costs for farm worker second units.

**Responsible Party:** Planning Department, Housing Advisory Commission, Board of Supervisors

### 20. Coordination with New Community Housing Program Initiatives

**Program Description:** Support the work of the Greater Santa Cruz County Community Foundation in their objective to develop a public-private initiative to address housing issues. The Foundation has been awarded a \$500,000 grant to administer a 5 year program designed to bring together public and private leaders in the community to identify housing problems and solutions. Encourage the Foundation to develop programs that will provide for greater affordable housing opportunities in the County.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors, County Administrative Office

### 21. Housing Trust Fund

**Program Description:** Investigate the feasibility of developing a Housing Trust Fund to provide an additional source of financing for housing that is locally-controlled and managed.

Housing Trust Funds have been established in other communities to provide additional sources of funding and program support for affordable housing. Examples of funding resources that other communities have been used to establish Housing Trust Funds including real estates property transfer taxes, hotel and motel taxes, private and public donations and General Fund transfers.

**Time Frame:** 1992-1994

**Responsible Party:** Planning Department, Board of Supervisors, County Administrative Office

## 22. Preservation of Affordable Units, Including Government Assisted Housing Developments

**Program Description:** Preserve the affordable housing units in the County's housing stock (1,329 units as of December, 1990). A significant portion of those 1,329 units are the 698 affordable units that have been assisted with HUD financed mortgages and/or Section 8 assistance. Two of the HUD-assisted developments, Pajaro Vista and Villa San Carlos, are scheduled to have their Section 8 rental subsidies renewed during the time frame of this Housing Element. Monitor the status of those renewal contracts and develop contingency plans as needed if contracts are not renewed.

**Objective:** Preserve affordable units, including 698 HUD-assisted units.

**Time Frame:** 1991- 1994: Monitor Villa San Carlos Pajaro Vista developments

**Funding:** If assistance is needed to preserve the Villa San Carlos or Pajaro Vista units, potential funding resources include CDBG funds, Redevelopment housing funds, Foreclosure Funds for Affordable Units and the funding sources listed in Appendix # 1.

**Responsible Party:** Planning Department, Redevelopment Agency, Board of Supervisors

## 23. New Assistance Programs: Relocation and Rental Deposit Funds

**Program Description:** Develop programs to 1) assist residents who may need relocation assistance because of public or private actions and 2) assist lower income residents in securing housing entry costs (rental deposit and security costs). As part of the relocation program, develop policies to minimize relocation as much as possible. If relocation is necessary, design appropriate policies and funding resources to assist with both temporary and permanent relocation.

**Time Frame:**

1992-94: Develop Relocation Assistance Program

1992-94: Develop Rental Deposit Assistance Program

**Funding:** Redevelopment Housing Funds, Housing Trust Funds (Program #21 above)

**Responsible Party:** Planning Department, Board of Supervisors

## 24. Co-Housing Opportunities

**Program Description:** Evaluate the feasibility of developing a Co-Housing Ordinance. Work with local groups and individuals interested in promoting co-housing Ordinance.

**Time Frame:** 1994- 1996: If feasible, develop a Co-Housing Ordinance.

**Responsible Party:** Planning Department, Board of Supervisors

## EXISTING HOUSING CONDITIONS

To maintain and improve the physical condition of existing housing.

The County's existing stock of 52,562 housing units (as of January, 1990) is an important and valuable resource. It is critical that these units be maintained and repaired as needed so that they 1) provide safe and sanitary housing for the occupants, and 2) do not deteriorate to a point where replacement rather than rehabilitation is needed.



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Information on pages 36-39 of this document indicate that 37% of the existing housing stock in 1990 was 30 years of age or older. During the 1990-2000 decade, another 11,613 units will be 30 years of age or older; therefore, by the year 2000, a total of 31,195 units or 59% of the 1990 total housing stock will be 30 years of age or older. This is a significant number of units and, consequently, the need for rehabilitation and maintenance programs will be increased.

