

Attachment 2

Reports on the Proposed “Fair Share” Housing Needs Allocation

County of Santa Cruz
PLANNING DEPARTMENT
INTER-OFFICE CORRESPONDENCE

01 92

DATE: September 20,2001

TO: Board of Supervisors
County Administrative Officer

FROM: Alvin D. James, Planning Director

SUBJECT: Status of the Housing Element - Third Revision

As mandated by State law, the Housing Element update process has begun for the cities and counties which are members of the Association of Monterey Bay Area Governments (M A G) . The following chart indicates the timelines involved with the development of the next County Housing Element.

Housing Element Update Deadlines

<u>Steps in Housing Element Update Process</u>	<u>Mandated Completion Date</u>
State HCD allocates 2000-2007 housing needs for Santa Cruz and Monterey Counties to AMBAG	June 30, 2000*
M A G 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.

On August 13,2001, AMBAG received the Regional Housing Needs Determination from HCD. The housing needs for the AMBAG region are as follows:

Minimum Number of Units	23,130 units
Income Distribution - Very Low	5,488 units
- Low	3,729 units
- Moderate	4,983 units
- Above Moderate	8,930 units

The housing need for the County is summarized in the table below, including the HCD-recommended distribution of the County's housing needs into various income categories.

County-wide Housing Needs Allocations

<u>Income Category</u>	<u>Preliminary 2000 HCD Allocation</u>	<u>1990 AMBAG Allocation</u>
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%+)	<u>5,594</u>	<u>7,424</u>
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.

AMBAG continues to object to the Regional Housing Needs Determination and is working with local legislators to convince HCD to reduce the allocation to a level that is consistent with AMBAG's population projections for the area. **AMBAG** has re-convened a Technical Advisory Committee (TAC) to work with AMBAG staff to allocate the housing needs to individual cities and counties in the region. Local jurisdictions will have an opportunity to review the preliminary allocation of the region's housing needs and the methodology for the allocation. AMBAG's Board of Directors will consider these matters at its October meeting. The allocation process, including all of the appeals and adjustment reviews, is likely to extend until March 2002.

As noted above, state law mandated that local housing elements be completed by June 30, 2002, however, recent legislation was signed by the Governor (Senate Bill 932) which granted a 6 month extension for the completion of local housing elements (to December 31, 2002).



County of Santa Cruz

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060

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ALVIN D. JAMES, DIRECTOR

May 10, 2001

AGENDA: May 22, 2001

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

RE: IMPACTS OF PROPOSED "FAIR SHARE" HOUSING NEEDS ALLOCATION

Members of the Board:

On April 17, your Board adopted a Resolution No. 126-2001 opposing Senate Bill 910. This Senate Bill would impose severe financial penalties on communities which do not have Housing Elements certified by the State Department of Housing and Community Development (HCD). These penalties include reduction in highway maintenance and road repair funds as well as the possibility of court imposed fines of up to \$1,000 per unit for jurisdictions whose Housing Elements do not meet the HCD-established "fair share" housing needs allocation. In addition to adoption of the Resolution opposing Senate Bill 910, your Board directed staff to prepare a report on the effects that the proposed "fair share" housing needs allocation would have on the number of new units that would have to be produced and its effect on the County Growth Management System.

Housing Element Status

As mandated by State law, the Housing Element update process has begun for the cities and counties which are members of the Association of Monterey Bay Area Governments (AMBAG). The following chart indicates the timelines involved with the development of the next County Housing Element.

Steps in Housing Element Update Process

Mandated Completion

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

HCD has not met its statutory deadline to allocate county housing needs by June 30,2000. **AMBAG** has only received two preliminary estimates of the local housing needs from HCD. As can be seen in the table below, the preliminary estimates for Santa Cruz County are significantly higher ~~than~~ the housing needs adopted in 1990.

COUNTY-WIDE HOUSING NEEDS ALLOCATIONS

<u>Income Category</u>	<u>Preliminary 2000 HCD Allocation</u>		<u>1990 AMBAG Allocation</u>
	Alt. A	Alt. B	
Very Low Income (<50%)	6,597	5,546	4,369
Lower Income (50% - 80%)	3,694	3,106	2,557
Moderate Income (80% to 120%)	5,013	4,215	3,329
Above Moderate Income (120%+)	<u>11,082</u>	<u>9,317</u>	<u>7,424</u>
Total Housing Needs	26,386	22,183	17,679

AMBAG has formally objected to these high estimates and has requested that HCD reduce the allocation to a level that is consistent with **AMBAG's** population projections for the area. **AMBAG** has convened a Technical Advisory Committee to work with **AMBAG** staff to prepare for the allocation process. Your Board appointed Supervisor Beautz to this Committee at your September 12,2000 meeting, with Supervisor Campos appointed as an alternate member. Following numerous meetings and a water resources survey, the TAC determined and the **AMBAG** Board of Directors agreed that 5,385 units is a locally acceptable "fair share" number for Santa Cruz County. HCD's preliminary numbers were 4 to 5 times higher. A similar number was generated for Monterey County. These alternative numbers were submitted to HCD in April. HCD has not yet responded to **AMBAG's** submittal.

Once **AMBAG** receives the official housing needs allocations by county from HCD, **AMBAG** staff, working with the TAC, will allocate the housing needs to individual cities and counties in the region. Local jurisdictions will have an opportunity to review their allocation of the region's housing needs and methodology for the allocation before **AMBAG's** Board adopts the allocation. As noted above, state law mandates that the regional allocation of housing needs be completed by June 30, 2001, however, there is legislation pending (Senate Bill 932) which would grant a 6 month extension for the completion of the

process. This bill has been approved by the Senate and is pending in the Assembly,

Effects of HCD's Proposed Fair Share Numbers

If HCD's proposed "fair share" numbers are not modified as requested by AMBAG, the County of Santa Cruz will be allocated a portion of the total number of residential units (26,386 or 22,183). This allocation, as discussed above, will be the subject of public review and the final allocation is unknown at this time. However, based solely on the distribution of the total population (2000 Census) between the cities (47%) and the County (53%), the County's share could range from 11,757 to 13,985 units.

Using these numbers as a starting point, the County would be required to prepare a Housing Element, and any required General Plan and/or ordinance amendments necessary, to provide for the construction of 1680 to 1998 residential units a year over the 7 year period of the Housing Element. This represents an increase in the County's housing stock of 22.8 to 27.1% over the 7 year period', and is roughly equivalent to a 3.2 to 3.7% growth rate per year. In comparison, AMBAG's 1997 population projections for Santa Cruz County indicate a 9.3% increase over the ten year period from 2000 to 2010, equal to an annual county-wide growth rate less than 1%. The AMBAG projections are consistent with the allowable build-out under the 1994 General Plan and are consistent with the growth goals adopted by your Board in recent years pursuant to Measure J, the voter approved initiative which requires the County to establish an annual growth rate that represents the County's fair share of state-wide growth.

How could the County accommodate the number of residential units proposed under HCD's "fair share" allocation? What changes to the General Plan and/or Growth Management System would be required? These are questions that cannot be answered with any certainty absent specific numbers, however, given the magnitude of the proposed numbers, changes to the General Plan, County ordinances and Board direction would be required if the County wished to have its Housing Element certified by HCD. These changes could include any or all of the following:

changing the annual Growth Goal to reflect the County's required annual housing goal (depending on the growth in the cities, this figure could be roughly 3.7%, or about 1976 residential units, which would be a 7+ fold increase over the 0.5% growth goal for 2001)

revising the land use plan to substantially increase densities in both the urban and

¹

Source: Report on Year 2001 Growth Goals for Santa Cruz County Unincorporated Area, Santa Cruz County Planning Department, September 2000.

rural areas of the County (this will potentially allow more units to be built)

changing development standards to allow taller, more dense housing in the urban areas

examining the possibility of expanding the Urban Services Limit Line (this would designate more land as urban with higher residential densities and require the extension of services to new areas)

allowing encroachment into agricultural land for residential development

The issues involved with these actions include the availability of services (roads, schools, fire protection, etc.) and the availability of resource-limited services (water, energy, etc.). As your Board is well aware, many of the largest municipal water suppliers are desperately seeking ways to provide adequate water to their existing customers and the growth planned under the current General Plan. Obtaining sufficient water to serve the HCD proposed residential numbers will be an immense challenge.

In addition to the resource and service constraints, the proposed HCD numbers would result in significant conflicts with the County's voter-mandated Growth Management System. This system, enacted a Chapter 17.01 of the County Code, includes the basic policies that guide land use in the County. These policies are as follows:

17.0 1.030 Policies.

The findings made in this Chapter identify environmental, economic, and housing problems caused by or associated with the rapid population growth and development of Santa Cruz County. It is hereby determined that in order to minimize or eliminate such problems, and to assure the public health, safety, and welfare, the following policies shall guide the future growth and development of Santa Cruz County.

(a) Preserve Agricultural Lands. 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.

(b) 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.

(c) 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.

(d) Annual Population Growth Limit. It shall be the policy of Santa Cruz County to set an annual population growth for this County which shall limit growth to that amount which represents Santa Cruz County's fair share of each year's statewide population

(e) Housing for Persons with Average Incomes. It shall be the policy of Santa **Cruz** County 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.

(f) 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. (Ord. 2561.1, 7/5/78)

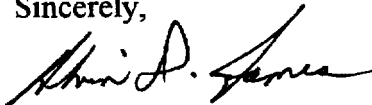
Specifically, it is likely that the changes necessary to comply with HCD's "fair share" numbers would conflict with the protection of agricultural land, the protection of resources and the orderly development within the urban services line commensurate with the provision of adequate services. These basic conflict with the over-riding land use policies of the County, embodied in the Growth Management System would be difficult to overcome.

In conclusion, the quality of life in Santa Cruz, and the health, safety and welfare of current and future residents would be adversely affected by the actions necessary to comply with the seemingly arbitrary "fair share" numbers generated by HCD. The best that the County can hope for in this Housing Element cycle is the establishment of a reasonable set of "fair share" numbers by HCD, hopefully close to the allocation numbers recommended by **AMBAG**. Otherwise, it appears that it will be difficult to craft a Housing Element that meets the requirements of State law and the reviewers at HCD (which are not necessarily congruent) without significant detriment to the County.

It is RECOMMENDED that your Board:

1. Accept and file this report, and
2. Reaffirm the County's support of the Association of Monterey Bay Area Governments' efforts to negotiate a reasonable "fair share" needs allocation with the State Department of Housing and Community Development.

Sincerely,



Alvin D. James
Planning Director

RECOMMENDED:



Susan A. Mammello
County Administrative Officer

Attachments 1. Minute Order, item no. 88.1, April 17, 2001

Attachment 3

**August 28th Board Report Concerning the Potential for Jurisdictions to Jointly Develop
Employee Housing Programs**



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County of Santa Cruz 0311

REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 950604000

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TOM BURNS, AGENCY ADMINISTRATOR

August 16, 2001

Agenda: August 28, 2001

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

Partnership for Employee Housing

Dear Members of the Board:

The issue of housing affordability is often raised as a critical concern affecting local employers' ability to recruit or retain employees. Most sectors of the local economy have been affected by increased housing costs, including employees providing the full range of local governmental services. In response, during the Redevelopment Agency's recent budget hearing Supervisor Almquist proposed that the Redevelopment Agency, as part of its mission to pursue affordable housing opportunities, explore the potential for partnering with other local public and quasi-public agencies to create low and moderate income rental housing for their employees (Attachment 1). That letter directed that initial contacts be made in the near future, with a status report to the Board on or before December 1, 2001.

As part of approving the proposed actions, the Board directed staff to return with an interim report summarizing the range of issues that would need to be addressed for such a program to be successful. A summary of those initial issues follows. As you will see from reviewing the following materials, there are many obstacles to overcome if such a program is to proceed.

Income Qualifications/Eligibility

Most people recognize that households qualifying for assisted "affordable housing" must have incomes below certain levels. They usually don't realize, however, that these limits are set at a level that can be met by a majority of families working in Santa Cruz County. With assisted projects typically serving households making \$50,000 (four person low income household) to \$75,000 (four person moderate income), workers qualify from a wide spectrum of local governmental and quasi-governmental positions — including nurses, police, teachers, and bus drivers. In fact, even with a two wage earner family, most

families supported by local wage earners could qualify for assisted housing opportunities. Clearly, if the other issues involved with providing such a program can be resolved, the demand for units within the affected agencies' staff will be extremely high.

Targeting Housing to Key Segments of the Workforce

The issue of targeting affordable housing to a particular segment of the workforce is not a new one. Farmworkers have been recognized for some time as a unique group of employees needing special housing assistance. As a result, a number of state and federal programs are targeted to assist farmworker housing projects. Recently, the administrators of the federal and state tax credit program have been exploring the potential for targeting housing for teachers as a "special needs" population. Many universities provide rental and "owned" homes for faculty and staff,

Most would agree that maintaining a strong governmental work force is critical to providing key community services. Others would argue, however, that government workers are no different than other members of the local workforce and should not receive priority in placement in affordable housing projects. Clearly, if this program were to proceed on a large scale, this is an issue that participating agencies would need to address.

Housing Financing Issues

One critical aspect of providing new affordable rental units is the availability of financing. As Board members are aware, financing affordable housing, particularly rental units, requires assembling significant resources from a variety of sources. As a result, Agency staff and our non-profit partners have worked hard over the years to leverage our limited housing funds to maximize housing opportunities. By way of example, the following financing sources are being assembled to finance the sixty-four unit apartment component of the recently-approved Pajaro Lane Project:

Conventional Loan	\$1,686,532
RDA Longterm Loan	\$1,800,000
NRC Grant	\$ 200,000
HOME Grant	\$1,317,110
Fed/State Tax Credits	\$6,950,827
AHP Loan	\$ 400,000
Developer Contribution	\$ 379,108
Total Project Financing	\$12,733,577

One can see that the overall project cost of less than \$200,000 per unit, including land, construction and other costs, is quite favorable, given the level of amenities provided in the project. At the same time, because the restricted affordable rent levels can support a relatively low level of traditional debt service, substantial outside funding sources are required to finance these projects. Each of the funding sources comes with a package of

Board of Supervisors
 August 16, 2001
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limitations, in the form of affordability covenants, unit mix, unit size, standards for tenant selection, and income level. **As** a result, the project designs, in order to be competitive for the critical funding sources, are often driven by the funding source requirements.

When one contemplates financings similar projects with a focus to a limited segment of the local workforce, a number of issues arise which further complicate the financing structure. Currently, such a project, through directing the housing units to particular employee groups, would become ineligible for a number of the key financing sources, including HOME and Tax Credits. If the mix of income levels within the project are raised to allow for higher rents to support more traditional financing in an attempt to replace portions of these lost funds, additional financing sources would be jeopardized. These losses could only be partially off-set through the benefits of low interest municipal bond financing or outright land donations. While there may be a way to address these complex financing questions, Board members should be aware that targeting assisted rental units to particular employee groups will present some challenging financing questions.

In contrast, targeting assistance to ownership rather than rental housing may dramatically improve the overall financing strategy, because of the large infusion of conventional financing brought by home purchasers. Such a program would raise a number of additional management complications, however, regarding tying employment status to ongoing home ownership.

Location of Sites

Site availability and geographic distribution would also be key issues to address. With limited suitable sites remaining in the county and city areas, there are a number of issues to address. It is possible that participating public agencies could provide sites within existing land holdings as part of their participation in a program. Ideally, it would be important to implement such a program with projects distributed throughout the community. Again, this is an issue that will need to be addressed if such a program proceeds.

Long Term Management Issues

Management of such housing projects will present a number of unique challenges. Will a tenant's residency require long term employment with one of the sponsoring entities? Would the family be displaced if the employee changed **jobs** to a non-participating employer? What happens when the employee retires? Should the subsidized units only be available for a limited time period to allow the employee the opportunity to save for a down payment on a housing ownership situation? Would different sponsoring entities allow employees to transfer between projects? Needless to say, these and other issues would need to be addressed.

Board of Supervisors
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Union Issues

Some who have worked with employee housing issues in other communities have reported that access to subsidized housing units has become an issue during union negotiations, both looking for a way to address pay inequities between those with and without access to subsidized units and methods used to determine which employees are given access to subsidized units.

Conclusion/Recommendation

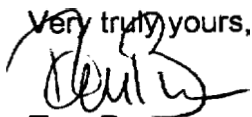
One can see from reviewing this letter that there are a number of complex issues which would challenge the development of an employee housing program focused to benefit local government employers. Nonetheless, the issue of employee attraction and retention has become critical enough to justify exploring the full range of options available, including those involving partnering with other interested local agencies. Through a dialogue with those parties additional ideas may be presented that merit serious consideration.

Because of the complexity of issues involved, it is suggested that any initial dialogue with other local employers be on a more general level — intended to better understand the range of concerns and potential options available. Depending on where those discussions go, it then may be necessary to address the range of concerns raised in this letter.

