



County of Santa Cruz

PLANNING DEPARTMENT

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ALVIN D. JAMES, DIRECTOR

September 13, 2001

Agenda: September **25**, 2001

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

PUBLIC HEARING TO ESTABLISH THE YEAR 2002 GROWTH GOAL

Members of the Board:

Each year the County is required, through implementation of the Growth Management System, to set an annual growth goal for the upcoming year. As part of that process, staff prepares a Growth Goal Report for consideration by the Planning Commission and the Board of Supervisors. The Year 2002 Growth Goal Report is attached for your consideration prior to referral to the Planning Commission. Following consideration by the Planning Commission, the matter will be returned to your Board with the Commission's recommendation and resolution for your action.

Also included in this letter is an updated status report on the 2001 Building Permit Allocation.

GROWTH GOAL ISSUES

The accompanying report on Year 2002 Growth Goals (Attachment 1) provides a discussion of a series of factors critical in establishing the annual growth goal for the County. The report contains a number of findings including the following:

Population Trends: The State Department of Finance (DOF) estimates that during the last year (2000), the County's unincorporated population grew at a rate of **0.8%**. This rate is higher than the 2000 adopted percent growth goal of 0.50%. The County, as a whole, grew at 0.7%, which is less than the 1.7% growth rate for the State of California.

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

Housing Goals: Over the last twenty-two years, 14.9% of the new residential development in the unincorporated area has been constructed as affordable housing. Affordable housing production as a percentage of total housing production in the first eight months of 2001 is 15%.

GROWTH GOAL SETTING

The Year 2002 Growth Goal Report recommends a continuance of the 0.50 percent growth goal established for 2001. Based on this population growth goal, an allocation of total building permits to be issued in 2002 is determined based on considerations of County population, household size and vacancy rates. The allocation is then distributed similar to past years for affordable and market rate housing, urban and rural areas, and the size of projects.

If your Board adopts the staff recommendation for a 0.50 percent growth rate for 2002 and does not authorize use of the carryover, it is possible that demand may exceed the supply of allocations in some categories. If the allocation is inadequate to meet the demand, then the Planning Department, in accordance with Section 12.02.040(c) of the County Code, would cease accepting applications for building permits in any depleted category.

To preserve your Board's options, the attached 2002 Growth Goals Report Planning recommends that the unused market rate allocations from 2001 be carried over but not made available at this time. If it appears that there will be a shortfall in any allocation category, Planning staff will bring this matter to your Board's attention during the year. At that time, your Board could then make numerical adjustments between the allocation categories, or authorize use of the 2001 carryover.

STATUS OF THE 2001 BUILDING PERMIT ALLOCATION

There continues to be a fairly high demand for building permits in 2001. The number of permits already allocated this year is shown below:

2001 Building Permit Allocation Status (as of 09/01/2001)

	Urban 1-4	Urban 5+	Rural
2001 Allocation set by Board	76	76	75
Allocated (committed)	31	50	59
Balance available for allocation	45	26	16

Staff is closely monitoring the Rural category. It appears that this category may be exhausted by the end of the calendar year. On June 26, 2001, your Board approved the use of the carry-over of the 2000 allocation. Staff will update these figures for your Board's December public hearing on this matter.

RECOMMENDATION

The 2002 Growth Goal Report recommends a 0.50 percent growth goal for 2002, the carryover, but not utilization, of unused 2001 market rate housing allocations at this time, and a distribution of housing allocations by project location, type and size as distributed in previous years.

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

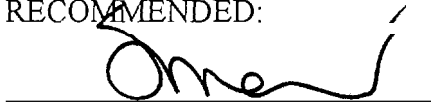
1. Conduct a public hearing on the setting of the Year 2002 Growth Goal; and
2. Refer this matter to the Planning Commission for consideration and recommendation to your Board; and
3. Continue the public hearing on this matter to December 4, 2001, with direction to staff to return with the recommendation of the Planning Commission and a resolution for action by your Board.