During the 1991-96 time frame, it is important that the County recognize the importance of maintaining and/or improving the condition of the existing housing stock by 1) continuing to seek all possible funding sources for the County's housing rehabilitation program, 2) conduct more detailed surveys of the housing condition of the entire housing stock of the County, 3) make a special effort to include rental units and mobile homes in rehabilitation efforts, and 4) plan a coordinated approach to addressing the need for housing rehabilitation. As an objective, the County will seek to provide assistance for 375-500 units during the 1991-96 time frame and will continue to encourage private rehabilitation and maintenance of housing units. It is expected that some of the 375-500 units assisted will be helped through Redevelopment housing programs.

### **OBJECTIVE 4.7**

Encourage the continued rehabilitation and maintenance of the County's existing housing stock. The objective for 1991-96 will be to assist 75-100 units per year (or 375-500 units over the five year period) with publicly assisted rehabilitation and to encourage the private rehabilitation and maintenance of units.

#### **25. Housing Rehabilitation Funding Sources**

**Program Description:** Continue to administer the housing rehabilitation program and provide financial and technical assistance to property owners to rehabilitate their housing units. Expand the rehabilitation program to include more funding resources and to ensure adequate assistance for all types of rehabilitation needs, including rental rehabilitation, rehabilitation of owner occupied units and rehabilitation of mobile homes. Seek State CDBG funds during 1991-96 period to both extend and broaden the County's existing rehabilitation program.

**Objective:** 75-100 Units Rehabilitated Annually, 375-500 total units over time frame of the Housing Element

**Time Frame:** 1991-96

**Responsible Party:** Planning Department, County Housing Authority, Redevelopment Agency, Board of Supervisors

#### **26. Housing Rehabilitation Funding Sources**

**Program Description:** To support Program #25, aggressively pursue all sources of funding for rehabilitation of housing units. The State Community Development Block Grant (CDBG) program has provided funds for the County's rehabilitation program in the past and the County will continue to request CDBG funds from the State for the continuation of the rehabilitation program. Other potential resources include the federal housing programs such as Section 312, the Rental Rehabilitation Program, the HOME program, and state housing programs such as California Housing Rehabilitation Program (CHRP) for both owner occupied and renter occupied housing.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, County Housing Authority, Redevelopment Agency, Board of Supervisors

#### **27. Maintenance of Existing Units**

**Program Description:** Continue administration of the "Civil Penalties" program which establishes civil penalties for illegal construction or conversion of residential structures. This program establishes

substantial penalties for construction or conversion of structures which require a building or development permit. Continue to enforce Title 24 requirements for residential construction activities.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors

## NEW POLICIES/PROGRAMS:

### 28. Inter-Jurisdictional Coordination of Housing Rehabilitation Activities

**Program Description:** Evaluate the possibility of cooperating with other local jurisdictions in the County that are operating housing rehabilitation program to see if there could be cost-savings regarding staffing levels or program administration.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors, County Administrative Office

### 29. Updated Housing Condition Survey Data

**Program Description:** Maintain a current housing condition survey of housing units in the County. Update as needed and include revised number of units in need of rehabilitation in amendments in the Housing Element on a regular basis throughout the 1991-96 time frame.

**Program Description:** Maintain an updated data base on housing conditions of residential units

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors

### 30. Program for Unpermitted Units

**Program Description:** Implement the Construction Legalization Program, geared toward legalization of unpermitted residential additions and/or structures. The purpose of this program is to correct health and safety deficiencies and to provide rehabilitated decent, safe and sanitary housing units, where appropriate. It is recognized that this type of program will involve a significant level of staff and funding resources and will also involve extensive public outreach and education.

**Objective:** Provide more safe and sanitary units as part of the legal housing stock.

**Time Frame:** 1994- 1996: Implement program

**Responsible Party:** Planning Department, Board of Supervisors

### 31. Adaptive Residential Reuse

**Program Description:** Encourage the rehabilitation of seasonal and motel units located outside of the coastal zone to permanent residential housing units through the County's housing rehabilitation program and the Redevelopment Agency's housing programs.

**Objective:** Provide additional housing units through the conversion of seasonal and motel units located outside the coastal zone.