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

1. Direct staff to convene the parties described in Supervisor Almquist's June 21, 2001 letter for the purpose of generally exploring employee housing issues and the range of possible opportunities for cooperation; and
2. Direct staff to report back to the Board with a status report on those discussions on or before December 11, 2001.

Very truly yours,



Tom Burns
Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

Attachment

cc. RDA

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County of Santa Cruz

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BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069

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FOURTH DISTRICTJEFF ALMQUIST
FIFTH DISTRICT

June 21, 2001

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

RE: PARTNERSHIP FOR EMPLOYEE HOUSING

Dear Members of the Board:

Throughout the last year, culminating **in** these budget hearings, we have heard **of** the difficulty in recruiting workers **to all** County employment positions--Planners, Nurses, Sheriffs, Eligibility Workers, Lifeguards, Assistant County Counsels, Engineers...virtually all County employment positions have experienced difficulty in new hires. Over and over again, **we** have been told that a principal factor is the high housing cost in Santa Cruz County.

This is not a problem that is peculiar to low paying jobs. Several weeks ago, a candidate **for** an Assistant County Counsel position who had accepted the employment, after reviewing housing costs **in** the County declined the position: Representatives **of** Dominican Hospital indicated to me last week that this problem has **also** prevented them from recruiting physicians for the hospital staff.

Nor is the problem peculiar to our recruitment efforts. This is a problem shared by the cities and by other large public and quasi-public employers including hospitals, Cabrillo College, and school districts. In this latter regard, for instance, the Pajaro Valley Unified School District **had** in excess of **50** teaching vacancies the week before school started this year. Causal factors impeding relocation of young teachers to this area include high housing costs.

One substantial factor is the lack of available rental housing in the County. This results both from the failure **of** the private market to develop such housing in recent years and the

BOARD OF SUPERVISORS
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extraordinary impact of that part of the population that is associated with UCSC. The University Regents have, statewide, failed to provide adequate housing to mitigate the impact of the population that is attracted to each of the communities in which the University campuses are located. A recent article in the Sentinel suggests that while the University has built some housing for faculty and staff, this housing has generally not been made available to lower income employees. Of course, the University only provides housing for some sophomores and almost no upper class members. And the University is growing.

This is a **problem** that we must address. It is not a problem that we can overcome simply by improvements in wage packages. Ironically, it could be argued that wage enhancements actually exacerbate the problem by increasing people's ability to pay higher rents, thereby driving up all rents.

I believe opportunities exist to work cooperatively with the four cities' and the city redevelopment agencies, 'as well as other large public and quasi-public employers, by working in partnership to find new and creative ways to finance, construct and operate rental units that would be made available **on** a priority basis to employees **of** those agencies partnering to bring this about. Each **of** the redevelopment agencies has housing funds available to them. Each of the jurisdictions has the ability to commit General Fund dollars to this problem. **Most** importantly, each of the jurisdictions **has** the ability to raise financing through lower than market rate financing which could be used to support the acquisition **of** sites and the design and construction of this housing. Such housing could be made affordable simply **by** the fact that it would need to be priced only to recover the costs **of** financing, acquisition, construction and operation rather than having to recover the extra profits that are now being realized in our zero vacancy housing market where housing is priced to maximize what the marketplace will bear and the prices have no rational relation to the underlying costs **of** constructing and financing rental property.

There are a number of , issues that such a partnership would have to confront and overcome. There are restrictions on the expenditure of redevelopment funds in another political jurisdiction. There are issues related to the means **of** allocating units among participants. There are issues around appropriate siting **of** such projects, controls on usage and eligibility, and many others.

I have discussed this concept with the County Administrator and the Administrator of the Redevelopment Agency. Funds presently exist in the housing budget which could be used **to** support the

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 June 21, 2001
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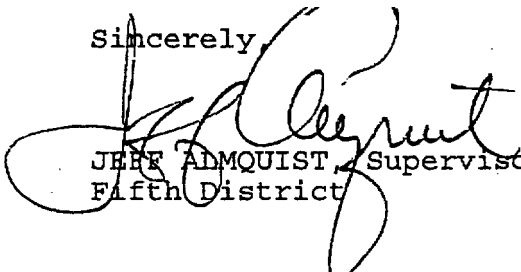
efforts necessary to convene potential partners, provide legal analysis of the issues that such a proposal present, and carry out other analyses of the various impediments that might exist to moving forward with this concept.

Such a partnership would have multiple benefits to the participants and to the community. It would certainly enhance our ability to attract and retain new employees. Just as importantly, addition of these new units throughout the County would have a beneficial effect on general rental rates and housing costs.

Accordingly, I would recommend that the Board take the following actions:

1. Direct the County Administrator and the Administrator of the Redevelopment Agency to convene representatives of the cities, city redevelopment agencies and other large public and quasi-public agencies in the County in order to ascertain and discuss their interest in working cooperatively to locate, design and build rental housing which would be made available to low and moderate income employees of the partner agencies on a cost recovery basis, and provide staffing and consultation services necessary to address legal, financial, and other issues that might be raised during the course of such discussions.
2. Direct the County Administrator and the Administrator of the Redevelopment Agency to report back to the Board of Supervisors, the Councils of the cities participating, and the management of any other participant on or before December 1, 2001, on the status of these discussions.

Sincerely,


 JEFF ADMQUIST, Supervisor
 Fifth District

JA:ted

cc: County Administrator
 Administrator, Redevelopment Agency
 Planning Director
 Dominican Hospital
 Cabrillo College
 School Districts

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Attachment 4

**Follow Up Report on Farm Worker Housing Issues Associated with the Farmworker
Health and Housing Survey and Needs Assessment**

FARMWORKER HOUSING ISSUES

Farmworker Grant Sources

One issue raised as part of the Board discussion was the need to fully explore the entire range of funding sources for farmworker housing. Attached is a summary of the main funding sources, with those targeted specifically for farmworkers listed first. Other funding sources not specific to farmworker housing but applicable to any affordable housing project are also listed. Board members should be aware that the County, through the Redevelopment Agency's non-profit partners, have been actively pursuing these sources, with Mid Peninsula Housing recently receiving approval of \$1.5 million for the reconstruction of the Marmos RV Park from the Rural Community Assistance Corporation (RCAC), including the provision of health services. Staff will continue to work to pursue funding sources, where applicable, for other farmworker-related projects.

State Farmworker Employee Housing Program

There has been considerable discussion over the years about the potential for constructing farmworker housing under the state's Employee Housing Act. This program was designed to provide housing for employees, commonly referred to as labor camps but can be used to house farmworker families. Under this law, the County is preempted from applying zoning standards to farmworker housing projects designed to accommodate 5-12 employees and located on agricultural lands. Such a project would only be subject to the county's building and environmental health permit process and not zoning or use approvals. Projects for less than 5 or more than 12 units are subject to broader county discretionary approvals. The units can take the form of boarding houses, tents, mobile homes, bunkhouses or other housing accommodations.

While this program has been on the books since 1992, it has not been utilized for new housing in our County for a number of reasons. Local farmers have been hesitant to get involved in the landlord business, particularly lessors with no incentive to make long term improvements on properties covered by short term leases. Additionally, lacking a clear prototype for how such farming could be cost-effectively designed and constructed, farmers have been hesitant to get involved. Finally, the Farm Bureau has expressed concerns about placing more housing units on farm land.

In terms of design, UC Davis has recently designed a modular bunkhouse-style housing unit for six to eight seasonal workers. Separate food preparation, eating and sanitary facilities would be required. Unfortunately, no manufacturer has yet set up to produce these units, although a project is currently planned in Riverside County for 64 men using eight of these units.

With progress on the unit prototype and financial assistance some landowner farmers could become interested in the program, particularly if a number of projects were bundled under the oversight and management of a non-profit housing entity. One

particular funding source -- the Joe Serna Jr, Farmworker Housing Grant Program -- is designed to meet the unique funding needs for this particular housing type. We will continue to explore options for testing the practicality of this program in our unique market conditions.

Farmworker Family Housing

While the Employee Housing Act is primarily focused on providing housing for single farm laborers, it is critical to recognize the substantial need for housing for farmworker families. Over the years, the County has worked aggressively to retain farmworker housing opportunities in the areas, including the Murphy's Crossing and San Andreas projects. Through those efforts, 61 critically-needed farmworker family units were retained and reconstructed — units that were ordered to be demolished by the local courts due to their dangerous condition. Similar efforts are currently underway to protect and improve the housing provided at the Marmos and Golden Torch RV Parks.

More can be done, however, to expand housing opportunities for farmworker families. Your Board recently discussed the possibility of expanding the County's Second Unit Program to allow for the construction of second units on land designated for agricultural land uses (Exhibit A). Regulatory changes coupled with a streamlined process and financial incentive programs would likely induce landowning farmers to seriously consider the construction of second units to serve farm worker families.

Potential for Siting New Migrant Center

One issue that was raised was the possibility of constructing an additional seasonal migrant housing project in the County. The one migrant center in the county, located in south county near San Andreas Road, is funded by the State Office of Migrant Services and operated by the Housing Authority. The center operates for 180 days during the peak growing season.

There is no formal application process for receiving state funding for constructing and operating a new migrant center. Rather, the local jurisdiction must designate a site, request funding for construction and operation of the center through the annual state budget cycle, and once funding is allocated, the local jurisdiction must be prepared to finance site acquisition.

Migrant centers generally contain 100 units, but can be as small as 50 units in size. Ideal sites have access to municipal water and sewage facilities, but can be approved with private water and sanitation systems. The state financing required is approximately \$7.0 million for construction and \$250,000 annually for operating costs (for a 100 unit project).

From discussions with the State Office of Migrant Services, it appears that there is currently adequate demand in the Pajaro Valley area (including north Monterey County) to justify a new 100 unit center in that location. The Housing Authority has over the

years been looking at the possibility of locating a smaller facility on the north coast.

It would be appropriate to support the efforts of County Housing Authority in its pursuit of expansion of migrant centers.

Farmworker Rehabilitation

Another issue raised was regarding activities to improve existing substandard farmworker housing. As your Board may recall, at the request of Supervisor Wormhoudt you recently approved the funding of a pilot project to rehabilitate two farmworker housing projects on the north coast. A status report on the progress on this program is due to the Board on October 23, 2001. Once those projects have proceeded, staff will be in a position to refine a broader program for similar activities throughout the unincorporated area.

FARMWORKER HOUSING FUNDING SOURCES

County and/or Nonprofit Housing Corporation are eligible to apply.

Program	Funding Source	Farmworker Housing Migrant (Seasonal) & Permanent Housing	Amount	Types of Projects	Matching Funds Required
Joe Serna, Jr. Farmworker Housing Grant Program	HCD	Owner occupied and rental units.	Varies depending on program: 1. \$18 million available 2. \$100,000 - \$1 mil. 3. \$1 million with no minimum	1. Conventional/general: land acquisition; site development; new construction; rehabilitation; mortgage write-down grants and first-time homebuyer down payment assistance for self-help or turn-key homes. 2. Families facing displacement/mfg'd hsg; 3. Employee housing/mfg'd hsg	100% match
Farmworker Housing Assistance Program	California Tax Credit Allocation Committee (TCAC)	Allowed	Annual Tax Credit limit of \$500,000 (a credit to State income tax equal to 50% of the cost)	1. For owners to rehabilitate existing or construct new farmworker housing; 2. To lenders for below market-interest rate loans; 3. Banks or financial corps. allowed a tax credit up to 50% of the difference between the market-rate int. income and the amt of below market int. charged the project.	
Low Income Housing Tax Credits	TCAC	Allowed - 40% of units must be 60% of med.; or 20% of units must be restricted to 50% or less.	Varies	Rental housing only, new construction or rehab; SRO's.	
Rural Community Assistance Corp. (RCAC)	The California Endowment	Allowed	1. \$1.5 million for capital loans @ 1% int. 2. \$200,000 grants for operating & programmatic costs 3. \$40,000 Capacity & Partnership Building grants	Long-term solutions to health and housing needs of agricultural workers: 1. Construction or rehab of housing, health facilities or community grants 2. Health Improvement grants 3. Capacity & Partnership Building Grants for development of community collaboratives or emerging nonprofit organizations primarily controlled by ag workers &/or families.	Leverage required

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Program	Funding Source	Farmworker Housing Migrant (Seasonal) & Permanent Housing	Amount	Types of Projects	Matching Funds Required
Affordable Housing Program (AHP)	Federal Home Loan Bank of San Francisco	Allowed - Up to 80% of median	Average \$300,000-\$400,000 per project	Rental or homeownership. Gap financing, downpayment assistance, pre- or post purchase counseling.	
Various for unincorporated counties	USDA - Rural Development	Yes - for low income	1. Individuals apply directly to USDA; for multifamily loans & loan guarantees: Maximum \$1 - \$2 million 2. \$1-2 million 3. \$80-120,000	1. Single-Family Housing Direct/Participation Loan (502); SFH Guarantee; SFH 504 Loan; Multifamily Housing Direct Loan (MFH 515 Loan); 2. Farm Labor Housing Direct Loan & Grant Pgm (FLH 514/516 Loan & Grant); 3. Housing Preservation Grant	No
Tax-exempt & taxable permanent financing; Bridge Loans; Preservation & Predevelopment Financing	CHFA - Affordable Housing Finance Pgms.	Allowed - Rental: 20% very low	Depends on project	New construction or acquisition and rehabilitation of Multifamily Rental that preserve and revitalize; or single family new construction or rehabilitation projects	Various fees
Cal HOME Program	HCD	Allowed - Very low & low income	Total program \$12 million	1. New construction; manufactured home repair. 2. Technical assistance for shared home ownership & self help hsg.	
Mobilehome Park Resident Ownership Program (MPROP)	HCD	Allowed - Low income	\$1.5 million	Loans for Mobile home park purchase, loans to buyers.	
Multifamily Housing Program (MHP)	HCD	Allowed - Low Income	\$60 million	Deferred loans - 55 yrs for new construction; rehab; transitional hsg; conversion of non-res use into rental hsg	

0213



County of Santa Cruz

PLANNING DEPARTMENT

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

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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Board of Supervisors
Proposed Housing Element Amendments

April 25, 2000
Page 2 of 3

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

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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

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Board of Supervisors
Proposed Housing Element Amendments

April 25, 2000
Page 3 of 3

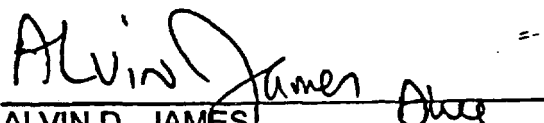
with the City of Watsonville, your Board agreed to proceed with efforts to certify the County's Housing Element. At your Board's direction, staff has identified potential changes to the Housing Element that are consistent with local policies, address issues raised in the MOU with Watsonville and, we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

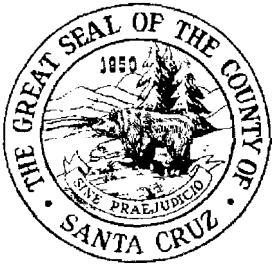
Attachments

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

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Attachment 5

An update on the status of land use, housing and water resource issues associated with a recently adopted Watsonville City water policy pertaining to portions of the unincorporated County.



County of Santa Cruz 0217

PLANNING DEPARTMENT

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

ALVIN D. JAMES, DIRECTOR

September 24, 2001

AGENDA: October 2, 2001

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

UPDATE ON THE EVALUATION OF LAND-USE, HOUSING, AND WATER RESOURCE POLICY ISSUES RAISED BY THE NEW WATSONVILLE CITY WATER POLICY

Members of the Board:

On May 22, 2001 your Board deferred the Evaluation Of Land-Use, Housing, And Water Resource Policy Issues Raised By The New Watsonville City Water Policy so that it could be considered with other materials at the same time as the October 2, 2001 housing workshop (Attachment 1). Since the May 22, 2001 Board meeting, staff has been following up on the earlier report's two principle recommendations.

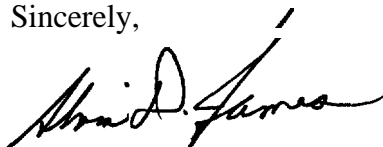
First, County Counsel reported back to your Board with a legal analysis on these issues on August 7, 2001. As you may recall, it was the conclusion of County Counsel that the City has the legal authority to establish reasonable policies concerning new water service connections, and that these policies may treat out-of-city residents differently than in-city residents as long as the difference is not arbitrarily based and is reasonably related to permissible government interest. Second, The Water Resources Manager met with staff of the Pajaro Valley Water Management Agency (PVWMA), Monterey County Water Resources Agency, and the City of Watsonville as recently as August 30, 2001 to discuss creating an impact fee for developing lots in the unincorporated area. Your Board should note that more discussion is necessary to fully address mitigation of new demands in the near-term or interim period until a long-term water supply project is developed.