Sincerely,



Alvin D. James
Planning Director

RECOMMENDED:



SUSAN A. MAURIELLO

Attachments: 1. 2000 Growth Goals Report

YEAR 2002 GROWTH GOAL REPORT

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REPORT ON
YEAR 2002 GROWTH GOALS
FOR SANTA CRUZ COUNTY UNINCORPORATED AREA

Santa Cruz County Planning Department
September 2001

I. INTRODUCTION

The Growth Management Referendum adopted by the voters in 1978, Measure J, requires that the County “provide for the establishment, each year, of an annual population growth during that year of an amount which represents Santa Cruz County’s fair share of statewide population growth”. This policy is now codified in County Code Chapter 17.01, Growth Management, and implemented through the provisions of Chapter 17.04, Annual Population Growth Goal for Santa Cruz County. This report provides an analysis of the relevant information for consideration by the County Planning Commission and Board of Supervisors in determining the annual growth goal for 2002.

This report highlights a series of factors critical in establishing the annual growth goal. Following the introduction, Section II describes population growth projections and trends in the County and cities. Section III identifies the actual residential building permits which have been allocated, issued, and carried over since the adoption of Measure J and the status of the 2001 Allocation. Section IV briefly summarizes some of the resource impact and public service issues which the County’s Growth Management system was intended to address. Section V describes the Association of Monterey Bay Area Government’s (AMBAG) Regional Housing Needs Plan, status of the Housing Element, and the continued need for affordable housing in the County. Section VI is the Growth Goal recommendation, providing the population growth goal, showing how it translates into building permit allocations and describing how the carryover of permits can be utilized, if appropriate.

11. POPULATION TRENDS

Population Estimates:

The most recent official estimates of population for Santa Cruz County and the incorporated cities was published by the State of California Department of Finance (DOF) in May of 2001, and is shown in Table 1 below. These rounded estimates, which are prepared annually, indicate a county-wide population of 259,800 (135,400 unincorporated) as of January 1, 2001 (Source: DOF E-1 Total Population of California Cities, 5-01).

The County adopted a population growth goal for the unincorporated area of 0.75% for 2000. As can be seen in Table 1, the DOF population estimates indicate that the unincorporated area grew in 2000 at a rate of 0.8%, lower than the 1.1%

growth rate in 1999. Although three of the four cities in the County grew at a faster rate than the unincorporated area, the resulting County-wide growth rate was **0.7%** in 2000, a full percentage point lower than the State's growth rate of **1.7%**.

TABLE 1: 2000 POPULATION AND GROWTH RATES
OF COUNTY JURISDICTIONS

Area	1/1/2000 Population Estimate	1/1/2001 Population Estimate	1999 Population Growth Rate	2000 Population Growth Rate
City of Capitola	10,100	10,200	0.9	1.0
City of Santa Cruz	55,000	55,000	0.7	0.0
City of Scotts Valley	11,450	11,550	1.9	0.9
City of Watsonville	45,100	47,700	1.9	5.8 ¹ (1.3)
Santa Cruz County Unincorp.	136,300	135,400	1.1	-0.7 ¹ (0.8)
Santa Cruz County Total	258,000	259,800	1.2	0.7
State of California	34,207,000	34,818,000	1.7	1.7

Source: DOF E-1 Population of California Cities, 5-01

¹ Adjusted to reflect the annexation of the Freedom/Carey area (2,022 persons) to the City of Watsonville. Number in parenthesis is the growth rate without the annexation.

The DOF estimated 2000 growth rate (adjusted) for the unincorporated area (0.80%) is less than the estimated **1.7%** State growth rate for 2000, but slightly greater than the adopted 0.75% growth goal. The unincorporated area's growth rate is comprised of the issuance of residential building permits, increasing household size, continued conversion of weekend and second homes to year round occupancy, and unpermitted dwelling units. The Planning Department continues to receive numerous complaints about alleged illegal dwelling units. Review of these alleged violations indicate that the majority of units cannot be legalized due to zoning and density inconsistencies; Code Compliance staff will require that the units be removed or returned to their legal status, e.g. a second unit converted back into a garage. The balance could be legalized as Second Units, which will provide needed legal affordable housing. The current growth rate is far below the average growth rates of 2.0% for this same area during the 1980-1990 decade, as can be seen through comparisons to the numbers in

Table 2. It may be noted that these recent County growth rates also represent a significant change from previous decades when the County grew much faster than the State. For comparison purposes, in 2000, Monterey County grew at 1.4%, San Benito County grew at 2.6%, and Santa Clara County grew at 1.5%.