**Time Frame:** 1991-96: Program Implementation

**Responsible Party:** Planning Department, Redevelopment Agency, Board of Supervisors

#### 31.1 Mobile Home Parks

**Program Description:** ~~Consider establishing a~~ Continue implementation of the Mobile Home Park combining zone district to recognize this housing type as having an important role in meeting the affordability needs of the community. Include site and use standards for parks with minimum age requirements (Senior Parks) as appropriate as required by State and Federal Fair Housing law.

**Objective:** Conserve affordable housing in mobile home parks.

**Time Frame:** 1994-1996 Ongoing

32. **Continue Programs that Assist “Special Need” Households**

**Program Description:** Continue to support the following programs:

- a) Seniors: Continue to support the provision of a Shared Housing Program for seniors and other households in Santa Cruz County. As long as funding remains available, provide financial support for the administration of a Shared Housing Program.
- b) Seniors: Continue the provision of information on “Home Equity Conversion,” currently provided by the Santa Cruz County Housing Authority.
- c) Seniors: Continue to retain and maintain existing senior-only mobile home parks in the County and to encourage maintenance of existing mobile homes.
- d) Disabled: Continue to allow accessibility improvements as eligible work items in the County-sponsored housing rehabilitation program.
- e) All Special Need Households: Continue to seek all available sources of financing for affordable housing opportunities for the special needs households in the County. Examples of the types of sources to be examined include federal programs; such as the Section 8 (Existing) rental subsidy programs, Section 202 housing financing, State of California housing assistance programs, and private financing resources.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors

33. **Fair Housing Information**

**Program Description:** Continue to fund the dissemination of fair housing and anti-discrimination information to County households. In addition, support the continuation of services provided by the County’s Office of Consumer Affairs to provide tenant/landlord information.

**Time Frame:** 1991-1996

**Responsible Party:** Housing Law Center, Planning Department, Office of Consumer Affairs, Board of Supervisors

34. **Security Deposit Interest Ordinance**

**Program Description:** Continue to implement the Security Deposit Interest Ordinance which stipulates that interest earned on security deposits for residential rental units be repaid to the tenants.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Office of Consumer Affairs, Board of Supervisors

## NEW POLICIES/PROGRAMS

35. **Study of Farmworker Housing Needs**

**Program Description:** Conduct a comprehensive study of the housing needs of farmworker households during 1992-93. Based on the results of the study, aggressively pursue numerous housing programs and funding sources including, but not limited to, the following:

- a) priority processing for farmworker housing developments,
- b) allowance for increased density on selected sites that are non-prime farmland parcels,
- c) reuse of auxiliary facilities on existing sites,
- d) specific designation of sites for farmworker housing on the General Plan, Local Coastal Plan and land use maps,
- e) evaluation of the “Rural Village Cluster Housing” concept for farmworker housing,
- f) review and consider further revisions to the existing farmworker housing ordinance, and
- g) pursuit of all available funds for farmworker housing, including State of California rural assistance funds, Farmers Home Administration funds, CDBG funding, private donations and funding sources such as noted in Appendix # 1 of this Housing Element.

**Objective:** Comprehensive study of the needs of farmworker households in Santa Cruz County and

implementation measures to address the identified needs.

**Time Frame:**

1991-93 : Completion of Farmworker Housing Study

1992-96: Implementation of Study results

**Responsible Party:** Planning Department, Housing Advisory Commission, Board of Supervisors

**Financing:** Community Development Block Grant Technical and Planning Assistance Funds for Study as well as funds identified in "g" above.

**35.1 Reconstruction of Existing Farmworker Housing Units to be Larger in Size than the Units**

**Demolished**

**Program Description:** Implement Ordinance No. 4388, adopted in 1995, which provides that existing farmworker housing be rehabilitated by demolition and subsequent on site relocation and reconstruction of structures that are larger than those demolished, so long as: (1) neither the number of dwelling units, nor the maximum number of allowed occupants is increased beyond the level legally established on the site (including by continuing nonconforming use); and (2) the dwelling are enforceably restricted in compliance with the County's Affordable Housing Ordinance for the life of the unit to rental by very, very low income households to the maximum extent determined feasible by the Approving Body, and in no event exceeding very low income.