Staff is currently evaluating options that may be available to attain mitigation of new demand in this portion of the unincorporated area. Staff will report back to your Board on this matter and others in the upcoming Progress Report on Water Resources Management. The Progress Report is scheduled to be heard by your Board on October 23, 2001.

It is therefore RECOMMENDED that your Board:

- 1) Accept and file this Update On The Evaluation Of Land-Use, Housing, And Water Resource Policy Issues Raised By The New Watsonville City Water Policy.

Sincerely,



ALVIN D. JAMES
Planning Director

RECOMMENDED

SUSAN A. MAURIELLO
County Administrative Officer

Blc/WRM01-02b

Attachments: 1) **An** Evaluation of Land-Use, Housing, and Water Resource Policy Issues Raised By The New Watsonville City Water Policy (May 22, 2001)

cc: City of Watsonville
Pajaro Valley Water Management Agency
Environmental Health Services



County of Santa Cruz

PLANNING DEPARTMENT

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

ALVIN D. JAMES, DIRECTOR

May 10, 2001

AGENDA: May 22, 2001

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

AN EVALUATION OF LAND-USE, HOUSING, AND WATER RESOURCE POLICY ISSUES RAISED BY THE NEW WATSONVILLE CITY WATER POLICY

Members of the Board:

On December 5, 2000, your Board accepted a Progress Report On Ongoing Activities To Mitigate Overdraft in the Pajaro Valley. One section of that report pertained to policies limiting water connections in areas outside the City of Watsonville. Your Board may recall that on October 10, 2000, the City of Watsonville amended their water service policies in the unincorporated area of their service area and that implementation of the City's new policy raises concern for the County regarding land-use, housing, and water resource policy. As a result of the concern staff was directed return to your Board with an analysis of the impacts the City's amended policies may have upon County land-use policy and zoning. This report addresses the above matters and offers recommendations for your Board's consideration.

Background Information

The City of Watsonville's agenda item on Policies Limiting Water Connections in Areas Outside the City was first heard on September 26, 2000 and adopted on October 10, 2000. A copy of the City's staff report and the subsequent Resolution is included as Attachment 1.

The policy adopted by the Watsonville City Council would allow for water service to be provided to projects in the Urban Area of the unincorporated area if the project met the following criteria: 1) Minimum density of 12 dwelling units per acre; 25% Affordable; and consistent with City housing goals and affordability levels; 2) 100% Affordable Agricultural Worker Housing; 3) An accessory dwelling unit with deed restriction limiting occupant to 60% of County Median Income; and 4) Schools or Day Care with 25 or more students.

In the Rural Area of the unincorporated area, the City Council adopted their staffs recommended policy wherein water service would be provided to projects meeting the following criteria: 1) An Accessory Dwelling Unit with deed restriction limiting occupant to 60% of County Median Income provided that the

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parcel contains an existing primary residence with a City water connection; 2) a 100% Affordable Agricultural Worker Housing; and 3) Schools or Day Cares with 25 or more students.

Analysis Of Vacant Lots In The Unincorporated Area

In order to determine the effects of the City of Watsonville's water restrictions on potential development, a listing of all of the vacant lots was prepared by the Department's GIS staff, including the parcel size, General Plan designation, zoning and whether the property was inside or outside the Urban Services Line (USL) for each property. Staff examined each parcel to determine the development potential with access to City of Watsonville water and without City of Watsonville water. Where there was a potential for more than one dwelling on the property, staff determined the potential number of units based on the gross parcel size, without subtracting non-developable land, such as those parcels with slopes greater than 30% inside the USL.

Of the 257 vacant lots identified in the City of Watsonville water service area, staffs analysis revealed the following:

- * 32 lots were unbuildable regardless of the source of water
- * 32 lots are in the process of building and, therefore, have approved water service
- * between 103 and 121 dwellings could be built on existing vacant parcels regardless of the source of water (all outside the USL)
- * 23 1 dwelling units cannot be built as a result of the water service restriction by the City of Watsonville (195 potential urban units; 36 potential rural units)

No estimates have been made of the number of housing units which could be built (or not built due to the water service restrictions) on parcels which are "under-utilized" under the current zoning (e.g. parcels which have a residence but have the potential for additional residences under existing General Plan and zoning designations). In addition, no estimate has been made regarding the number of accessory dwelling units that would not be allowed due to the water service restrictions within the service area.

The existing General Plan land use designation for the residential areas within the Urban Services Line include the following:

Residential-Urban Medium (7.3 to 10.8 units/acre)

Residential-Urban Low (4.4 to 7.2 units/acre)

Residential- Urban Very Low (1 .0 to 4.3 units/acre)

In order to meet the City's water service policy (12 units/acre and 25% affordable), the 79 vacant parcels inside the USL would all have to be re-designated as Residential-Urban Medium, (7.3 to 10.8 units/acre) and zoned as either R- 1-4 (single family residential, 4000 square feet per dwelling) or RM-4 (multi-family residential, 4000 square feet per unit). The R-1-4 and **RM-4** zoning is equal to 10.8 units per acre, but with the required density bonus for projects with greater than 20% affordable units, the resulting density would exceed 12 units/acre. This would allow for an additional 330 dwelling units over that allowed under the existing General Plan land use designations and zoning.

Evaluation Of Impacts

The primary impacts of Watsonville's amended service policy would be a "de facto" moratorium within the urban services area of the unincorporated area; the proliferation of private wells within the rural area of the unincorporated area; and no recognized program to mitigate demand caused by the development of the vacant lots.

"de facto" Moratorium In The Urban Services Area

The guidelines for public facilities found in Objective 2.2 of the General Plan seek to achieve patterns of development compatible with the availability of required public facilities and services. **Policy 2.2.1** specifically states, "Maintain minimum standards for public facilities and services availability for development projects. Proposed General Plan and Local Coastal Plan amendments shall comply with these standards without exception." The matrix on Figure 2.1, Facility Standards for New Development and General Plan and Local Coastal Program Amendment, specifically requires public water for parcels with Residential land use designations of Urban Very Low, Urban Low, Urban Medium, and Urban High. The Suburban residential designation requires public water for all parcels less than 2.5 acres. A copy of the above Objective, Policy, and Figure is included-as Attachment 2.

The vacant parcels in the urban services area require public water to develop. Without a "will serve" letter, the County cannot issue a building permit or process an application for development at any density. Well permits cannot be obtained for those urban parcels because of the existing General Plan policies. Because of the impacts of the City's action on current County policies, applicants are confronted with a "de facto" moratorium within the Urban Services Area.

Proliferation of Private Wells

Staff analysis indicated that between 103 and 121 dwelling units could be built on existing vacant rural parcels regardless of the source of water. It can be assumed that these parcels require private wells to obtain a water supply. No formal monitoring program exists to analyze water quality over time for individual wells. It can be further assumed that any proliferation or potential clustering of new wells will also alter the basin's existing pumping patterns which are already problematic.

The potential for a proliferation of new private wells is of concern to County staff. This was stated in the December 5, 2000 progress report. Paraphrasing from that report, "Your Board should note that new drinking water wells which serve individual, developing parcels are neither subjected to the provisions of the City's Water Use Reduction Program, nor are they monitored, **after** the initial well installation, for drinking water quality, especially nitrates". Elevated levels of nitrate are detected in groundwater throughout the basin. Approximately one third of the wells which are monitored exceed drinking water standards for nitrates. Individual wells are vulnerable to the nitrate problem and do not receive routine sampling of their water quality. It is anticipated by staff that addressing and resolving the nitrate problem will become a larger issue over time.

No Recognized Program To Mitigate Demand

Your Board adopted Resolution #67-92, Resolution Regarding Problems Associated With Groundwater

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Overdraft In The Pajaro Valley Groundwater Basin, on February 13, 1992. It was resolved in that resolution to oppose any further intensification of water use from this basin without measures to mitigate the cumulative impacts and to utilize the City's program to mitigate impacts from projects serviced by City water in the unincorporated area. A copy of Resolution No. 67-92 is included as Attachment 3.

One last point regarding new private wells is that present County policy uses CEQA to evaluate any new well which serves more than two connections. Presumably a new well with more than two service connections will receive some mitigation directed at conserving water. Environmental Health staff do not require CEQA analysis for a new drinking water well with one or two service connections, therefore no mitigation is required for any new private, individual drinking water well. As the City is no longer providing water service in the unincorporated area, a new method for mitigating new demand will be necessary.

The Water Resources Manager has been discussing this matter with the General Manager of the PVWMA. If your Board approves of the idea, staff will, therefore, formalize ongoing discussion with the PVWMA about creating an impact fee for developing lots in the unincorporated area. It is envisioned that the program would be established by the PVWMA and that they would administer and utilize these funds to help finance water supply development and to expand conservation programs that serve residents within PVWMA's jurisdictional area. A recommendation is offered for your consideration on this matter.

Legal Issues

Staff has conferred with LAFCO on the revisions to water service. Since the service area was not established by LAFCO, the area is considered a locally defined area with local rules that allow service beyond the City boundaries and is not subject to enforcement through LAFCO.

Staff also inquired whether the environmental review was sufficient to support the amended service plan. The City's staff report indicates that a negative declaration was prepared for the "project". County staff has not seen the negative declaration, and we are uncertain whether the requirements of CEQA have been satisfied concerning the City's action to amend its' water service policy. County Counsel is in the process of reviewing the City's authority to regulate service connections and the obligations **of** the City to provide service throughout the service area. A further report will be provided on these issues on August 7, 2001.

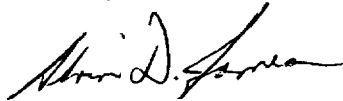
Staff has discussed the City's amended policies with City staff on several occasions. Discussions with City staff indicate that their Council is resolved to maintain the new policy.

It is therefore RECOMMENDED that your Board:

- 1) Accept and file this Evaluation Of Land-Use, Housing, And Water Resource Policy Issues Raised By The New Watsonville City Water Policy; and
- 2) Direct the Water Resources Manager to formalize discussions with the Pajaro Valley Water Management Agency about establishing an impact fee administered by and utilized by the PVWMA to help finance water supply development and to expand conservation programs to mitigate new water demands associated with the development of vacant lots within the, PVWMA's jurisdictional area.

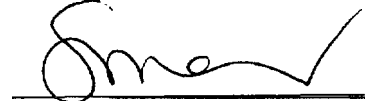
- 3) Direct County Counsel to return on August 7, 2001 with an analysis of the legal issues associated with this matter.

Sincerely,



ALVIN D. JAMES
Planning Director

RECOMMENDED



SUSAN A. MAURIELLO
County Administrative Officer

Blc/WRM01-02

- Attachments: 1) City of Watsonville staff report and Resolution on Policies Limiting Water Connections In Areas Outside the City.
2) County of Santa Cruz General Plan Objectives, Policies and Public Facility Standards for New Development.
3) Resolution No. 67-92, Resolution Regarding Problems Associated With Groundwater Overdraft In The Pajaro Valley Groundwater Basin.

cc: City of Watsonville
Pajaro Valley Water Management Agency
Environmental Health Services

Endorsed for presentation
to the City Council**MEMORANDUM**

City Manager

0224

ATTACHMENT 1

DATE: September 12, 2000

TO: Carlos J. Palacios, City Manager

FROM: John Doughty, Community Development Director
David Koch, Public Works and Utilities Director

SUBJECT: Policies Limiting Water Connections In Areas Outside the City

AGENDA ITEM: September 26, 2000 City Council

728-6005
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RECOMMENDATION

It is recommended that the City Council adopt the resolution approving policies, included as Exhibit A to the resolution, limiting water connections in areas located outside the City limits, but within the City's water service area and adopting the Negative Declaration prepared for the project.

BACKGROUND

The Watsonville 2005 General Plan includes an element entitled "Growth and Conservation Strategy". Contained within this element are Goals and Policies to encourage orderly growth (Goal 3.1), containment of urban development (Goal 3.2), foster continuation of agricultural land use (Goal 3.3) as well as a specific policy. Policy 3.A, directing the City to focus efforts on city-centered development. In addition, implementation measures 3.A.1 through 3.A.5 contain specific implementation strategies that include utilizing utility connections as a means to encourage city-centered development strategies.

On April 25, 2000, the City Council approved a contract for the reconstruction of the sewer mains at Pajaro Dunes, a project located outside of the City, but within the sewer service area. Concerns were raised that the City was devoting excessive resources to the provision of utilities outside the City to the detriment of the present and future City residents. The City Council requested that staff return with a report on the City's provision of utility services outside of the City to allow for a more informed discussion and debate.

On June 13, 2000, staff presented its report to the City Council. Various aspects of utility service were presented to the Council. Additionally, staff discussed the related land use issues including whether the City's provision of utilities (water) was a hindrance to the City's city-centered growth policies. Following the presentation, the City Council directed staff to return to the Council with policies to address the limitation of water connections outside of City limits.

DISCUSSION

At the request of the City Council, staff prepared draft policies to establish under which conditions the City will provide water services to a project outside the City. During the Council discussions, it was indicated that the policies should encourage an increase in densities in urban service areas, result in the provision of affordable housing and discourage continued low density sprawl. While there was no specific direction given relative to schools and day care facilities, General Plan policies and the Strategic Plan acknowledge the need to provide additional facilities in the community. The

0225

ATTACH - - 1

draft policies were developed in consideration of these policies and Council directives as follows:

I. County Designated Urban Areas

Overview: Objective 1 and the accompanying policies limit water connections within County designated Urban Areas to deed restricted accessory dwellings, affordable projects with a density of at least 12 units per acre, to agricultural worker housing and certain institutional uses such as day care facilities and schools.

Comment: There are currently three areas designated as Urban Areas in the County General Plan (also included are a few individual parcels adjacent to the City). These areas are located in the area adjoining the Watsonville Airport and Pajaro Lane area, Salsipuedes area and Green Valley Road area (see Exhibit B). These areas are currently served by City water and are located in County sanitation districts. The only limitation to the implementation is the willingness of the County to amend its general plan to accommodate the increased density.

II. County Designated Rural Areas

Overview: Objective 2 and the accompanying policies limit water connections within the Rural Areas to deed restricted accessory dwellings, to agricultural worker housing and certain institutional uses such as day care facilities and schools.

Comment: The Rural Area designation applies to those lands designated agricultural, mountain residential, rural residential or suburban by Santa Cruz County. Included in this designation is the community of Corralitos and adjoining areas. The Corralitos area is currently served by City water or individual wells. Dwellings throughout the Rural Area are primarily sewered by use of individual sewer disposal systems (ISDS—septic systems). The areas are as the designation implies, rural and distant to basic public services such as sewer, libraries of transit. Other than for the provision of agricultural worker housing, the area is not appropriate for significant density increases. The policies have been developed to recognize these limitations and are designed to discourage the further division of land. Eased on current policies, the minimum parcel size, with an ISDS and private well would increase from 1 acre minimum to 2.5 acres minimum. However, the vast majority of the area is designated as agriculture with a minimum parcel size of approximately twenty (20) acres; regardless of whether connected to community water.

III. Existing "Water Availability" Letters

Overview: Prior to the issuance of a building permit or approval of a map dividing lands, the owner must provide evidence that water is available for the project. For projects located in the water service area, the City has issued a "water availability" letter to be used as documentation that the City will serve the project. Objective 3 and the accompanying policies address the expiration of existing water availability letters for properties outside the City limits.

Comment: There are twenty-three valid water availability letters ranging from 1997 to April, 2000. As a rule, an expiration date was placed on the letters; however, these letters clearly state that the letter provides no contractual obligation on behalf of the City to provide water service. Staff is recommending that the City Council recognize these existing letters as property owners have made varying expenditures to date in reliance upon the commitment of the City to serve. The draft policies do recommend that an expiration date be provided for each as December 28, 2001; providing in excess of eighteen (18) months from the June hearing to inaugurate the project. Staff considered establishing a varying expiration date based on the issuance date, but for ease of administration and equity, it is being recommended that the single expiration date be established.

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0226

ATTACHMENT I

In addition, the City has received an additional half dozen requests since the June 13, 2000 City Council meeting requesting water service. Staff recommends that these requests be considered in accordance with the new water policies.

IV. Continuing Dialogue With Santa Cruz County

Overview: Objective 4 and the accompanying policies direct the staff to continue to work with and through Santa Cruz County to address city-centered development ideals within the Pajaro Valley and on a Countywide basis. As Santa Cruz County represents the governing authority for the area, continued dialogue is critical for the ultimate implementation of city-centered development principles.

Comment Staff provided copies of the policies to the Santa Cruz County Planning Department for their review and comment. In addition, staff met with the Planning Director to review the policies and to discuss overall land use issues as directed by City Council. Santa Cruz County staff indicated that they are concerned about the policies' impact on basin overdraft, water quality and limited impact on development activity in the Pajaro Valley. It was also indicated that the significant land use issues, such as those being addressed under the policies, would not likely be considered by County staff until the General Plan Update process likely to begin within the next twelve to eighteen months. It has also been identified that the policies, in combination with existing County policies relative to individual wells may negatively impact some existing smaller lots of record.