TABLE 2: POPULATION GROWTH RATE COMPARISONS

Year	County Unincorporated Area		County-Wide		State	
	Population	Growth*	Population	Growth*	Population	Growth*
1960	42,309		84,219		15,720,860	
		4.9%		3.9%		2.4%
1970	68,440		123,790		19,957,304	
		4.6%		4.3%		1.7%
1980	107,129		188,141		23,668,562	
		2.0%		2.0%		2.3%
1990	130,809		229,734		29,760,021	
		0.4%		1.1%		1.3%
2000	135,526		255,602		33,871,648	

*Compound average annual growth rate
 Source: 1960, 1970, **1980**, 1990 and 2000 U.S. Census.

Population Projections:

In 1994, AMBAG updated its population forecast for all of the jurisdictions in its region. The projections for Santa Cruz County are presented in Table 3 along with a comparison of the 1990 and 2000 Federal Census counts. The AMBAG population forecasts are based on employment projections and local land use plans, and are utilized in regional planning efforts such as the Regional Air Quality Plan, Regional Transportation Plan, and the Regional Water Quality Plan.

It is interesting to note that AMBAG projected that the population of the unincorporated area of the County would decrease to 134,290 by 2000 due to extensive annexations of land surrounding Watsonville. These annexations would have decreased the unincorporated area's population while substantially increasing the population of the City of Watsonville. Although the City of Watsonville did annex the Freedom/Carey Area, other significant annexations did not occur.

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

Area	1990 ¹ Actual	1995	2000 (Actual ²)	2005	2010
City of Capitola	10,171	10,187	10,232 (10,033)	10,267	10,299
City of Santa Cruz	49,040	54,004	57,232 (54,593)	59,927	61,253
City of Scotts Valley	8,615	10,031	11,704 (11,385)	13,213	14,117
City of Watsonville	31,099	34,170	46,447 (44,265)	51,033	53,338
Unincorporated Area	130,809	135,386	134,290 (135,526)	140,023	144,389
County Total	229,734	243,778	259,905 (255,602)	274,463	283,396

¹ 1990 Federal Census, 4/1/90

² 2000 Federal Census, 4/1/00

City Annexations:

Annexation #855, involving the Freedom/Carey area, shifted 2,022 persons from the unincorporated area to the City of Watsonville. This annexation will be reflected in the January, 2001 population rate figures provided by the State of California.

111. BUILDING PERMIT ALLOCATIONS

The number of Building Permits submitted for new residential units (not including replacement units and, since 1992, affordable units) since the implementation of Measure J is enumerated below in Table 4. Building Permit allocation totals for 2001 are shown through September 1, 2001.

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

YEAR	CARRIED OVER	TOTAL BOARD ALLOCATED	SUBJECT TO THE ALLOCATION (1)	TOTAL, APPLICATIONS SUBMITTED SUBJECT TO THE ALLOCATION
1979	0	930	930	741
1980	189	1055	1055	972
1981	272	937	937	934
1982	275	968	968	738
1983	505	972	972	619
1984	858	991	991	609
1985	1240	757	757	710
1986	1287	768	768	595
1987	1460	468	468	606 (2)
1988	1322	489	489	670 (2)
1989	1141	489 + 1384 (3)	489 + 1384 (3)	420
1990	2594	487	487	267
1991	2814	495	495	173
1992	268	509	433	158
1993	275	512	435	109
1994	326	525	446	168
1995	278	528	449	131
1996	318	530	450	138
1997	312	531	451	197
1998	254	526	447	275
1999	172	396	337	216 (4)
2000	104	399	339	220
2001	119	266	227	140 (5)

- (1) Prior to 1992, market rate and affordable units were subject to the allocation; beginning in 1992, only market rate units were subject to the allocation.
- (2) More building permits were issued than allocated due to issuance of permits from the carryover reservoir.
- (3) A special allocation of 1384 additional affordable permits were approved to allow attainment of the regional housing goal for the 1980-90 decade.
- (4) 208 from the 1999 allocation and 8 (Rural) from the 1998 carryover

(5) **Through September 1, 2000.**

In 1992, the Residential Permit Allocation System ordinance (County Code Section 12.02.020) was amended to exempt all affordable units from the requirement for a Measure J allocation. As a result, the previous practice of carrying over the large reservoir of unused allocations for affordable units was dropped.