**Objective:** Increase availability of safe and sanitary housing units for farmworker households suitable for large families.

**Time Frame:** Ongoing

**Responsible Party:** Planning Department, Housing Advisory Commission, Redevelopment Agency, Agricultural Policy Advisory Commission, Board of Supervisors

**36. CDBG Funding for Improvements to Buena Vista Farmworker Housing**

**Program Description:** Implement the 1991-92 CDBG application for improvements for wastewater facility at the Buena Vista farmworker housing development.

**Objective:** Improve existing wastewater facility at Buena Vista Farmworker Housing development.

**Time Frame:**

1991: Submit application for CDBG funds for wastewater improvements

1993 : Initiate wastewater treatment improvements.

**Responsible Party:** Planning Department, County Housing Authority, Board of Supervisors

**Funding:** CDBG funds, fund resources listed in Appendix #1 of this Housing Element

**37. Congregate Living Units**

**Program Description:** Monitor the number of new congregate living units developed in the County. Implement the requirement that 35% of the Congregate Care units be affordable as specified by the Board of Supervisors and implement the other Board-adopted findings resulting from the Congregate Care study. If no projects are developed by January, 1995, the 35% affordability requirement and the development standards should be reviewed.

**Time Frame:** 1991- 1996

**Responsible Party:** Planning Department, County Housing Authority, Board of Supervisors

**38. Senior Housing Sites**

**Program Description:** As part of the General Plan Update process, consider designating senior housing sites at locations appropriate for senior housing. Include the possibility of designating high density residential sites which would be appropriate for senior housing developments.

**Time Frame:** 1992- 1994

**Responsible Party:** Planning Department, Seniors Commission, Board of Supervisors

**39. Inventory of Senior Housing Developments**

**Program Description:** Maintain a current inventory of senior housing development in the County with information on development location, eligibility requirements, affordability, type of units, level of services offered, etc. Use existing inventory developed by the Seniors Commission as initial base data.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Seniors Commission, Senior Network Housing Program, Long Term Care Committee, Board of Supervisors

**40. Consumer Housing Information Service**

**Program Description:** Support the development of a “Consumer Housing Information Service for Seniors” by the Area Agency on Aging.

**Time Frame:** 1991-1996

**Responsible Party:** Area Agency on Aging, Seniors Commission, Senior Network Housing Program, Board of Supervisors

**41. Encourage Units Suitable for Large Households**

**Program Description:** Monitor the type and size of new housing units approved for development.

Encourage the development of larger-sized units (i.e. 3 or more bedrooms) in both single-family as well as multi-family developments.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Board of Supervisors

**42. Child Discrimination Ordinance**

**Program Description:** Review existing County regulations regarding child discrimination and investigate feasibility of establish occupancy standards for rental units. The intent of both of these actions would be to discourage discrimination in housing for families with children.

**Time Frame:** 1992-94: Review existing regulations and investigate feasibility of establishing occupancy standards.

**Responsible Party:** Planning Department, County Counsel, Board of Supervisors

**43. Residential Developments with Child Care Facilities**

**Program Description:** Develop and implement requirements for providing on-site child care facilities in large-scale residential developments.

**Time Frame:** 1993-94: Develop requirements; 1994-96: Implement requirements

**Responsible Party:** Planning Department, Redevelopment Agency, Board of Supervisors

**44. Support Goals for Disabled Households**

**Program Description:** Support the development of additional housing opportunities for disabled households. Encourage the attainment of the housing goals as identified in the 1990 “Mental Health Housing Plan;” especially, the development of a Residential Care Facility, studio or single room occupancy apartments, dual diagnosis transitional housing, transitional residential treatment programs with 24 hour support.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Human Resources Agency, Mental Health Housing Advisory Committee, Board of Supervisors

**45. Inventory of Accessible Units for Physically Disabled Households**

**Program Description:** Develop an inventory of residential units that are accessible by physically disabled households. Include information on unit location, affordability, size of units and other pertinent data.