Conclusion

The draft policies have been created on the basis of City Council direction provided on June 13, 2000. The policies reflect what staff consider as reasonable, viable and attainable in keeping with the General Plan goals of city-centered development.

FINANCIAL IMPACT

Adoption of the policies will have a minimal impact to the City's Water Enterprise given the historical new connection data. If successful however, the policies could result in additional dwelling units and connection fees associated with increased density within urban portions of the unincorporated City water service areas. Regardless of the action taken by the City Council, the Water Enterprise will serve existing customers and maintain existing water infrastructure outside of the City.

ALTERNATIVE

The City Council may, based on public comment, modify portions of the proposed policies to more appropriately reflect community issues and concerns.

ATTACHMENT(S)

1. Watsonville 2005 General Plan Excerpts

c: City Attorney

Watsonville 2005

ATTACHMENT 1

GROWTH AND CONSERVATION STRATEGY, Chapter 3

0227

greenbelt in previously developed areas at the edge of a city, there may be no greenbelt along portions of the urban limit line. At the time of development of partially developed areas within the city, or at the time of redevelopment, setbacks from creeks or the Pajaro River may fulfill some of the purposes of the greenbelt and therefore be designated as greenbelt. The urban limit line and land use designations for lands within the urban expansion area are shown on the General Plan Land Use Diagram.

SPHERE OF INFLUENCE

A Sphere of Influence (SOI) defines land eligible for annexation to a city. Annexation occurs with the consent of the City and the Local Agency Formation Commission (LAFCO). Since 1983, when the Sphere of Influence was established, virtually all of the city's growth was accommodated within existing city boundaries by building on vacant land and replacing single-family houses with apartments and condominiums. Watsonville has not extended its SOI since it was established in 1983. In 1992, it is clear that the city is running out of land sufficient to meet the needs of its future population and therefore will apply to LAFCO for an amendment to its SOI so the new Sphere boundary will coincide with the city's urban limit line.

THE PHASING OF GROWTH

Within the urban limit line, development will proceed in a compact, logical manner. Prior to development of large areas annexed to the city, after June 1994, specific plans shall be adopted consistent with implementation measures 4.A.5, 4.A.6, and 4.D.8. These plans shall include mechanisms for the phasing of development and provision of public services.

GOALS FOR GROWTH AND CONSERVATION

The following goals, policies, and implementation measures are intended to provide a framework for the management of growth within the existing city and the urban limit line. Guide

for the area within the Planning Area boundary beyond the city. The guidelines are intended to act as a framework for the City's comment to the County on various proposals.

* Goal 3.1 Orderly Growth

Provide for orderly urban development that respects existing community character and provides for a clear separation between urban and agricultural land uses.

* Goal 3.2 Containment of Urban Development

Discourage urban sprawl by maintaining a well-defined boundary to contain urban development.

* Goal 3.9 Agricultural Land Use

Foster the continuation of agriculture in the Pajaro Valley.

POLICIES AND IMPLEMENTATION MEASURES

* Policy 3.A City-Centered Development

Urban development in the Watsonville Planning Area should take place under the City's jurisdiction.

Implementation Measures

3.A.1 Governmental Cooperation - The City shall work with Santa Cruz and Monterey Counties to establish mutually reinforcing goals of city-centered development to prevent the intrusion of rural residential uses and urban development into agricultural lands which are historically important to Watsonville's local economy and character.

Since annexation of Pajaro to Watsonville is not currently allowed under state law, development of those lands should be limited to infill by Monterey County. Urban expansion into lands adjacent to the boundary of Pajaro should not be permitted.

ATTACHMENT 1

Watsonville 2005

0228

3.A.2 Governmental Regulation – The City shall strongly support regulatory measures to require city-centered development and to maintain the city's distinct character, which includes the agricultural land surrounding the city's urban limit line in the Watsonville Planning Area.

3.A.3 Utility Extension and Annexation – The City shall fully utilize its powers of utility extension and annexation to support its policies of city-centered development and maintaining agriculture and open space surrounding the urban limit line.

3.A.4 Urban Services – The City shall set priorities for providing urban services. New development in the city shall receive highest priority.

3.A.5 Adequate Supply of Land For Urban Needs – The City shall seek an expansion of its Sphere of Influence to coincide with the city's designated urban limit line.

Policy 3.B Annexation

The City shall pursue annexation of undeveloped and underdeveloped land between the City limit boundary and the urban limit line.

Implementation Measures

3.B.1 Sphere Adjustment – The City shall petition Local Agency Formation Commission (LAFCO) to amend the Sphere of Influence to coincide with the urban limit line. It is intended that the area shown on Figure 4-7 be added to the Sphere of Influence.

3.B.2 Phasing of Development – Where large parcels of land are annexed at the same time in order to provide coordinated and comprehensive planning for infrastructure improvement, actual development shall proceed according to the phasing schedule in the specific plan for the area.

3.B.3 Specific Plan Approval – The following areas, shown in Figure 4-11, shall require a specific plan approval prior to, or concurrent

with, subdivision or other development approvals. Areas include:

- North Hill (Buena Vista/Calabasas), as modified by Implementation Measure 4.A.5
- Atkinson Lane
- Riverside

3.B.4 Unbuildable Land – Annexation of lands unsuitable for urban development (e.g., excessive slope) shall not be permitted unless the lands are used as greenbelt and/or designated environmental management.

3.B.5 Annexation of Land in an Adjacent County – The City shall urge the state legislature to adopt legislation permitting cities to annex unincorporated, urbanized land contiguous with a city, but in a different county.

Policy 9.C Urban Limit Line

The City shall establish an urban limit line to contain urban development.

Implementing Measures

3.C.1 Urban Limit Line Location – To the extent possible, the urban limit line shall follow parcel boundaries. However, the urban limit line may follow physical features such as drape, floodplain, wetlands, groundwater recharge areas and creeks and other boundaries that better serve the purposes of the urban limit line.

The location of the urban limit line has been based on practical considerations such as the size of parcels, location of lot lines, misting development at urban densities, environmentally sensitive areas; and other natural features such as the Corralitos Creek, Wispuedes Creek, Pajaro River, ditches, and topography.

3.C.2 County Cooperation – The City shall participate in the revision of the Santa Cruz and Monterey County General Plans and other planning efforts in the Watsonville Planning Area. The City shall encourage both Coun-

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WATER CONNECTION LIMITATIONS ALTERNATIVES

URBAN AREAS

Recommended Policy

Water connections to be provided to projects meeting the following:

- 1) Min. density of 12 du/acre; 100% Affordable; and Consistent with City housing goals and affordability levels

Alternative No. 1

Water connections to be provided to projects meeting the following:

- 1) Min. density of 12 du/acre; 50% Affordable w/in the City's Sphere of Influence; 100% Affordable outside of the City's sphere of influence; and Consistent with City housing goals and affordability levels

Alternative No. 2

Water connections to be provided to projects meeting the following:

- 1) Min. density of 12 du/acre; 75% Affordable; and Consistent with City housing goals and affordability levels

Alternative No. 3

Water connections to be provided to projects meeting the following:

- 1) A principal residence on an existing lot of record ** No service will be provided to a parcel created by a division of land tentatively approved after June 12, 2000

- 2) A 100% Affordable Agricultural Worker Housing

- 2) A 100% Affordable Agricultural Worker Housing

- 2) A 100% Affordable Agricultural Worker Housing

- 2) A 100% Affordable Agricultural Worker Housing

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 4) Schools or Day Cares with 25 or more students

- 4) Schools or Day Cares with 25 or more students

- 4) Schools or Day Cares with 25 or more students

- 4) Schools or Day Cares with 25 or more students

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ATTACHMENT 1
Page 1 of 1

WATER CONNECTION LIMITATIONS
ALTERNATIVES

RURAL AREAS

Approved

Recommended Policy

Alternative No. 1

Alternative No. 2

Alternative No. 3

Water connections to be provided to projects meeting the following:

- 1) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income provided that the parcel contains a City water connection

Water connections to be provided to projects meeting the following:

- 1) A principal residence on an existing legal lot of record provided an accessory dwelling unit w/deed restriction limiting occupant to 60% of County Median Income is constructed concurrently **
** No service will be provided to a parcel created by a division of land tentatively approved after June 12, 2000

Water connections to be provided to projects meeting the following:

- 1) Any property owner in receipt of a water availability letter issued after June 12, 2000 ***
* City Council to provide property owners ___ days following adoption of policies to submit written request for water service
** expiration of letter on 12/28/01
*** one letter per legal lot of record

Water connections to be provided to projects meeting the following:

- 1) A principal residence on an existing legal lot of record **
** No service will be provided to a parcel created by a division of land tentatively approved after June 12, 2000

- 2) A 100% Affordable Agricultural Worker Housing

- 2) A 100% Affordable Agricultural Worker Housing

- 2) A 100% Affordable Agricultural Worker Housing

- 2) A 100% Affordable Agricultural Worker Housing

- 3) Schools or Day Cares with 25 or more students

- 3) Schools or Day Cares with 25 or more students

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 3) An Accessory Dwelling Unit w/deed restriction limiting occupant to 60% of County Median Income

- 3) Schools or Day Cares with 25 or more students

- 4) Schools or Day Cares with 25 or more students

- 4) Schools or Day Cares with 25 or more students

0230

ATTACHMENT 1

ATTACHMENT 2
Page 1 of 1

Date 3/22/01
 Time 11:43 AM
 To BRUCE LACHERAULT
 From HADTA
 Subject 728-6005
 494-2131
 3/22/01

ATTACHMENT 1

0231

RESOLUTION NO. 279-00 (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE ESTABLISHING THE "OUTSIDE OF WATSONVILLE WATER CONNECTIONS, GOALS, OBJECTIVES, AND POLICIES" FOR URBAN AREAS

WHEREAS, on September 26, 2000, the Council adapted Resolution 269-00 (CM) approving Objective 3 and Policies 3.1 and 3.2 of the "Outside of Watsonville Water Connections, Goals, Objectives and Policies"; and

WHEREAS, a decision of all other Objectives and Policies was deferred for later consideration: and

WHEREAS, Council has been provided additional information necessary for proper consideration and deliberation on the remaining issues,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That Policies 3.1 and 3.2 of Objective 3, previously approved by Resolution 269-00 (CM) are hereby affirmed.
2. That the Council finds that the Policies as to urban areas implement and further the goals, policies, and implementing measures of the *Watsonville 2005 General Plan* and in particular Chapter 3.
3. That the two (2) page Outside of Watsonville Water Connections, Goals, Objectives, and Policies ("Policies") as to urban areas, a copy of which is attached hereto and identified as Exhibit "A," is hereby adopted.

0232

ATTACHMENT **1**

The foregoing resolution was introduced at a regular meeting of the Council of the City of Watsonville, held on the 10th day of October, 2000, by Council Member Lopez, who moved its adoption, which motion being duly seconded by Council Member Rios, was upon roll call carried and the resolution adopted by the following vote:

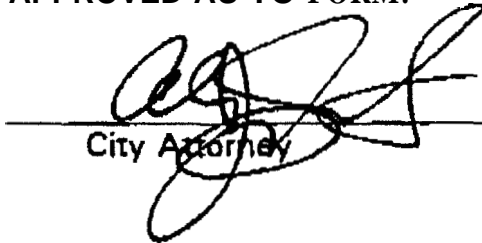
AYES:	COUNCIL MEMBERS:	Carter, Lopez, Phares, Rios
NOES:	COUNCIL MEMBERS:	Bobeda, Doering-Nielsen, Gomez
ABSENT:	COUNCIL MEMBERS:	None


Oscar Rios, Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney**36**

OUTSIDE CITY OF WATSONVILLE WATER CONNECTIONS

GOALS, OBJECTIVES AND POLICIES

On June 12, 2000, the City Council of the City of Watsonville directed staff to prepare policies relative to the limitation of future water connections and water main extensions to serve parcels located outside of the City of Watsonville. The following policies are provided in response to the Council's directive.

GOAL. To encourage the development of affordable housing opportunities in the unincorporated portions of the Pajaro Valley, discourage non-city centered development and to protect water resources for future City residents and businesses

OBJECTIVE 1. Adopt policies that encourage and enhance the development of more dense and affordable dwelling units within Santa Cruz County designated urban areas located within the City's water service area.

Policy 1.1. Water connection may be provided to an existing parcel of land containing an existing single family residence for an accessory dwelling unit provided that:

- a. The unit is deed restricted as affordable for a family making no more than 60% of the County median income, and
- b. The parcel fronts an existing water main

Policy 1.2: Water connection(s) and extensions may be provided to a parcel to serve new development provided that:

- a. The project has a net density of at least 12 dwelling units per acre, and
- b. The project is a minimum 25 percent affordable; and
- c. The project is consistent with City housing goals and policies and affordability limits; or
- d. The project is 100-percent agricultural worker housing which may include individual dwelling units and/or dormitory type facilities.

Policy 1.3: Water connections, main extensions and expanded services may be provided to parcels containing or proposing to be developed as a private or public school or a day care facility with a capacity of 25 children or more

0234

ATTACHMENT 1

OBJECTIVE 2. Adapt policies which discourage non-city centered development patterns in the Santa Cruz County designated *rural* areas located within the City's water service area

Policy 2.1. Water connection may be provided to an existing parcel of land containing an existing single family residence for an accessory dwelling unit provided that:

- a ~~The~~ unit is deed restricted as affordable for a family making no more than 60% of the County median income; and
- b The parcel fronts an existing water main.

Policy 2.2: Water connection(s) and main extension(s) may be provided to a parcel to serve new development provided that the project is 100 percent agricultural worker housing which may include individual dwelling units and/or dormitory type facilities.

Policy 2.3: Notwithstanding Policy 2.1 and 2.2 above, no water connection or main extension will be provided to any existing parcel or proposed division of land

Policy 2.4: Water connections, main extensions and expanded service may be provided to parcels containing or proposing to be developed as a private or public school or a day care facility with a capacity of 25 children or more

OBJECTIVE 3: To recognize and place limitations on the current issued "water availability" letters and building permits.

Policy 3.1: All "water availability" letters issued prior to June 12, 2000, will expire at 5.00 P.M., ~~December 28, 2001~~

Policy 3.2. Building permits requiring water connection, issued prior to June 12, 2000, will be honored provided that the building permit remains valid and current

OBJECTIVE 4: To continue dialogue with Santa Cruz County to influence land use and zoning changes in the Pajaro Valley and on a Countywide basis

Policy 4.1: City staff will continue to meet with Santa Cruz County staff on a regular basis to discuss growth and development related issues and in particular those related to city-centered development.

Policy 4.2: City staff will monitor development activity in the area and, where provided by law, make appropriate comments as to the project's consistency with the policies

Policy 4.3. City staff will participate in the upcoming County General Plan update and EIR process.

ATTACHMENT 1

0235

RESOLUTION NO. 278-00 (CM)**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WATSONVILLE ESTABLISHING THE "OUTSIDE OF
WATSONVILLE WATER CONNECTIONS, GOALS,
OBJECTIVES. AND POLICIES" FOR RURAL AREAS**

WHEREAS, on September 26, 2000, the Council adopted Resolution 269-00 (CM) approving Objective 3 and Policies 3.1 and 3.2 of the "Outside of Watsonville Water Connections, Goals, Objectives and Policies"; and

WHEREAS, a decision af all other Objectives and Policies was deferred for later consideration; and

WHEREAS, Council has been provided additional informarion necessary for proper consideration and deliberation on the remaining issues.

NOW, THEREFORE. BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That Policies 3.1 and 3.2 of Objective 3, previously approved by Resolution 269-00 (CM) are hereby affirmed.
2. That the Council finds that the Policies as to rural areas implement and further the goals, policies, and implementing measures of the *Watsonville 2005 General Plan* and in particular Chapter 3.
3. That the two (2)page Outside of Watsonville Water Connections, Goals, Objectives, and Policies ("Policies")as to rural areas, a copy of which is attached herero and identified as Exhibit "A," is hereby adopted.