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

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

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

Summary of the 2000 Allocation and Status of the 2001 Allocation

Due to the reduced annual growth goal established for 2000 and the continued demand for building permits, the second smallest number of allocations (119) were returned to the carryover since the inception of Measure J. However, carryover figures since 1992, when affordable units were exempted from the allocation, have shown that demand has never come near to meeting the total number of permits allocated. The following chart illustrates this:

<u>Returned to Carryover</u>	<u>Urban 1-4</u>	<u>Urban 5+</u>	<u>Rural</u>	<u>Total</u>
from 2000	40	68	11	119
from 1999	27	77	0	104
from 1998	104	0	68	172
from 1997	63	116	75	254
from 1996	83	138	91	312
from 1995	106	140	72	318
from 1994	85	75	118	278
from 1993	96	129	101	326
from 1992	54	131	90	275

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

ALLOCATION STATUS OF APPROVED 5+ UNIT URBAN PROJECTS
as of September 1, 2001

Project	# of Market Rate Units in Project	From Previous Allocations	From 2001 Allocation	# Remaining to be Allocated
Avila Estates	6	5	0	1
Seascape Uplands	107	58	11	38
Graham Hill	60	0	0	60
Calabria	10	7	1	2
Dover Estates	7	0	1	6
Gera Estates	6	3	2	1
Total	196	73	15	108

PENDING 5+ UNIT URBAN PROJECTS (as of September 1,2001)

Project	# of Market Rate Units in Project	From Previous Allocations	From 2001 Allocation	# Remaining to be Allocated
Santa Cruz Gardens*	19	-	0	19
Atherton Place*	33	-	0	33
Portola Shores*	7	-	0	7
Aptos Village Commons*	18	-	0	18
Pinewood Estates*	6	-	0	6
Harbor Beach*	11	-	0	11
Mar Sereno Estates"	11	-	0	11
Harbor Square*	7	-	0	7
Total	112	-	0	112

As illustrated above, there is a current demand of **108** Urban 5+ allocations. However, the majority of Seascape Uplands building permit applications have been filed by the owner/builders and are, therefore, being allocated from the Urban 1 - 4 category.

APPROVED AND PENDING MINOR LAND DIVISIONS

	Approved # of Lots (2000 - September 1, 2001)	Pending # of Lots (as of September 1, 2001)
Urban	45	9
Rural	23	13

In addition to the demand discussed above from already approved projects, it is also important to note the potential future demand from pending applications currently in the land use review process. As shown above, there are 22 pending minor land division lots; pending subdivision applications could result in 112 new units.

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

2001 Building Permit Allocation Status (as of 09/01/2001)

	Urban 1-4	Urban 5+	Rural
2001 Allocation set by Board	76	76	75
Allocated (committed)	31	50	59
Balance available for allocation	45	26	16

As can be seen in the table, the rural category is likely to be depleted before the end of the year. **On** June 26, 2001, the Board of Supervisors approved a recommendation by the Planning Department to authorize the use of the 2000 carry-over permits as needed to meet the demands in 2001.

IV. POTENTIAL GROWTH IMPACTS

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

Resource Protection

The premier resource issue in the county is water. The drought from 1986 - 1993 affected both surface and groundwater supplies throughout the county, and emphasized the need for water supply and water use planning and management. Winter storms from 1993 through 2000 ushered in above average rainfall, yet this recent wet period has not alleviated the need for water use planning and management. Because of this, the emphasis on coordinated water resource management has been of primary concern to County Water Resources staff.

On March 27, 2001, your Board received a report from the Planning Department entitled "Progress Report on Water Resources Management." The report presented an evaluation of the current water resources management work program, of the Inter-Agency Water Resources Working Group, of the Santa Margarita Groundwater Basin Advisory Committee, and other water resource activities. The Water Resources Work Program includes activities related to collecting water use information for advanced planning regarding water demands, consumption, understanding the extent of existing

overdrafts and the need to manage or augment a given water supply. Discussion of the Inter-Agency Water Resources Working Group continues to involve development of cooperative water conservation programs. Board of Supervisors' direction regarding continuation of the County's involvement in the Santa Margarita Groundwater Basin Advisory Committee have focused that group on forming a groundwater replenishment district as a means to develop an alternative management structure for the area's water resources. The various member agencies of that Committee have established funding to support a facilitator and legal counsel to assist with efforts to development a Replenishment District.

The City of Watsonville has adopted a policy that restricts the issuance of water service outside the City boundaries to projects which meet specific density and/or **use** requirements. This action has the potential to result in the installation of new wells into the already significantly over-drafted Pajaro Valley groundwater basin. Staff continues to discuss the issue with officials of the City.