**Time Frame:** 1991-1996

**Responsible Party:** Planning Department, Seniors Commission, Long Term Care Commission, Mental Health Advisory Housing Committee, Board of Supervisors

**46. Transitional Housing Facilities and Emergency Housing Site Development**

**Program Description:** Support Continue to support the development and operation of transitional housing-. Identify sites suitable for emergency or transitional housing in the unincorporated areas.

**Time Frame:** Ongoing 1991-1994: Site identification

**Responsible Party:** Planning Department, Mental Health Housing Advisory Committee, County Housing Authority, Board of Supervisors, Human Resources Agency

**47. Revised Development Standards and Zoning Classifications for Special Need Households**

**Program Description:** Revise zoning and development standards to reflect the special housing needs of the homeless, disabled and those that rely on SRO (Single Room Occupancy) accommodations. For example, parking requirements should be reviewed and reduced as appropriate. Revise zoning definitions and residential unit definitions to reflect single person household requirements.

**Time Frame:** 1993-94: Review development standards and zoning definitions.

**Responsible Party:** Planning Department, Board of Supervisors

**48. Rehabilitation Assistance for Special Need Households**

**Program Description:** Provide rehabilitation funds at low or no interest rates to rehabilitation projects that provide housing for the homeless, farmworkers, psychiatrically disabled and physically disabled persons.

**Time Frame:** 1991-96

**Funding:** Community Development Block Grant Funds, Redevelopment housing funds, Hazard Mitigation Assistance Grant

**Responsible Party:** Planning Department, Non-Profit Agencies, Housing Authority

**49. Coordination of Funds for Special Need Households and/or Very Low and Low Income Households**

**Program Description:** The Planning Department shall coordinate with the Redevelopment Agency of the County to leverage the use of funds from both agencies, whenever feasible. Future Community Development Block Grant (CDBG) applications shall contain this joint use of funds program element to illustrate: (1) the County's coordinated housing program; (2) the amount of "local match to be provided by the County; and (3) the County's resolve in financially assisting affordable housing programs.

**Time Frame:** 1991-96

**Funding:** Community Development Block Grant Funds, Redevelopment housing funds

**Responsible Party:** Planning Department, Redevelopment Agency, Board of Supervisors

**Table 8.3 8.4**  
**Quantified Objectives by Income Level, 1991 - 96**

ACTIVITY	INCOME LEVEL	PROGRAMS TO ACHIEVE OBJECTIVES
<b>New Construction</b>	<p><b>New</b> units produced through development on vacant &amp; undeveloped land, residential units in conjunction with commercial development, bonus density development, and second dwelling units.</p>	<p><b>Programs #</b>  <b>1, 2, 3, 5, 5.1, 7.1, 7.2, 8, 9, 10.2, 10.3, 10.4, 10.5, 10.6, 11, 16, 17, 18, 19, 19.1, 24, 31, 35.1, 38, 41</b></p>
	Very Low Income: 3,430 Units	
	Lower Income: 2,077 Units	
	Moderate Income: 2,165 Units	
	Above Moderate Income: 4,322 Units	
<b>Conservation</b>	<p>Very Low Income:</p> <p>75 Existing Units (HUD Financed/Public Housing Units)</p> <p>142 Existing Units (Farmworker Housing)</p> <p>Very Low, Lower and Moderate Income:</p> <p>369 Existing Units (Scattered Sites and Owner Builder Units)</p> <p>250 Illegal Units conserved under the Construction Legalization (<del>Amnesty</del>) Program</p>	<p><b>Programs #</b>  <b>10.1, 12, 13, 17, 18, 22, 27, 30, 31.1, 31.3, 35.1, 36</b></p>
<b>Rehabilitation</b>	<p>Very Low and Lower Income:</p> <p>375-500 Units (Publicly Assisted)</p> <p>Moderate and Above Moderate Income:</p> <p>2,000-4,000 Units (Privately Finance)</p>	<p><b>Programs #</b>  <b>15.1, 25, 26, 28, 29, 30, 31.2, 31.3, 31.4, 35.1, 48</b></p>

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## Appendices

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*Note. Only new and revised appendices are included with this proposed draft of the housing element.*