ATTACHMENT 1

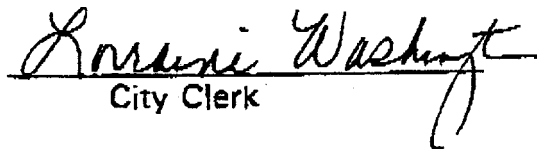
0236

The foregoing resolution was introduced at a regular meeting of the Council of the City of Watsonville, held on the 10th day of October, 2000, by Council Member Lopez, who moved its adoption, which motion being duly seconded by Council Member Rias, was upon roll call carried and the resolution adopted by the following vote:

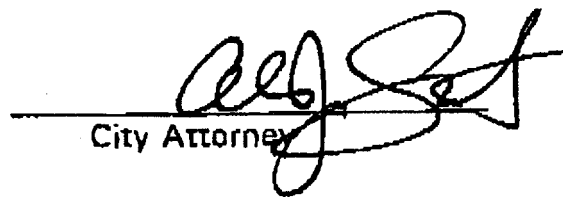
AYES:	COUNCIL MEMBERS:	Caner, Gomez, Lopez, Phares, Rios
NOES:	COUNCIL MEMBERS:	Bobeda, Doering-Nielsen
ABSENT;	COUNCIL MEMBERS:	None


Oscar Rios, Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney

36

ATTACHMENT 1 ■

OUTSIDE CITY OF WATSONVILLE WATER CONNECTIONS

GOALS, OBJECTIVES AND POLICIES

0237

On June 12, 2000, the City Council of the City of Watsonville directed staff to prepare policies relative to the limitation of future water connections and water main extensions to serve parcels located outside of the City of Watsonville. The following policies are provided in response to the Council's directive

GOAL: To encourage the development of affordable housing opportunities in the unincorporated portions of the Pajaro Valley, discourage non-city centered development and to protect water resources for future City residents and businesses.

OBJECTIVE 1: Adopt policies that encourage and enhance the development of more dense and affordable dwelling units within Santa Cruz County designated urban areas located within the City's water service area.

Policy 1.1: Water connection may be provided to an existing parcel of land containing an existing single family residence for an accessory dwelling unit provided that:

- a. The unit is deed restricted as affordable for a family making no more than 60% of the County median income; and
- b. The parcel fronts an existing water main.

Policy 1.2: Water connection(s) and extensions may be provided to a parcel to serve new development provided that:

- a. The project has a net density of at least 12 dwelling units per acre; and
- b. The project is a minimum 25 percent affordable; and
- c. The project is consistent with City housing goals and policies and affordability limits, or
- d. The project is 100-percent agricultural worker housing which may include individual dwelling units and/or dormitory type facilities.

Policy 1.3: Water connections, main extensions and expanded services may be provided to parcels containing or proposing to be developed as a private or public school or a day care facility with a capacity of 25 children or more.

ATTACHMENT 1

0238

OBJECTIVE 2: Adopt policies which discourage the non-city centered development patterns in the Santa Cruz County designated *rural* areas located within the City's water service area.

Policy 2.1: Water connection may be provided to an existing parcel of land containing an existing single family residence for an accessory dwelling unit provided that:

- a The unit is deed restricted as affordable for a family making no more than 60% of the County median income; and
- b The parcel fronts an existing water main

Policy 2.2: Water connection(s) and main extension(s) may be provided to a parcel to serve new development provided that the project is 100 percent agricultural worker housing which may include individual dwelling units and/or dormitory type facilities.

Policy 2.3: Notwithstanding Policy 2.1 and 2.2 above, no water connection or main extension will be provided to any existing parcel or proposed division of land.

Policy 2.4: Water connections, main extensions and expanded services may be provided to parcels containing or proposing to be developed as a private or public school or a day care facility with a capacity of 25 children or more

OBJECTIVE 3: To recognize and place limitations on the current issued "water availability" letters and building permits.

Policy 3.1: All "water availability" letters issued prior to June 12, 2000, will expire at 5.00 P.M., December 28, 2001

Policy 3.2: Building permits requiring water connection, issued prior to June 12, 2000, will be honored provided that the building permit remains valid and current.

OBJECTIVE 4: To continue dialogue with Santa Cruz County to influence land use and zoning changes in the Pajaro Valley and on a Countywide basis.

Policy 4.1: City staff will continue to meet with Santa Cruz County staff on a regular basis to discuss growth and development related issues and in particular those related to city-centered development.

Policy 4.2: City staff will monitor development activity in the area and, where provided by law, make appropriate comments as to the project's consistency with the policies.

Policy 4.3: City staff will participate in the upcoming County General Plan update and EIR process.

Objective 2.2 Public Facilities Guidelines

ATTACHMENT 2

- (I.CP) To achieve patterns of development compatible with the availability of required public facilities and services. (See chapter 7: Parks, Recreation & Public Facilities)

Policies

0239

2.2.1 Public Facility Standards for New Development

- (I.CP) Maintain minimum standards for public facilities and services availability for development projects. *Proposed General Plan and Local Coastal Program amendments shall comply with these standards without exception. (See Figure 2-1.)*

Figure 2-1 Facility Standards for New Development and General Plan and Local Coastal Program Amendments										
Residential Designation	Maximum Response Time from Fire Station	Rural Road Standards	Urban Road Standards	Public Water	Public Sewer ④	Within the Urban Rural Boundary		Near Neighbor- hood, Community or Regional Commercial	Near Mass Transit	Access onto Collector or Arterial Streets
						USL	RSL			
Mountain	20 min. ①	✓								
Rural	20 min. ①	✓								
Suburban	20 min. ①	✓		✓ ③						
Urban Very Low	②		✓	✓	✓	✓	✓			
Urban Low	②		✓	✓	✓	✓	✓			
Urban Medium	②		✓	✓	✓	✓		✓	✓	✓
Urban High	②		✓	✓	✓	✓		✓	✓	✓
① If response time exceeds 20 minutes, development may only take place at lowest General Plan and LCP density. See Public Safety & Noise, section 6.5.4										
② See Public Safety & Noise, section 6.53 for fire standards inside USL										
③ Public water is desirable; parcel size without public water shall be a minimum of 2.5 gross acres.										
④ Less inside the Rural Services line shall have the potential for some type of public sanitation system.										
Note: These standards shall apply fully to General Plan and LCP Amendments. This Figure is to be used for general facilities guidelines for development projects.										

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

0240

RESOLUTION NO. 67-92

On the motion of Supervisor Levy
duly seconded by Supervisor Keeley
the following Resolution is adopted:

RESOLUTION REGARDING PROBLEMS ASSOCIATED WITH GROUNDWATER
OVERDRAFT IN THE PAJARO VALLEY GROUNDWATER BASIN

WHEREAS, the Pajaro Valley groundwater Basin has been historically and currently utilized to meet the critical demands of agriculture and urban water users, and

WHEREAS, groundwater from the Pajaro Valley Basin has been the only locally available source of water in sufficient quantity and quality to meet historic and present demands, and

WHEREAS, it has been documented in extensive past and current basin studies that the basin's groundwater supplies are being significantly impacted in the form of long-term overdraft and degradation of groundwater quality from the increasing influence of seawater intrusion and nitrate contamination, and

WHEREAS, the current drought has exacerbated basin conditions and water conservation measures are being planned to both inform the public of this recognized water problem and minimize or eliminate overuse of this groundwater resource, and

WHEREAS, the County recognizes that the PVWMA is the responsible Agency as per their enabling legislation to manage groundwater in the Pajaro Valley groundwater basin and recognizes the Basin Management Plan as the appropriate long-term planning approach to achieve groundwater management objectives, and

WHEREAS, on September 9, 1991, the Regional Water Quality Control Board notified the Pajaro Valley Water Management Agency by letter of the need to maintain the water quality of the basin to meet the existing beneficial uses of this resource and acknowledged that as the State Agency with the primary responsibility for the coordination and control of water quality in the State, they will be expecting actions implemented to protect groundwater resources, and

WHEREAS, existing urban and rural residential water demands are considered to be a limited yet significant component contributing to the overall overdraft problem and a comprehensive Basin Management Plan is not yet available, and

WHEREAS, new development proposals which rely on groundwater supplied from the Pajaro Valley Basin may impose further significant adverse impacts on the basin, and

WHEREAS, the City of Watsonville is implementing water conservation and water retro-fit programs to reduce existing urban water demands throughout the City limits and the unincorporated area within their service area and,

WHEREAS, the Santa Cruz County Board of Supervisors supports the City of Watsonville's developing programs addressing new water demand mitigation and will utilize the programs to mitigate impacts from **projects** serviced by City Water in the unincorporated area,

NOW THEREFORE **BE** IT RESOLVED, that the Santa Cruz County Board of Supervisors recognize the existing problems associated with current groundwater overdraft in the Pajaro Valley Basin and opposes any further intensification of water use from **this** basin without measures to mitigate the cumulative impacts affecting the basin, as defined by an environmental assessment pursuant to CEQA and,

BE IT FURTHER RESOLVED, that the Santa Cruz County Board of Supervisors recognizes and supports the proposed Water **Use** Reduction Program of the City of Watsonville as an interim measure until ultimate water supply solutions are available and,

BE IT FINALLY RESOLVED, that the Santa Cruz County Board of Supervisors direct staff to cooperate with the PVWMA and the City of Watsonville on **all** aspects of water resource planning in the Pajaro Valley basin and to attempt to mitigate the cumulative impacts from existing and new proposed urban uses of this water supply as a necessary interim measure until long-term urban and agricultural water supply solutions are available to address the overdraft problem and halt the progression of seawater intrusion.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 11th day of Feb., 1992, by the following vote:

AYES:	SUPERVISORS	Levy, Patton, Belgard, Keeley, Beautz
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	None
ABSTAIN.:	SUPERVISORS	None

JANET K. BEAUTZ

Chairperson of the Board of Supervisors

ATTACHMENT 3

0242

ATTEST: SUSAN M. ROZARIO
Clerk of the Board

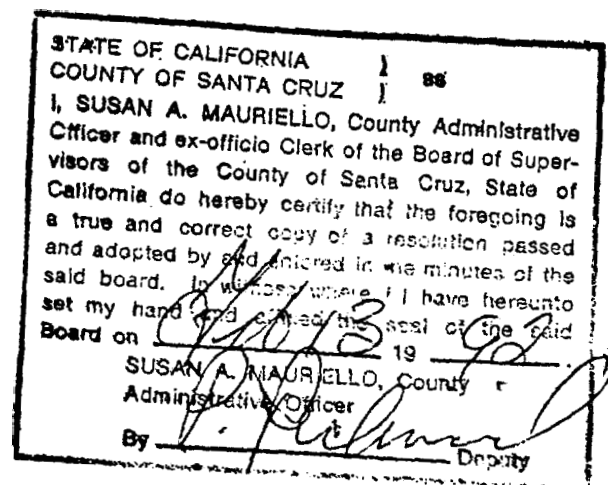
APPROVED AS TO FORM:

[Signature]
County Counsel

DISTRIBUTION: County Counsel
Planning Department - Resource Planning

BLC

PVH2ORES



36

66

Report from the COUNTY HOUSING AUTHORITY



0244

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ



Presentation to the Board of Supervisors
Santa **Cruz** County
October 2, 2001



0245

QUICK FACTS

The Housing Authority of the County of Santa Cruz was created in 1969. Some of the agency's major programs and activities include:

- Has an annual budget of \$46.5 million in housing assistance funds
- Assists over 5,000 families through a variety of programs
- Administers the largest rental assistance program, the Section 8 Housing Choice Voucher Program, providing rental assistance for 3,981 families throughout the County
- Built, owns and manages 428 rental units for low income families
- Administers security deposit programs for all county jurisdictions (with the exception of Watsonville) issuing over 300 deposits to date
- Financed and assisted non-profit and private developers to produce over 500 units of affordable rental housing
- Has developed and sold 115 single family homes
- Through the administration of a variety of First Time Home Buyer programs assists low and moderate income families acquire their first home, over 750 to date
- Provides silent seconds, silent thirds and other financial tools to assist home buyers
- Partners with non-profit and government agencies to acquire property, develop programs and disseminate information
- Provides technical assistance to local government and non-profit agencies
- Acts as local tax credit application reviewer for the State of California Tax Credit Allocation Committee
- Administered \$30 million in disaster recovery funds on behalf of the County of Santa Cruz, City of Santa Cruz and the State of California

Mary McKenzie James, Executive Director
Carlos Rico, Chair
www.hacosantacruz.org

216041st Avenue
Capitola, CA 95010
831.464.0170



0246

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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HOUSING AUTHORITY
OF THE COUNTY OF SANTA CRUZ

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AN OVERVIEW

The Housing Authority of the County of Santa Cruz is governed by a seven member Board of Commissioners, (two of whom must be tenants of the Housing Authority, one over 62 years of age) appointed by the County Board of Supervisors. Board members are at-large appointments made by the Board of Supervisors, however, other than appointing the Board of Commissioners, the Board of Supervisors has no direct responsibility for the Housing Authority and the Housing Authority receives no County funds.

Although the Housing Authority is an independent, distinct entity, much crossover and interaction occurs between the Housing Authority and local government. The Housing Authority acts as the housing authority for each of the localities within the county and strives to be of service according to the needs of each.

The Housing Authority also performs services under contract for the County and municipalities. Security Deposit, First Time Home Buyers, Mortgage Credit Certificate and Mobile Home Resident Ownership Program are just some of the programs the Housing Authority administers for local governments. The Housing Authority of the County of Santa Cruz also administers, by contract, the Housing Authority of the City of San Juan Bautista and the Housing Authority of the City of Hollister.

The largest and best known programs operated by the Housing Authority are the federal rental assistance programs: the Section 8 Housing Choice Voucher program and the Low Income Public Housing program as well as the USDA Fannworker Housing Program. To a lesser extent, State of California programs also provide housing assistance such as the seasonal Migrant Housing program or the Rental Housing Construction Program. Regardless of the source, the Housing Authority must apply and compete for funds. There is no automatic funding and the Housing Authority's earnings for operating these programs are performance-based.

In the early 1980s, the Housing Authority further used its powers to issue mortgage backed revenue bonds to assist private developers in providing affordable rental units as well as issuing single family bonds for home ownership. The Housing Authority helped non-profit groups provide housing for family shelters, transitional housing and housing for people with disabilities.

Since its creation in 1969, the Housing Authority of the County of Santa Cruz has increased the number of families it assists to over 5,000, bringing to the County more than \$46.5 million annually in housing assistance funds.

Program descriptions and statistics can be obtain from our web site at:
www.hacosantacruz.org

SERVING SANTA CRUZ COUNTY FOR OVER 30 YEARS

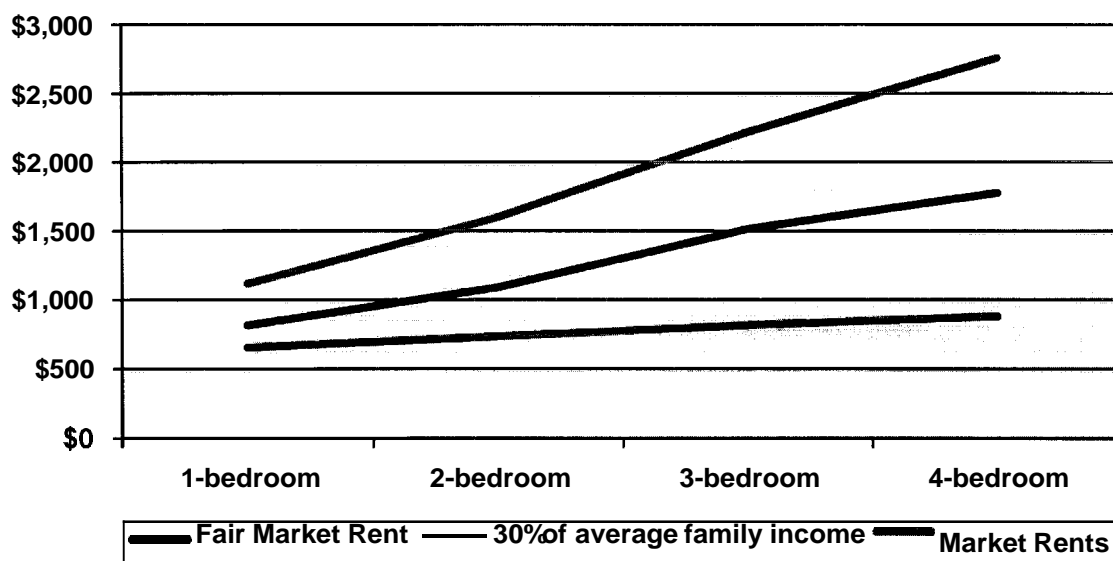
The Housing Authority of the County of Santa Cruz was created in 1969 to provide housing assistance for the county's low and moderate-income residents. Over the last three decades it has carried out its mission by:

- Developing and managing affordable rental housing.
- Developing affordable housing for sale to qualified local residents.
- Administering the federal government's Section 8 program, which provides rental assistance to tenants in market-rate housing.
- Providing security-deposit assistance programs to help tenants get into rental units.
- Managing first-time home buyer programs, which provide mortgage relief for low and moderate-income residents buying their first home.
- Offering programs for mobile home rehabilitation and improvements.
- Helping mobile home park residents acquire ownership of their park.
- Distributing and administering disaster-relief housing funds.
- Rehabilitating dilapidated housing units for sale to low-income residents.
- Developing and managing migrant and farm-labor housing.
- Providing technical services on housing issues for government agencies and developers of affordable housing.
- Maintaining a base of current information on local housing markets.
- Offering informational seminars for landlords.
- Offering informational seminars for first-time home buyers.
- Providing property management services.
- Obtaining state and federal grants for property improvement and maintenance.
- Issuing tax-exempt bonds to assist developers of affordable housing with financing.
- Administering the federal Mortgage Credit Certificate program.