Urban Services:

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

- Yearly adoption of the Capital Improvement Program which identifies scheduled public service improvements (such as road, roadside, drainage and park improvements) and provides a basis for development of the necessary financing programs.
- The Live Oak/Soquel Redevelopment Agency continues its efforts to upgrade the urban infrastructure in the Soquel and Live *Oak* areas.
- Plan lines and route design concepts continue to be completed and adopted for arterial and collector streets in the urban area, particularly in Live Oak and Soquel. **An** on-going, multi-year effort has been undertaken to establish plan lines throughout the urban area to provide needed information for roadway design, capital improvement programming and the review and conditioning of new projects.

In 2001, the Transportation Commission voted to support the construction of HOT/toll lanes on Highway 1. In addition, funding for a wide range of transit, bicycle and roadway improvements were obtained through State and Federal funding programs.

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

V. HOUSING NEEDS

Regional Housing Needs Plan:

Under state law, all cities and counties are required to adopt a housing element as part of their local general plan. Each housing element must include housing production goals that address the needs of the population that is anticipated to live in the community during the housing element's time horizon.

These housing production goals are the result of a two step process and are divided into four income categories. The California Department of Housing and Community Development (HCD) first estimates the need for additional housing in each county based on population projections produced by both the State Department of Finance (DOF) and the local transportation planning agency. The local council of governments then allocates HCD's housing needs to the individual cities and counties within its region based on various criteria.

Santa Cruz County's current housing element was adopted in 1994. It includes housing production goals for a total of 11,983 units (see Table 5, below). These goals were established in June 1990 when the Association of Monterey Bay Governments (AMBAG) adopted its Regional Housing Needs Plan. In 1990, more than two-thirds of the 17,679 unit housing production goals for all Santa Cruz County jurisdictions were allocated to the unincorporated areas of the County.

TABLE 5: HOUSING GOALS AND ALLOCATIONS

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

State law also requires that housing elements be updated periodically — generally every five years. However, due to the State's budgetary problems in the mid-1990's, the state legislature adopted legislation that deferred the next housing element law update until 2002 for the AMBAG communities.

In 1999, the state law was amended to re-establish the timelines for the preparation of housing element updates. The next mandated housing element update for the AMBAG jurisdictions, including Santa Cruz County, for the years 2000 to 2007 was to be completed by June 30, 2002. This update must include housing production goals that AMBAG must produce by June 30, 2001. The legislatively mandated schedule for allocating housing needs and producing the updated housing element are listed below.

HOUSING ELEMENT UPDATE DEADLINES

Steps in Housing Element Update Process	Mandated Completion Date
State HCD allocates 2000-2007 housing needs for Santa Cruz and Monterey Counties to AMBAG	June 30, 2000*
AMBAG allocates housing needs for 2000-2007 to Santa Cruz County and other local jurisdictions within its region	June 30, 2001**
Santa Cruz County adopts a revised housing element that incorporates the housing needs allocated by AMBAG	June 30, 2002***

* Official housing needs issued August 13, 2001.
 ** AMBAG schedule for final allocation to jurisdictions is March 2002
 *** State legislation has extended this date to December 31, 2002.

While HCD is mandated to allocate county housing needs by June 30, 2000, AMBAG received the local housing needs determination from HCD on August 13, 2001. As can be seen in the table below, the estimates for Santa Cruz County are lower than the housing needs adopted in 1990. AMBAG continues to work with HCD to further reduce the allocation to a level that is consistent with AMBAG's population projections for the area' and the resource constraints of individual communities.

¹ AMBAG's 1997 population projections place Santa Cruz County's total population at 257,737 for the year 2000, 270,060 for 2005 and 281,714 for 2010. These figures equate to a 9.3% population increase over ten years. For comparison,

Once AMBAG and HCD agree on the final Regional Housing Needs Determination, AMBAG staff will allocate the housing needs to individual cities and counties based on an allocation formula recommended by a Technical Advisory Committee, consisting of representatives of the cities and counties in the AMBAG region, and adopted by the AMBAG Board of Directors. The Board of Supervisors appointed Supervisor Beautz to this committee (Supervisor Campos was appointed as the alternate). As noted above, state law mandates that the regional allocation of housing needs be completed by December **31,2001**.