- #1: Representative List of Housing Assistance Funds
- #2: Glossary of Terms
- #3 : References
- #4: Map of AMBAG Housing Market Areas
- #5: List of Redevelopment Agency Projects
- #6: Pending Affordable Housing Projects (199 1)
- #7: AMBAG Correspondence regarding Regional Housing Needs Plan
- #8: Letters from Developers of Affordable Housing Projects
- #9: Resources Available to Homeless Persons
- #10: Additional Analysis of Potential Governmental Constraints
- #11: Certification of 1985 Housing Element: Resolution #97-90
- #12: Meeting Rehabilitation Objectives
- #13 : Housing Funds Sought/Received, 1985- 199 1
- #14: Production of Lower and Very Low Income Housing
- #15: Redevelopment Housing Funds
- #16: List of Meetings and Public Hearings Held During Preparation of the 199 1-96 Housing Element
- #17: Map Showing Location of Private Farm Labor Housing Camps
- #18: Summary of Revisions to Farm Work Housing Ordinance (199 1) and Ordinance 43 88 (1995)
- #19: Listing of Mobile Home Parks, Mobile Home Spaces and Recreational Vehicle Spaces in Santa Cruz County
- #20: Levels of Service for Selected Intersections in Santa Cruz County
- #21: Inventory of Land Suitable for Residential Development
- #22: Calculations of Potential Second Units at Buildout
- #23 : Summary of Changes to the Second Unit Ordinance
- #24: Process for Determining Tenant Eligibility for Second Units



The updated Farm Worker Housing Ordinance (Ordinance 4388) follows this page

## CALCULATIONS OF POTENTIAL SECOND UNITS AT BUILDOUT

<b>Summary of Potential Second Units at Buildout</b>	
	<b>Potential Second Units</b>
<b>Existing Second Unit Program</b>	
Urban Parcels	4,373
Rural Residential Parcels	9,060
<b>Total Potential Second Units with Existing Program</b>	<b>13,433</b>
<b>Proposed Farm Worker/Farm Family Second Unit Program</b>	
Potential Second Units with Farm Worker/Farm Family Program	1,685
<b>Total Potential Second Units with Both Existing and Proposed Programs</b>	<b>15,118</b>

<b>Calculations of Potential Second Units at Buildout by Areas and Land Use</b>				
Zoning or Parcel Size	Existing Parcels	Percent of Parcels that can Accommodate a Second Unit	Potential Second Units	
<b>Urban Parcels with Sewer Services (existing program)</b>				
R-1-6	9,115	30%	2,734	
R-1-9	1,650	50%	825	
R-1-10	19	60%	11	
R-1-15	277	80%	221	
R-1-20	243	80%	194	
R-1-32	22	80%	17	
R-1-1 acre	86	80%	68	
<b>Totals</b>	<b>11,412</b>			<b>4,070</b>
<b>Urban Parcels without Sewer Services (existing program)</b>				
R-1-1 acre	0	75%		303
<b>Rural Residential Parcels (existing program)</b>				
1 acre or larger	12,080	75%		9,060
<b>Rural Agricultural Parcels (proposed Farm Worker/Farm Family Program)</b>				
1 acre or larger	2,245	75%		1,685
<b>Total Potential Second Units</b>				<b>15,118</b>

### Assumption and Methodology for Second Unit Buildout Calculations:

1. While second units are allowed in all residential zones, the Urban Second Unit calculation only include lots that are zoned R-1 and have a minimum lot size of 6,000 square feet or greater.

2. Because it is easier to accommodate second units on larger parcels, the following factors are used to estimate the number of urban parcels, of various sizes, that can accommodate a second unit:

Parcel Size	% of Parcels Able to Accommodate a Second Unit
6,000 s.f. to 8,999 s.f.	30%
9,000 s.f. to 9,999 s.f.	50%
10,000 s.f. to 14,999 s.f.	70%
15,000 s.f. and larger	80%