THE NEED FOR AFFORDABLE HOUSING IS GREATER THAN EVER

One of the major issues facing working families in Santa Cruz county is the high cost of housing. In a community where studio apartments regularly rent for over \$1000 per month and a modest home rents for over \$2000, low and moderate income families often find themselves competing with Silicon Valley workers and university students for a limited number of rentals. It is becoming increasingly difficult to rent a safe and adequate home. As the following chart shows, the average Section 8 family paying 30% of their income towards housing cannot afford HUD-established Fair Market Rents for Santa Cruz county, much less market rents as determined through the Housing Authority's survey of the rental market. (HUD Fair Market Rents are set at the 40th percentile of area rents)

Market Rents As Compared to 30% of Average Section 8 Family Income



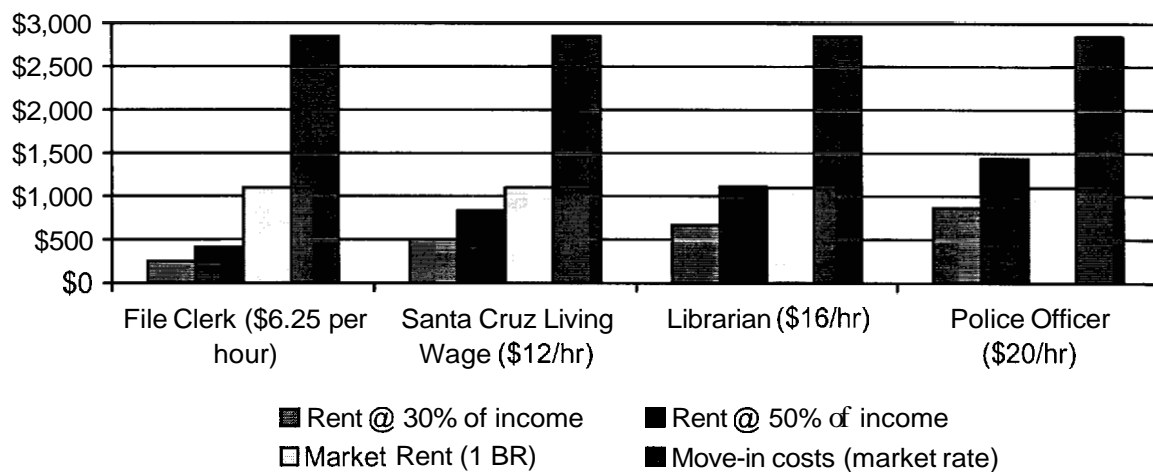
The Housing Authority's Section 8 Housing Choice Voucher program addresses this need by providing a monthly rental subsidy. Tenants pay 30% of their income towards rent and the Housing Authority's Section 8 program makes up the difference. Also, the Housing Authority manages over 400 apartments in which tenants pay 30% of their income or a low flat rent.

WORKING FAMILIES OFTEN UNABLE TO FIND AFFORDABLE HOUSING

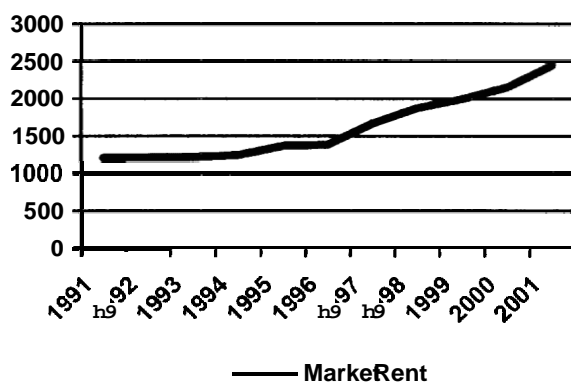
The Housing Authority has always served working families in its programs; in fact, over two-thirds of households receiving Housing Authority assistance are working families.

This chart illustrates the housing choices faced by workers in Santa Cruz county: a file clerk earning minimum wage, or 19% of area median income, can only afford to pay \$230-\$384 per month in rent, making it difficult to rent even a single room in a shared house. Even if that minimum wage worker pays 50% of their income in rent, they still could not afford to rent a typical 1-bedroom unit. A worker earning the city of Santa Cruz-established Living Wage faces similar challenges. **An** entry-level police officer making \$20 per hour, or 70% of area median income, could just afford a one-bedroom apartment, but not a house or apartment large enough for a family, and the move-in costs would still exceed an entire month's take-home pay.

Rental Housing Costs, By Occupation



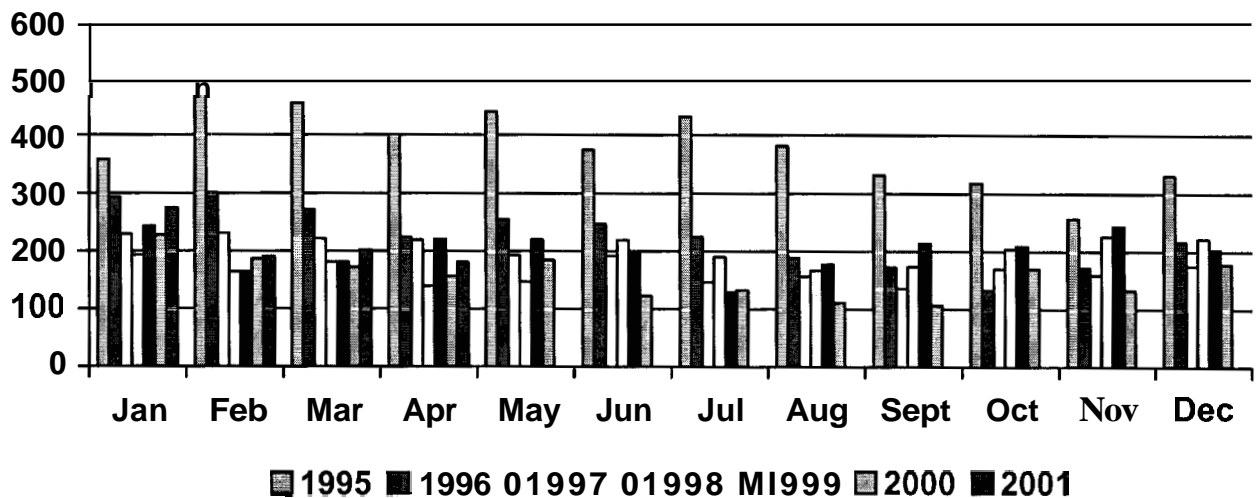
Santa Cruz County Rent Comparison 3 Bedroom Unit



The market rent, as determined by the Housing Authority through a monthly survey of rental ads, has nearly doubled since 1995. This represents an increase of about 10% per year. With rents rising faster than wages, it is often difficult for working families to cover their monthly expenses and save for a possible downpayment on a house. (It should be noted that the less expensive rentals are often not advertised in the papers.)

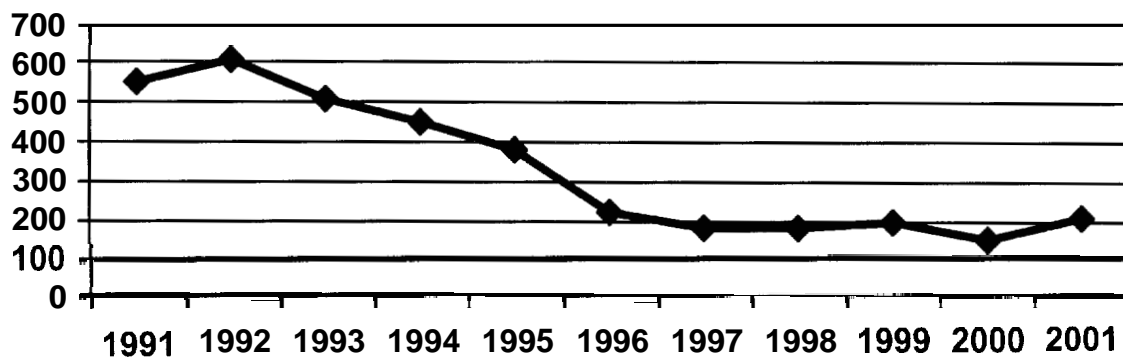
The Housing Authority's monthly survey of rental ads has demonstrated that the number of advertised rental units has declined sharply as rental housing costs have increased.

Number of Rental Ads By Month, 1995-2001



On average, there are only about two hundred rental units advertised per month in Santa Cruz county.

Average Number of Rental Ads Per Month Santa Cruz County



ASSISTING FAMILIES COUNTY-WIDE

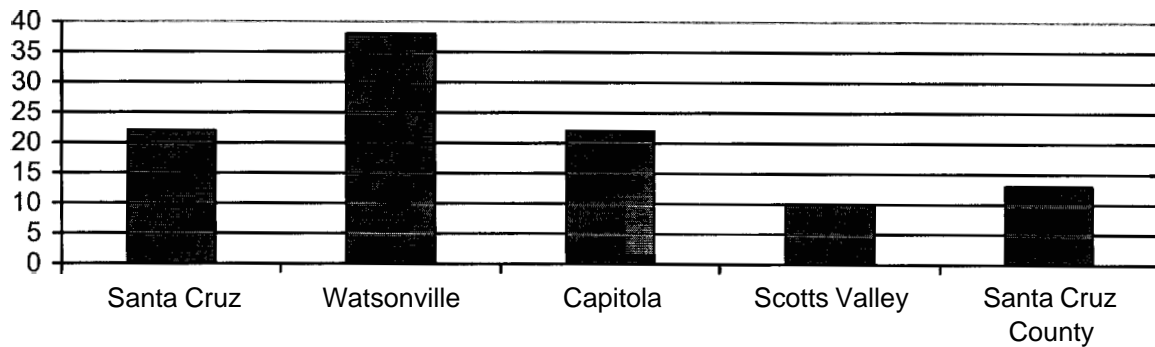
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The Housing Authority works hard to assist families in all parts of Santa Cruz county. The following chart shows that assistance is widely dispersed in all areas of Santa Cruz county.

Although the Housing Authority receives a majority of its funding from HUD, it is an independent local agency that offers many community-based programs. Local jurisdictions contract with the Housing Authority to provide programs that respond to specific community needs. For instance, the Security Deposit program provides a deposit and last month's rent guarantee to families who can afford their monthly rent, but simply do not have the \$3,000 or more that it often takes to move into an apartment. The new Mortgage Credit Certificate (MCC) program helps teachers in targeted schools to purchase a house and remain in the community where they teach. These and other locally-funded programs help make it possible for the Housing Authority to respond to the unique needs of each community.

Number of Households Assisted By Locality

by population: per 1,000 persons



The chart above shows the number of households served in each jurisdiction, as normalized for population. The actual number of households served in each jurisdiction, for all programs, is as follows:

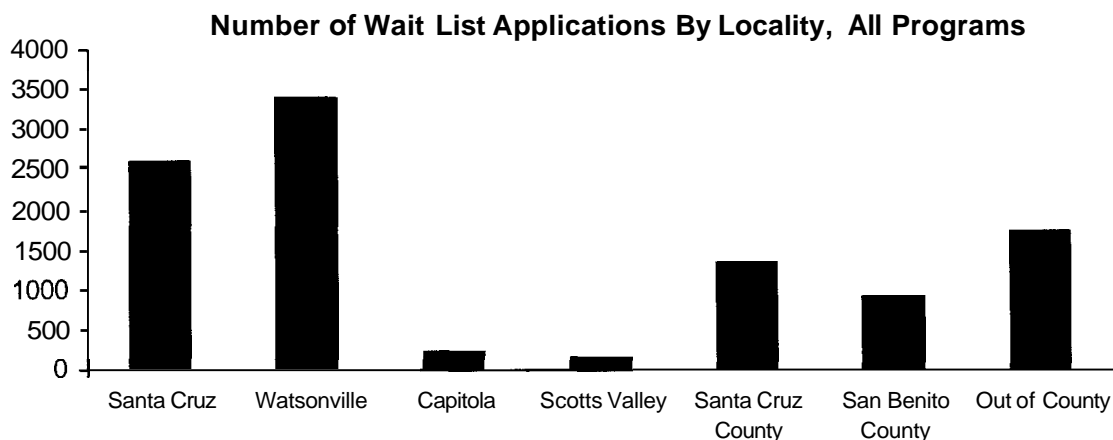
Santa Cruz	1172
Watsonville	1825
Capitola	227
Scotts Valley	85
Santa Cruz county (unincorporated)	1768

PROGRAMS FOR RENTERS

Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher program provides rental assistance to over 3,900 families in Santa Cruz county. With a Section 8 voucher, families pay 30-40% of their income towards housing and the Housing Authority pays the rest, up to certain maximum rent limits. Each unit is inspected annually to ensure that it meets health and safety standards. Low income renters appreciate the program because it allows them to compete for housing in a tight rental market. Landlords appreciate the steady rental income, free referral listings, and assistance with lease negotiations and other issues.

Over the last few years, special allocations of Section 8 vouchers have allowed the Housing Authority to serve high-need groups, including persons with disabilities, Welfare-to-Work families, and families in the child welfare system. The program has also been expanded to allow families to use their Section 8 assistance to purchase a home. Still, the need for Section 8 far outweighs the available resources. Over 6,000 families are currently on the wait list for Section 8 rental assistance, and the Housing Authority receives over 200 new applications each month.



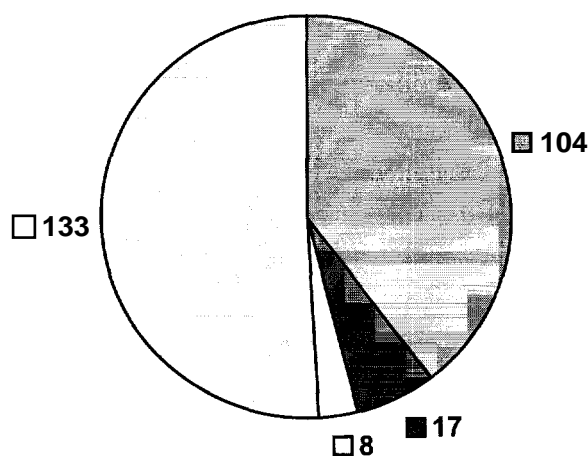
The federal Section 8 Housing Choice Voucher program encourages families to use their housing vouchers to live in the community that best meets their needs. For this reasons, applicants from anywhere in the nation are permitted to place their name on the Santa Cruz wait list, and Section 8 households may, after one year of residing in Santa Cruz county, use their voucher to live anywhere in the nation. Typically, if a family moves, they are issued a voucher from the Housing Authority in the community where they move, and the Santa Cruz voucher is returned to Santa Cruz.

The Housing Authority also administers Section 8 assistance for the cities of Hollister and San Juan Bautista in San Benito county.

Security Deposit Program

With funding from the cities of Santa Cruz, Scotts Valley, Capitola, and the County of Santa Cruz, the Housing Authority offers a security deposit program to help families with their security deposit and last month's rent. These move-in costs can often exceed \$3,000 and can be a real obstacle to families who could otherwise afford to rent an apartment or house. The Housing Authority screens applicants, works with landlords, and manages the program. Depending on the jurisdiction, the security deposit is either repaid or forgiven if the tenant remains in the unit for a set period of time. Thanks to the cooperation of participating cities and the county, the program is available in every part of the county except Watsonville, which has its own program.

Security Deposits Issued Since Program Inception



The Security Deposit program offers more than financial assistance to program participants. They also receive tenant education and assistance with negotiating a lease with landlords. The education component of this program is an important key to helping participants be successful tenants in the unit they lease.

■ Santa Cruz ■ Capitola □ Scotts Valley □ County

Dorothy Smith, a property manager in Soquel, recently told the Housing Authority how useful the program is to potential renters. "Given the market in this county," she said, "a lot of the people who qualify for our housing have been paying a large portion of their monthly income in rent, which makes it very hard to save. Then if something unexpected happens—like a car breaking down or a child needing dental work—it can really be a disaster. Without the security deposit program, many of our families would not have been able to take advantage of the terrific housing opportunity we offered them."

Rental Units Owned and Operated by the Housing Authority



The Housing Authority owns and operates over 400 affordable rentals throughout Santa Cruz county. Most are small, townhouse-style complexes that blend in with the surrounding neighborhoods. More than half of these units are HUD-funded public housing complexes, where residents pay 30% of their income in rent—\$330 on average for a 2-bedroom apartment—and HUD provides limited funding to cover the operating costs. In recent years, HUD has awarded

enough funding to allow the Housing Authority to install new roofs, replace siding and repaint exteriors, upgrade landscaping, and remodel interiors.