COUNTY-WIDE HOUSING **NEEDS** ALLOCATIONS

Income Category	Preliminary 2000 HCD Allocation	1990 AMBAG Allocation
Very Low Income (<50%)	3,329	4,369
Lower Income (50% - 80%)	1,865	2,557
Moderate Income (80% to 120%)	2,530	3,329
Above Moderate Income (120%+)	5,594	7,424
Total Housing Needs	13,318*	17,679

* The total Regional Housing Need for the two counties is 23,130 housing units. The number shown is HCD's recommended distribution between the two counties and does not represent the application of any AMBAG allocation formula. It is likely that Santa **Cruz** County's allocation will be lower than that shown.

Affordable Housing:

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

Over the twenty-one year implementation period of Measure J from **1979** through **1999**, an average of **14.9%** of the new housing constructed in the unincorporated portion of the County has been affordable. In the first eight months of **2001**, **15%** of

HCD's preliminary housing needs estimates represent 22.8% and 27.1% increases in the County's housing stock over seven years.

new residential permits issued have been for affordable housing.

TABLE 6: AFFORDABLE HOUSING PRODUCTION (1)

Year	Total Units Issued	Affordable and Inclusionary Units Issued	Second Units Issued	Affordable As % of New Dwelling Units
1979	741	0		0.0%
1980	972	62		5.9
1981	934	251		26.9
1982	738	235		31.8
1983	619	52		8.4
1984	609	129		21.2
1985	710	61		8.6
1986	595	98	1	16.6
1987	606	75	0	10.4
1988	710	23	3	3.6
1989	420	14	0	3.3
1990	267	9	1	3.7
1991	173	20	1	12.1
1992	367	209	0	56.9
1993	149	30	1	20.8
1994	192	24	2	13.5
1995	152	21	8	19.1
1996	145	7	6	9.0
1997	203	6	14	9.9
1998	304	29	29	19.1
1999	225	9	25	15.1
2000	343	123(2)	21	42.0
<u>2001(3)</u>	<u>147</u>	<u>7</u>	<u>14</u>	<u>14.3</u>
Totals	10055	1465	127	15.8

(1) Santa Cruz County unincorporated area

(2) Includes 43 units at San Andreas Farm Labor Housing; 76 units at Vista Verde

(3) Through September 1, 2001

VI. GROWTH GOAL RECOMMENDATION

Growth Goal:

Your Board adopted a 0.50% growth rate for 2001. A growth rate of 0.75% was

adopted for **1999** and 2000.

Although the economic growth of the past few years has shown signs of slowing, building permit activity remains at a fairly high rate and it is probable that there will be a continuing strong demand for permits in 2000.

If your Board adopts a 0.50% growth rate for 2002 and utilization of the carryover is not authorized, it is possible that demand may exceed the supply of allocations in some categories. If no action is taken, the Planning Department, in accordance with Section 12.02.040(c) of the County Code, would cease accepting applications for building permits in the depleted category. Planning staff will advise your Board, during 2002, if depletion of an allocation category seems probable. Staff is **RECOMMENDING** that your Board carryover any unused allocation from 2001, but not authorize utilization at this time. Your Board could make numerical adjustments between the allocation categories or authorize use of the carryover at any time during the year.

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

Building Permit Allocations:

Table 7 presents the methodology by which the 0.50% population growth goal for 2002 is converted into the Building Permit allocation.

TABLE 7: BUILDING PERMIT ALLOCATION BASED ON A 0.50%
ANNUAL GROWTH RATE

Estimated Total Household Population 1/1/01 for Unincorporated Santa Cruz County*	133,322
Estimated Group Quarters Population 1/1/01*	2,078
Estimated Total Population 1/1/01*	135,400
Annual Growth Goal - 2001	0.50%
Projected 1/1/01 Total Population	136,077
Annual Growth Goal - 2002	0.50%
Projected 2001 Population Increase	680
Persons Per Household (Census estimate for 1/1/01)*	2.71
Required 2001 New Housing Units	251
Additional New Units Required for 5% Vacancy	13
Reservation of 15% of the Building Permits for affordable units.	<40>
Total Number of New 2002 Units Allowed (including affordable units)	<hr/> 264

* Source: DOF E-5 Population of California Cities and Counties, 5-01

The Building Permit allocations have been distributed in previous years based on different criteria: 67%-33% ratio between urban and rural permits for 1979 through 1998; 75%-25% ratio between urban and rural permits for 1999. The ratio adopted for 2000 and 2001 was 67%-33%. It is RECOMMENDED that the 2002 permit allocations be divided in the following manner:

- o Division of the 2002 growth between urban and rural portions of the unincorporated County on a 67-33% ratio.
- o Allocation of rural permits without regard to project size.