3. The Rural Residential calculation is based on the number of parcels in the unincorporated area of the County that are: 1) outside the Urban Services Line, 2) one acre or more in size, and 3) have a General Plan designation of Residential (R), or Special Use (SU). This number was then reduced by 25% to reflect parcels, which for a variety of reasons, are not buildable (such as floodplain, geologic and septic constraints).
4. The Rural Farmworker calculation is based on the number of parcels in the unincorporated area of the County that are: 1) one acre or larger in size and 2) have a General Plan designation of Agriculture (A) or Commercial Agriculture (CA). This number was then reduced by 25% to reflect parcels, which for a variety of reasons, are not buildable (such as floodplain, geologic and septic constraints).
5. Due to a lack of public sewer service, the entire Carbonera planning area was treated as a rural area for purposes of determining potential second units (i.e., only 75% of the lots that are one acre or larger in size can accommodate a second unit).
6. It is assumed that, for both urban and rural areas, 50% of the second units will be affordable to lower income households (<80% of the area median income) and 50% will be affordable to moderate income households (80% to 120%). All of the units will be rental units, with eligibility verification provided by the Redevelopment Agency for lower and moderate income renters and the Planning Department for family members. Family members are assumed to have moderate incomes.

**SUMMARY OF CHANGES TO THE SECOND UNIT ORDINANCE  
AS AMENDED BY ORD. 4457-A IN 1997**

Issue	Previous Ordinance	Revised Ordinance
Level of Review	Required Level 5 public hearing before the Zoning Administrator	Requires Level 4 Administrative review. No public hearing required unless significant negative public comment received. Coastal Zone Permit (at Level 5) required within the appealable area of the Coastal Zone
Size of Unit	Limited to 640 square feet for Urban parcels and 800 square feet for Rural parcels over 2 ½ acres	Limited to 640 square feet for Urban parcels. Limited to 800 square feet for Rural parcels between 1 and 2 ½ acres and 1200 square feet for parcels larger than 2 ½ acres
Location of Unit	Ordinance stated that the unit "could not appear to be located on another parcel"	Unit must be within 100 feet of main unit for Urban parcels; no locational requirement for Rural parcels.
Occupancy Restriction	Limited to one or two person households	Occupancy cannot exceed that allowed by State Uniform Housing Code
Owner Residency	Was unclear that owner could live in second unit and rent primary residence	Clarifies that owner may reside in either main unit or second unit
Vacancy of Unit	Required that if unit was not rented, all kitchen facilities must be removed	Unit can remain vacant without any change
Report of Occupancy Status	Required annual report of occupancy status to the Housing Authority	Requires report to the County as requested, at least every three years
Certification of Eligibility to Occupy	Required certification by the Housing Authority	Requires certification by County

The updated Second Unit Ordinance (Ordinance 4457-a) follows this page

## PROCESS FOR DETERMINING TENANT ELIGIBILITY FOR SECOND UNIT

### Previous Method — Prior to July 1996:

The Housing Authority had the responsibility for screening prospective tenants of second units for lower or moderate income eligibility. This process was done exclusively by mail and involved separate, independent verification of income and assets — similar to the process used for Section 8 eligibility verification or loan application processing. The following are the steps and time needed to complete this previous method:

1.	Housing Authority receives request for application forms. Mails application and verification forms to the applicant	2 days minimum
2.	Applicant completes forms and mails to Housing Authority	3 days minimum
3.	Housing Authority mails forms to appropriate verification sources (banks, etc.)	2 days minimum
4.	Sources verify information and mail forms to Housing Authority	10 days typically
5.	Housing Authority review forms and issues certification by mail	3 days minimum
Total time to complete verification process		

### Current Method — Since July 1996:

The Redevelopment Agency currently performs the certification process for prospective tenants of lower and moderate income. The two main differences from the previous method are elimination of the separate verification process and elimination of the use of mail. The following are the steps and time needed to complete the current method:

1.	Prospective tenant contacts the Redevelopment Agency staff person. An appointment is set for one to two days later. The tenant is informed of the paperwork that is needed to verify income eligibility (e.g., tax return, W-2 forms, pay stubs, Social Security Award letter, statements for bank and brokerage statements, etc.).	2 days maximum
2.	At the appointment, the Redevelopment Agency staff person reviews the verification information while the prospective tenant fills out an application form. If the prospective tenant qualifies, the certification paperwork is immediately prepared.	45-60 minutes maximum
Total time to complete verification process		2 days maximum