Public Housing Tenants—Our Workforce

The majority of public housing tenants are working families employed in a variety of employment sectors, as indicated below:

Agricultural	15.8%	Health/Service	11.2%
Factory	12.1%	Office/Clerical	7.1%
Labor	12%	Skilled Trade	5.0%
Retired/Disabled	13.3%	Food Service	4.6%

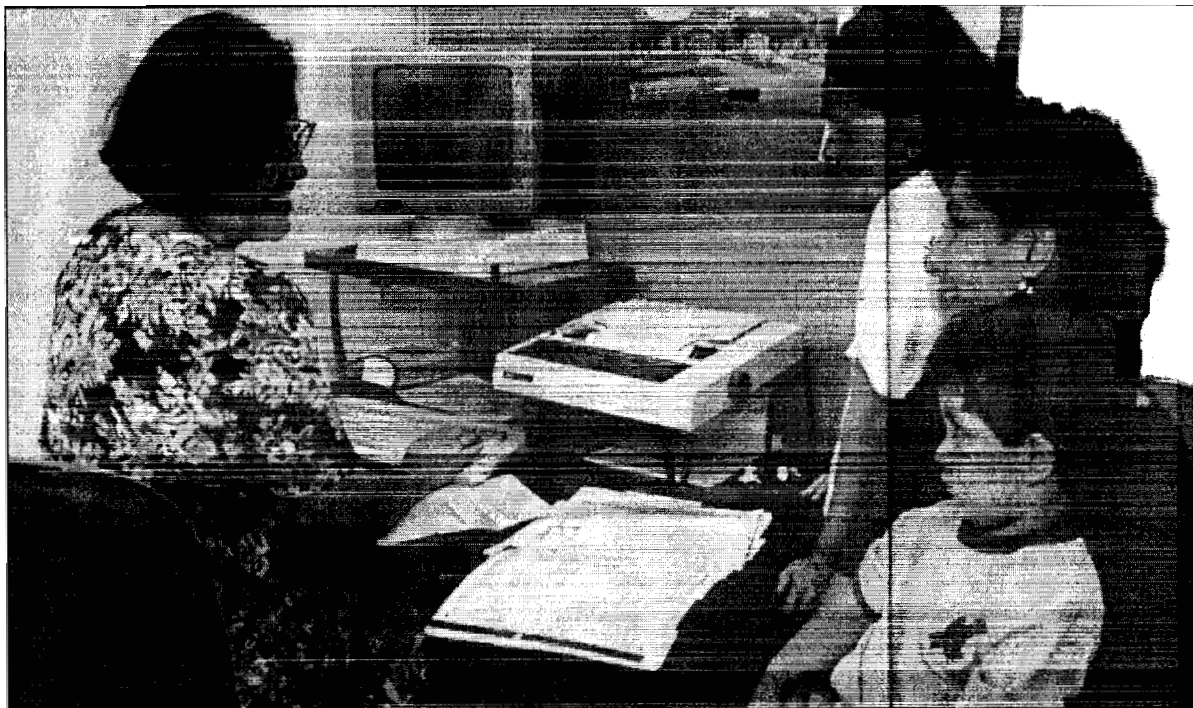
Farm Worker Housing

The Housing Authority also owns 70 apartments for year-round farmworkers. Funding for the construction of these units was provided by the United States Department of Agriculture. Tenants pay an affordable flat rent of about \$500 for a 2-bedroom apartment. During the spring and summer months, the Housing Authority also operates a 103-unit migrant center for migrant farmworkers in cooperation with the State of California Office of Migrant Services.

Other units owned and operated by the Housing Authority include a 6-unit transitional housing complex for clients of the Families in Transition (FIT) program, and a 15-unit complex funded through tax credits near Cabrillo College.

Housing Counseling for Renters

When renters have questions about their fair housing rights or need help solving a housing-related problem, they can turn to the Housing Authority for assistance. As a HUD-certified Housing Counseling agency, Housing Authority staff are trained to assist renters and homeowners with a variety of housing-related concerns.



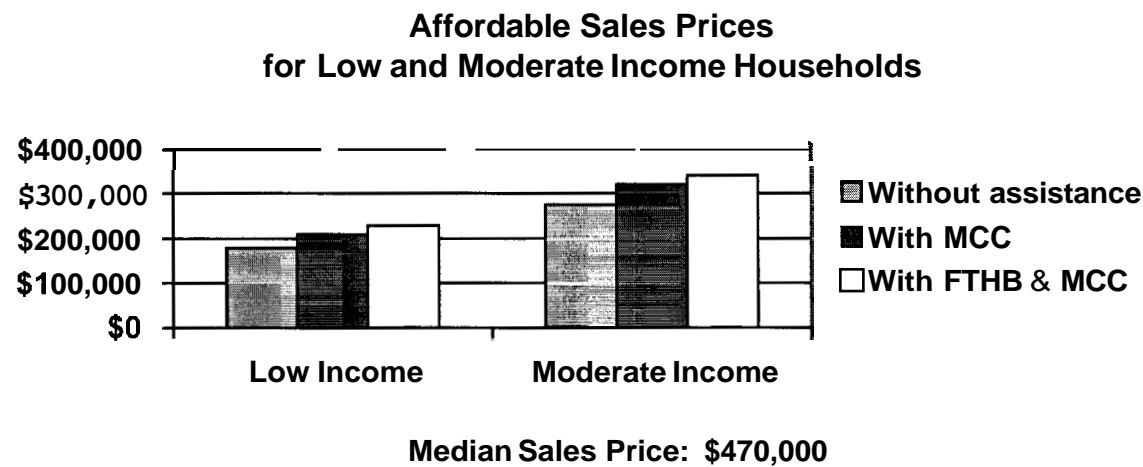
Most renters contact the Housing Authority first to request information about affordable rental housing and subsidy programs. The Housing Authority counsels renters about tenant/landlord relationships, how to locate and qualify for housing, and how to locate disabled accessible units, among other issues. The Housing Authority makes referrals to legal assistance programs as needed. Due to the lack of affordable rental housing, the Housing Authority particularly focuses on services such as credit repair that will enable low and moderate income households to be more competitive in the rental market.

First Time Homebuyer Silent Second Program

Housing prices in Santa Cruz county have skyrocketed in the last few years. The booming economy, low interest rates, the strength of the high-tech industry in Silicon Valley (30 miles from Santa Cruz), and increases in population, combined with scarce available land, have all converged to drive housing prices well beyond the reach of low and median income wage earners. The median sales price for a single family home in Santa Cruz county has reached over \$470,000.

In recognition of the high cost of housing in the Santa Cruz metropolitan area, the cities of Capitola, Santa Cruz, and Scotts Valley have adopted Homebuyer Assistance Programs administered by the Housing Authority. (Watsonville and the County administer their own programs) These programs are designed to assist buyers who can qualify for a first mortgage loan. In the event the loan amount is not enough to purchase a home in Santa Cruz County, Home Ownership Programs are designed to bridge the gap.

A median priced home, now well over \$470,000, is out of the reach of a median income family. Teachers, nurses, librarians, and workers in many other employment sectors cannot afford to live in the community where they work. As the following chart shows, Housing Authority programs such as the Mortgage Credit Certificate (MCC) program and the First Time Homebuyer (FTHB) program are still not enough to help families afford a median-priced home, but they do help to make lower-priced condominiums — averaging \$350,000 or less—and mobilehomes, which may sell for \$200,000 or less, more affordable.



To afford a house at the median sales price of \$470,000, a family must earn 181% of median income. A median income family of four could afford a sales price of about \$200,000, or over 50% of the current median sales price. As of the writing of this report, there are no homes listed for sale in Santa Cruz county at this price range, and only four

condominiums, leaving mobile homes as the only option for median-income families. 0258
The Housing Authority's first time homebuyer programs are designed to help low and moderate income families develop plans for buying a home in spite of escalating housing costs.

The First Time Homebuyer program have specific requirements about the location of the homes, the maximum allowable income for borrowers, the maximum allowable purchase price, the maximum dollar amount of assistance available, and whether or not the purchaser must be a first time buyer.

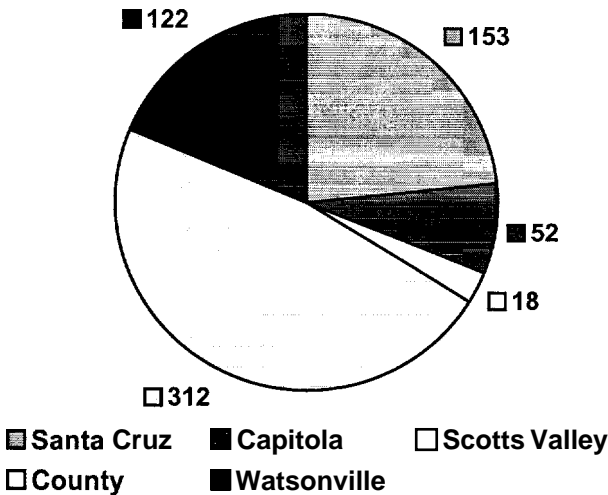
In all cases the assistance is provided in the form of a deferred silent second loan from the jurisdiction to the homebuyer. This means that second mortgage money is loaned to the borrower and no payments are due until the home sells and/or the buyer refinances. (The County of Santa Cruz program does require some payment). These loans are called "Silent Seconds".

Mortgage Credit Certificate (MCC) Program

The Mortgage Credit Certificate (MCC) Program provides tax credits to income eligible homebuyers throughout Santa Cruz county. MCCs reduce the amount of Federal income tax that borrowers pay, thus giving them more available income to qualify and pay for a mortgage loan.

The Housing Authority applies for MCCs each year from the State of California and there is usually a limited supply available. This year, the Housing Authority received a special allocation to provide MCCs to teachers at targeted schools, enabling them to buy a home and live in the community where they teach.

MCCs Issued Since Program Inception





During the last ten years, the agency built and sold 117 single-family homes to very low to moderate income families at Arroyo Verde, an affordable housing subdivision developed in response to the loss of housing stock in the 1989 Loma Prieta earthquake, and at Arista Place, a 16-home subdivision built after the completion of Arroyo Verde. Staff spent up to forty hours with each potential purchaser, providing credit repair, debt

counseling, and assisting with the purchasing process. This included everything from explaining to purchasers what their maintenance and upkeep responsibilities would be as homeowners, to drafting letters to creditors to cancel credit cards, to creating plans to manage their daily finances. Moderate, low, and very-low income families were able to purchase homes at Arroyo Verde and Arista Place due to the extensive first-time homebuyer counseling and second mortgage assistance that the Housing Authority provided, along with the County Redevelopment Agency's second assistance for Arroyo Verde. All purchasers lived or worked in Santa Cruz County.

Resident Ownership of Mobilehome Parks

Mobilehome parks often provide the only source of affordable homeownership in Santa Cruz county. From young families just starting out to senior citizens hoping to retire in the community where they have lived and worked, mobilehome parks are a viable homeownership option. When parks are offered for sale, residents often consider purchasing the park themselves to gain more control over their housing situation and preserve the park's affordability.

Through contracts with local cities, the Housing Authority has conducted feasibility studies and assisted with the resident purchase for several mobile home park conversion projects, juggling a variety of grants and loans from private and public sources to purchase the coach, the lot, and finance infrastructure repairs. The Housing Authority just finished working with the residents of two mobilehome parks in the City of Capitola to assist them with the assessment and possible conversion process. One resident group did purchase their park with the assistance of the Housing Authority and the City. Now three other parks have expressed an interest in resident ownership.

Housing Rehabilitation Programs

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Many low and moderate income homeowners find it difficult to make their monthly mortgage payment and keep up with costly repairs. The Housing Authority administers a housing rehabilitation program for the city of Capitola and assists in the City of Watsonville Rehabilitation Program. Although program guidelines vary by city, the programs offer homeowners the opportunity to secure low-cost financing for major repairs and upgrades, including earthquake bracing and disabled access improvements.

Housing Counseling for Homeowners

First Time Homebuyers

Due to the lack of affordable homeownership opportunities in Santa Cruz county, the Housing Authority primarily targets its housing counseling services to low and moderate income families who would like to purchase a house but are unable to without assistance. The Housing Authority uses Fannie Mae's Homeownership Workshop program and other similar programs to provide first-time homebuyer and pre-purchase counseling. Some purchasers come to the Housing Authority directly to seek assistance, and others are referred from lenders who lack the staff time to thoroughly educate and pre-qualify clients. Through contracts with the cities of Scotts Valley, Capitola, and Santa Cruz, the Housing Authority provides education to first time homebuyers as part of its overall First Time Homebuyer/Silent Second Program.



Staff meets individually with purchasers to assess the income, assets, family composition, and debts of the family. Staff will help the family create a plan for saving, credit repair, and budgeting. Staff can also explain any special programs that are available, such as deferred seconds, affordable units, and other special programs for first-time homebuyers. When these purchasers begin looking for a home, they will have a Fannie Mae Certificate of Achievement and a pre-qualification packet from the Housing Authority. The Authority will continue to assist the participant with the purchasing process if needed, acting as an intermediary between the real estate agent, the lender,

and the escrow officer.

Post-purchase counseling

The Housing Authority often conducts quarterly follow-up with program participants regarding such issues as homeowner's responsibilities, ongoing budgeting, maintenance

and upkeep. It has been the Authority's experience that few first-time purchasers are 0261 fully prepared for the work and expense involved in maintaining a home. In addition, homebuyers tend to put themselves in debt quickly buying new furniture or a new car after they move in. This pre-default counseling is particularly important in preventing future, more costly problems.

Home ~~Equity~~ and Reverse Mortgages

Assistance with home equity and reverse equity mortgages is also provided. Reverse equity mortgage counseling is available to homeowners sixty-two years of age or older, who have either paid off their mortgage or paid almost all of their mortgage. Seniors who need current income are becoming increasingly interested in this option, which allows them to remain in their home while collecting the income they need.

Foreclosure counseling

The Housing Authority assists clients in restructuring debt, consolidating loans, and making forbearance arrangements with lenders. In addition, staff can help make payment arrangements for the mortgage and other loans in default. Referrals for foreclosure counseling come from lenders, notification that a HUD-insured mortgage is in default, and direct contact by the owner in default.

The Housing Authority works in partnership with non-profits as well as local, state, and federal government agencies to create housing opportunities in Santa Cruz county.

Consulting Services for City & County Government

The Housing Authority acts as an affordable housing consultant to local government agencies, performing feasibility studies of potential projects, drafting program guidelines, advising staff, Council, and commission members, and administering programs under contract. Examples of recent projects include mobilehome park resident ownership conversion, design of a new housing rehabilitation program, and monitoring of a city contract with Habitat for Humanity.

Local Reviewer for Tax Credit Projects

The California Tax Credit Allocation Committee (TCAC) contracts with the Housing Authority to review applications for local tax credit projects. They rely on the Authority's expertise as a project developer and property manager to accurately identify the strengths and weaknesses in applications for development in our community.

Inclusionary Ordinances

Local city governments turn to inclusionary zoning ordinances to ensure the production of affordable rental and homeownership units. The Housing Authority has worked with local governments to help them draft ordinances that will work in the community, and has taken on a monitoring role in the cities of Santa Cruz and Scotts Valley to help ensure the program's continued success.

Bond Issuance

The Housing Authority has provided tax-exempt bond financing for approximately \$50 million for multifamily rental development. While the Tax Reform Act of 1986 significantly changed the requirements and procedures for the issuance of tax-exempt multifamily bonds, housing developers continue to pursue bond financing for their projects. Bond funds have been used to help finance a variety of projects in Santa Cruz county.

Officers On Site

At seven of the sites owned and managed by the Housing Authority an apartment has been made available at a very low rent to police officers from the various jurisdictions. The officers act as role models for the children as well as eyes and ears for the Authority, letting the Authority know of maintenance issues or problems that should be addressed. From time to time, the officers hold neighborhood meetings with the tenants to discuss issues of concern such as preventing crime or drug use. Participating police departments are: Watsonville, Santa Cruz and the Sheriffs Office.

WORK WITH NON-PROFITS AND OTHER AGENCIES

The Housing Authority collaborates with non-profits groups and other agencies on a variety of programs, including the transitional housing program and special allocations of Section 8 vouchers for persons with disabilities, Welfare-to-Work participants, and families in the child welfare system. The Authority has also assisted in the purchase of land, buildings as well as disseminating information on saving on energy costs.

The Housing Authority Board of Commissioners recently authorized an loan of \$30,000 to fund the building of a triplex for sale to low income families being built by the City of Watsonville Youth Build program.

The Housing Authority assisted the Santa Cruz Police Department acquire a mobile community police station which provides various programs in low income neighborhood, particularly those with Housing Authority-assisted residents.

The agency joined with the American Lung Association in training our tenants as community leaders to educate low income families in maintaining healthy homes.

Some of the groups we have worked with are:

- Santa Cruz Community Counseling Center
- Families In Transition
- Pajaro Valley Shelter Services
- Pajaro Valley Affordable Housing
- Santa Cruz AIDS Project
- Habitat for Humanity
- Mercy Housing
- Pajaro School District
- Santa Cruz Police Department
- County Human Resources Agency
- County Health Services
- Community Action Board
- Central Coast Center for Independent Living
- San Andreas Regional Center
- American Lung Association

There may be other ways, yet undefined, in which the Housing Authority can assist when it is included in discussions.