- Allocation of 50% of the urban permits to the 1-4 unit category
- Allocation of 50% of the remaining **urban** permits to the **5** and more unit category.
- Reservation of 15% of the total allocation for affordable units as prescribed by County Code Section 17.01.030(e).

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

TABLE 8: RECOMMENDED 2002 BUILDING PERMIT ALLOCATION DISTRIBUTION

Area	Total Market Rate Units	1-4 Units	5+ Units
Urban	150	75	75
Rural	74	N/A	N/A
Total	224		

Allocation Carryover:

Section 17.04.065 of County Code provides the ability to carryover Building Permit allocations from the previous year. It is RECOMMENDED that the unused 2001 market rate housing allocations be carried over, retaining their Urban and Rural distinctions, but not be made available for use at this time. Your Board could authorize utilization at any time during 2001, if found appropriate.

Rural Land Divisions:

County Code Chapter 14.04, **Annual Limits - Rural Land Divisions**, limits the number of new residential parcels to be created in the rural portion of the County to **35** percent of the number of residential Building Permit allocations for the rural area.

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Based on the above recommended allocation, this would create a limit of 25 new rural residential parcels (11 new rural lots have been approved to date in 2001). As the number of new rural residential parcels has not exceeded the yearly limitation for more than a decade, no further action is indicated for the control of rural land divisions.

Second Units:

As a condition of the Coastal Commission Certification of the ordinance amendments to County Code Chapter 13.10.681(f), an annual report is required. The report is intended to evaluate the cumulative impacts associated with the second units within each planning area, particularly within the Coastal Zone. This analysis is to look at traffic, water, public views and environmentally sensitive areas impacts.

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

Since September 1, 1994, a total of 177 Development Permits for second units have been approved, resulting in the issuance of 119 Building Permits. These permit approvals and issued Building Permits are for sites situated in the following planning areas of Santa Cruz County:

	Second Unit Discretionary Approvals by Planning Area								Total
	1994	1995	1996	1997	1998	1999	2000	2001*	
Aptos:	0	0	0	2	2	1	1	2	9
Aptos Hills:	0	2	3	4	4	2	5	5	25
Bonny Doon:	0	0	2	3	4	2	9	2	22
Carbonera:	0	0	3	6	5	2	5	3	24
Eureka Canyon:	0	0	1	3	4	2	4	1	15
La Selva:	0	0	0	1	0	1	0	0	2
Live Oak:	1	2	0	1	4	3	2	1	14
North Coast:	0	0	0	0	0	0	0	0	0
Pajaro Valley:	0	2	1	3	3	1	2	0	12
Salsipuedes:	0	0	0	0	0	0	0	0	0
San Andreas:	0	0	0	0	0	0	0	0	0
San Lorenzo Valley:	1	2	1	5	2	3	2	2	18
Skyline:	0	0	0	2	2	1	0	3	8
Soquel:	0	1	0	4	5	1	2	0	12
Summit:	0	1	1	0	3	4	4	3	16
TOTAL	2	11	12	34	37	23	36	22	177

* Through September 1, 2001

<u>Second Units Issued Building Permits by Planning Area</u>									
	1994	1995	1996	1997	1998	1999	2000	2001*	Total
Aptos:	0	0	0	1	2	1	0	1	5
Aptos Hills:	0	2	1	1	4	4	4	2	18
Bonny Doon:	0	0	1	2	2	1	2	5	13
Carbonera:	0	0	1	1	4	3	2	2	13
Eureka Canyon:	0	1	1	2	1	4	2	0	11
La Selva:	0	0	0	1	0	1	1	0	3
Live Oak:	1	1	0	1	3	2	3	0	11
North Coast:	0	0	0	0	0	0	0	0	0
Pajaro Valley:	0	1	0	2	1	2	2	0	8
Salsipuedes:	0	0	0	0	0	0	0	0	0
San Andreas:	0	0	0	0	0	0	0	0	0
San Lorenzo Valley:	1	2	0	2	2	3	0	1	11
Skyline:	0	0	0	1	1	1	2	2	7
Soquel:	0	1	0	0	6	2	2	0	11
Summit:	0	0	2	0	2	2	1	1	8
TOTAL	2	8	6	14	29	25	21	14	119

* Through September 1,2001

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