During the 1970s and 1980s, the federal Department of Housing and Urban Development (HUD) funded the development of housing projects that required the developers to keep the projects affordable for a certain length of time, usually 20 years, but also in some cases for 15 years or other term depending on which program was being used. Many of these projects have Section 8 rental assistance which allows the tenants to pay approximately 30% of their income for rent, however, the subsidy is attached to the unit in the project (and thus called project-based assistance or PBA) so when the tenants move the subsidy stays with the unit, and is available for the next tenant. (The Section 8 assistance issued by the Housing Authority, Section 8 Vouchers, is tenant-based and goes from unit to unit as the tenant moves.)

Beginning in the mid 1990s, these 20 year contracts started to expire which put the projects at risk of no longer being committed to affordable housing. Because there was a prior agreement that this would occur, HUD did not have any way to stop the owners from opting out of the programs and keep the projects affordable, but HUD did start making it more onerous by requiring owners to give tenants, non-profit developers and housing authorities a year's notice of the owner's intention to opt-out. This notice raises concern in the tenant community, sometimes unduly, because HUD will, if possible, negotiate an extension of the subsidies so that the project does not opt-out after all. The intent of the early notification is to allow time for the tenants, non-profits and/or housing authorities to purchase the properties from the owners in order to retain the affordability. In a high price/high demand market such as Santa Cruz, the owners will be able to command top dollar making it very expensive to purchase and keep affordable.

HUD designates each project as a high risk or low risk to indicate the chance that a project will become market rate or stay affordable. HUD measures this risk, in part, on what type of entity owns the property: a private owner is deemed high risk, a non-profit or housing authority a low risk (they are presumed to have a mission that would commit the property to being affordable at all times). The problem with this arbitrary designation is that in Santa Cruz county, at least, the opposite has occurred: the first opt-out project was owned by a private owner who continued his contract with HUD and the project remains subsidized and affordable, yet another, owned by a non-profit, recently went through opt-out and increased the rents.

When a project opts-out, HUD allocates Section 8 vouchers to the Housing Authority for each eligible family living in the project on the date of the opt out. They do not need to go on our Waiting List, and we are allowed to use some relaxed eligibility criteria. We are allowed to pay higher rents than a normal Section 8 voucher as an incentive to have the owner continue to rent to these families now getting the subsidy through a Voucher which is attached to the tenant rather than to the unit. When those tenants leave, the owner may offer the unit to another Section 8 Voucher holder or rent to an unsubsidized tenant.

When a project opts-out there are two concerns:

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- That the units will be lost as affordable housing
- That the tenants will have to pay higher (market rate) rents

While it is true that, depending on the intent of the owner, the project rents may become market rate and thus no longer affordable to low income families, to date HUD has always allocated vouchers through the Housing Authority which protects the current tenants from having to pay higher rents. The tenants may also choose not to remain and may use their vouchers to move anywhere in the United States. For instance, a local development for the elderly opted out in November, 1999 but has rented on the open market only as tenant attrition occurred. Some tenants used their vouchers to move closer to their children or to areas with more conducive climates. Today, almost two years later, three quarters of the tenants remain, using Housing Authority vouchers.

It is also true that today's real estate and rental market make it attractive for the owners of these development to go market-rate, but a sensible owner does not want a totally vacant building as there would be huge loss of income while re-renting, so, although theoretically possible, we do not believe, nor does our experience to date indicate, that when projects opt-out there is wholesale movements of tenants. This is not to say that all efforts and resources are not needed to preserve the affordability of these developments, but neither is there cause for panic in the tenants.

Local governments have played a role in saving these projects from going market rate by providing funding assistance to non-profits and housing authorities that can negotiate a purchase of the properties. With the high price of real estate in Santa **Cruz** county, the amount of funding necessary to purchase and keep rents at an affordable rent is substantial. In one case in which the Housing Authority offered to purchase the property, the owners' intent was to convert the property to a higher density, up-market development, and wouldn't even name a price. The Housing Authority is eager to assist local jurisdictions, non-profit developers and others in retaining this housing stock.

Report from the CITY OF SCOTTS VALLEY



0207

AFFORDABLE HOUSING PROGRAMS
SCOTTS VALLEY REDEVELOPMENT AGENCY

Scotts Valley, California

Updated: September 2001

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INTRODUCTION

0269

This document provides an overview of Affordable Housing Programs within the City of Scotts Valley. The programs offered by the City are funded through the Scotts Valley Redevelopment Agency (the "Agency"), as provided in the Scotts Valley Redevelopment Plan. The Housing Component of the Redevelopment Agency's Implementation Plan shows how the Redevelopment Plan goals and objectives for housing preservation and production will be implemented and how the statutory requirements for the set-aside and expenditure of tax increment for housing purposes will be met. In addition, the Agency has adopted a Housing Action Plan which further clarifies how programs are implemented. This document also provides an overview of affordable housing programs, as well as the type, location and standard (very low, low and moderate) of affordable housing units which have been built.

The programs offered by the Agency were developed through the Affordable Housing Action Plan (Action Plan) which was approved by the Agency Board in June, 1992. The Action Plan includes a series of defined affordable housing programs, procedures and financing mechanisms. The Action Plan also includes a preference system for qualified households which gives priority to those residents who live and work in the City of Scotts Valley. Also, the Agency has contracted with the Housing Authority of Santa Cruz County to provide for on-going administration of various programs identified in the Action Plan. Since 1994, new affordable housing units and other programs have been implemented by the Agency. Programs include a Silent Second and First Time Home Buyer financing, a first month's rent and security deposit guarantee for families moving into units, developer initiated affordable housing unit construction, and Agency subsidies for lower income rental units.

An Affordable Housing Subcommittee was established to assist staff in the implementation of the Action Plan. The Affordable Housing Sub-Committee meets to evaluate affordable housing proposals that come before the City and to provide direction on the implementation of new and existing affordable housing programs. Affordable Housing Agreements have been negotiated by this committee for several projects. In addition, affordable units within residential projects located in the RDA area have been completed.

WHO QUALIFIES FOR AN AFFORDABLE HOUSING UNIT?

Low and moderate income is defined in the Community Redevelopment Law by reference to Section 50093 of the Health and Safety Code which specifies the following income levels: moderate income, which is defined as household income of 80% to 120% of median income for the applicable household size; low income, which is defined as income of 50% to 80% of median income for the applicable household size (Section 50079.5) and very low income, which is defined as income less than 50% of median income for the applicable household size (Section 50105). The 2001 income limits for family size and type (very low, low and moderate) are listed below.

	1 person	2 persons	3 persons	4 persons	5 persons	6 persons*
Very Low	22950	26200	29500	32750	35350	38000
Low	36700	41900	47150	52400	56600	60800
Moderate	55000	52400	70750	78600	84900	91200

* For larger family sizes, contact the Scotts Valley Planning Department for income limits.

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A. Inclusionary Housing Program

The Scotts Valley Redevelopment Agency reviews all new housing development within the Redevelopment Area. The Redevelopment Plan requires that each new housing project include 15% of the units as affordable housing units. This requirement is referred to as the Agency's Inclusionary Housing Program. Each new housing project over six (6) units must generate affordable housing units. Projects with less than six (6) units may choose to pay an "in-lieu" fee. For example, a new housing project with ten units would be required to provide 1.5 new affordable housing units. For the fractional portion of the units required, the developer could provide *two* (2) units or pay an in-lieu fee for the .5 unit fractional portion and provide one (1) unit within their project. The Agency estimates that **417** potential units may be built in the next 25 years on vacant property in the Redevelopment Area. At least 15% or 63 of these units should be affordable.

The Agency has used Affordable Housing funds to assist various projects providing inclusionary units. For rental units in particular, the Agency has negotiated agreements to offset low and very low income units, in an amount equal to the difference in rent from the low or very low unit and moderate income rent rates. The Agency has not subsidized units on the basis of market rate rents, and has not recently provided any subsidies for units which are sold. Each project is considered on a case by case basis with the Affordable Housing Subcommittee who then makes a recommendation to the Agency Board. Each project is required to enter into an agreement to secure the unit to be rented or sold to qualifying families, at restricted prices for a 30 year (or longer) period. The following chapter of this report provides information on the various projects which have provided affordable housing units under this program.

B. First Month's Rent/Security Deposit Guarantee Program

This new program was adopted by the Agency in Spring, 1999. The program uses monies from the affordable housing set aside fund to assist low and moderate income families with rental assistance in the form of a grant for the first months rent, and security for last month's rent/security deposits. This program is coordinated through the Agency's contract for affordable housing programs by the Housing Authority of Santa Cruz County. Since its inception earlier this year, no funds have been expended on this program, primarily due to the very competitive housing market and low number of rental units available in the area. This has allowed the Affordable Housing Subcommittee to focus efforts on providing assistance to new affordable rental housing units, discussed further below.

C. Silent Second Mortgage Program

The City implemented a "silent second mortgage" program for first-time home buyers in November, 1997. Under the program, qualified buyers may receive a second mortgage of up to \$60,000 for the purchase of a conventional home and \$5,000 for buying a mobile home in the City. The second mortgage is called "silent" because no payments are made on it until the house is resold or refinanced. To date \$235,573 has been contributed to assist seven qualifying families in purchasing new homes. One loan totaling \$33,600 has since been repaid to the Agency.

D. Mortgage Credit Certificates

The City of Scotts Valley participates in the Mortgage Credit Certificate (MCC) Program which provides a tax credit to eligible first-time home buyers. The Mortgage Credit Certificate (MCC) reduces the amount of Federal income tax the homeowners pays, thus providing more available

income to qualify and pay for a mortgage loan. This program is an effective tool for many first-time home buyers, who without this assistance, would be unable to qualify for a home mortgage loan. Since the inception of this program fifteen MCC's have been issued in Scotts Valley.

E. Density Bonus

As required by State Law, development projects may receive up to a **25%** density bonus for projects where the additional units are set aside as restricted affordable housing units. Prior to the formation of the Agency, one project, a senior assisted living project called Oak Tree Villa, applied for and received a density bonus from the City. A total of 20, studio type units are restricted to families meeting the low income criteria.

AFFORDABLE HOUSING UNIT TYPES AND LOCATIONS

The following is a description of each of the affordable housing projects within the City of Scotts Valley. The location of each site is provided on the following map.

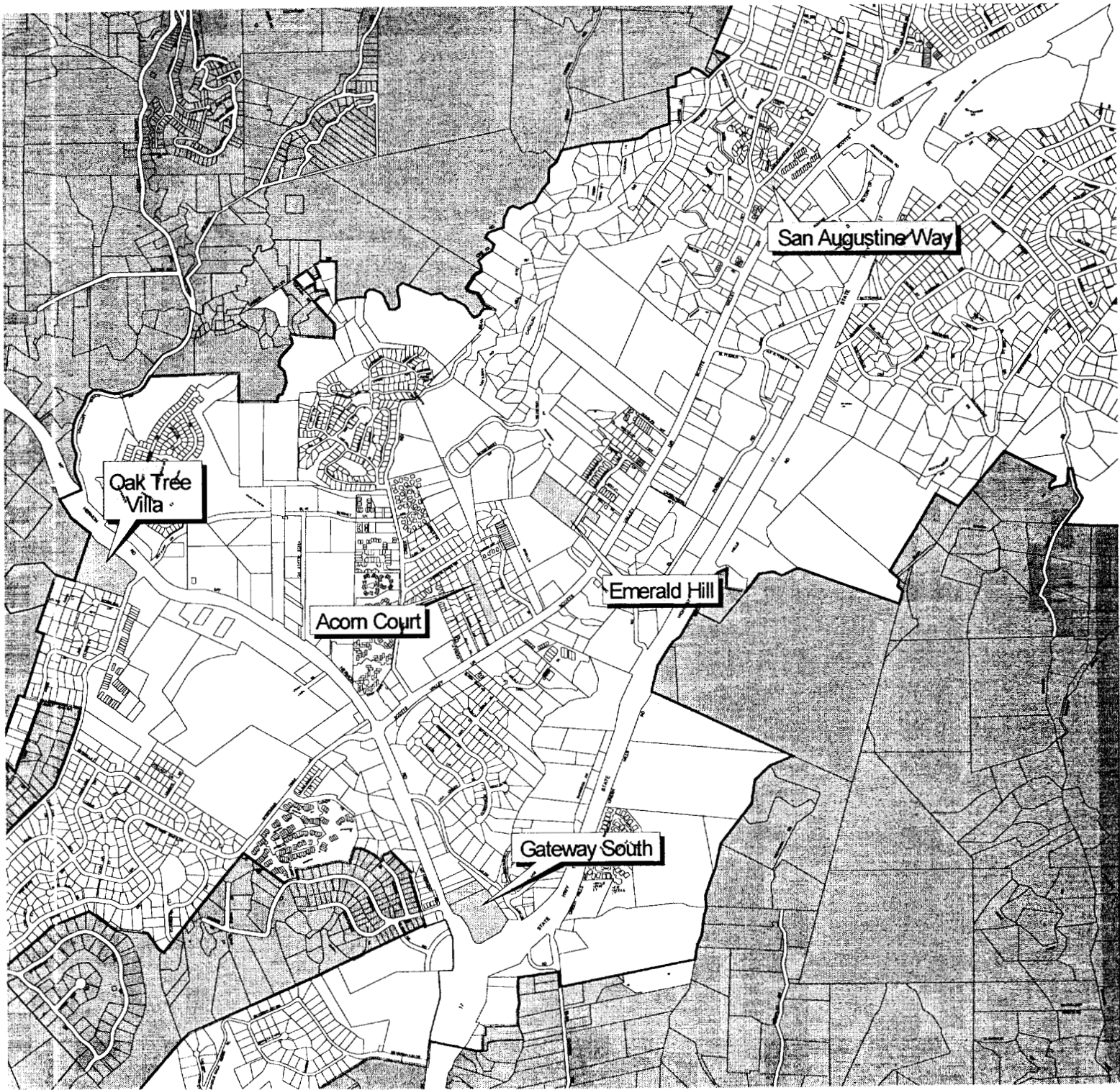
A. Rental Units: (See Map 1, page 5 for locations)

1. Acorn Court Apartments: This 26 unit rental apartment project includes four new affordable units. The Agency recently approved a 30 year agreement to secure two low and two moderate income units. To promote the generation of new rental units at lower rates, the Agency assisted the project in gap financing. The gap financing provides the difference between the average market rate or moderate income rate (which ever is lower) and low income rental rates. The estimated cost of the subsidy is \$14,183 per year and will fluctuate over time as market changes. This project has been completed and the units are occupied, and rented on an as available basis.
2. San Augustine Way: This six unit apartment project was completed without any Agency assistance. The project provided the required affordable housing with one very-low income unit, which is secured with a 30 year agreement with the Agency.
3. Mid-Peninsula Housing Coalition/Emerald Hill Apartments: This is a 46-unit apartment project on Civic Center Drive which included the adoption of an affordable housing agreement for 22 of the units to be held at very-low income rates. After project approval, a HOME Grant was approved in the amount of \$420,000 for this project. In addition, the project used tax allocation credits. This program requires that all 46 units be held at affordable rates for very low income families. Agency assistance was provided for various elements of the project, in an amount of approximately \$1.2 million dollars. The project was completed in 1999, and units are occupied and rented on an as available basis.
4. Gateway South Apartments: This project includes 41 apartments and 20 town homes. Of the 61 units, a minimum of nine units will be for low/moderate income families. An affordable housing agreement was secured to provide five low and four moderate income units. To promote the generation of new rental units at lower rates, the Agency assisted the project in gap financing. The gap financing provides the difference between the average market rate or moderate income rate (which ever is lower) and low income rental rates. These units are currently under construction.

5. Oak Tree Villa: This is an active seniors assisted living project consisting of 204 units. Of these, 20 units are reserved for low income families (one to two persons). The project is located on Mt. Hermon Road at Lockwood Lane. Units can be rented on an as available basis.
- B. For Sale Units: (See Map 2, page 6 for locations)
1. Cathy Lane Condos: This condominium project on Cathy Lane, west of Scotts Valley Drive, includes one low and seven moderate units. This project was constructed and the units are occupied. Units come available at the time the owner chooses to sell the unit.
 2. Torrey Oaks Condos: This is an 11 unit project located on Mt. Hermon Road and La Cuesta Drive. Two condominium units are affordable units, one for low income and the other for moderate income families. The units have been approved, however, they are not yet under construction.
 3. Blue Bonnet Lane Condos: This project includes a 31 condominium units on Blue Bonnet Lane, near the Scotts Valley Senior Center. The project has been approved, however, the final affordable housing agreement is being prepared. Initial discussions have focused on providing a total of 5 units. It is anticipated that construction will commence in 2002.

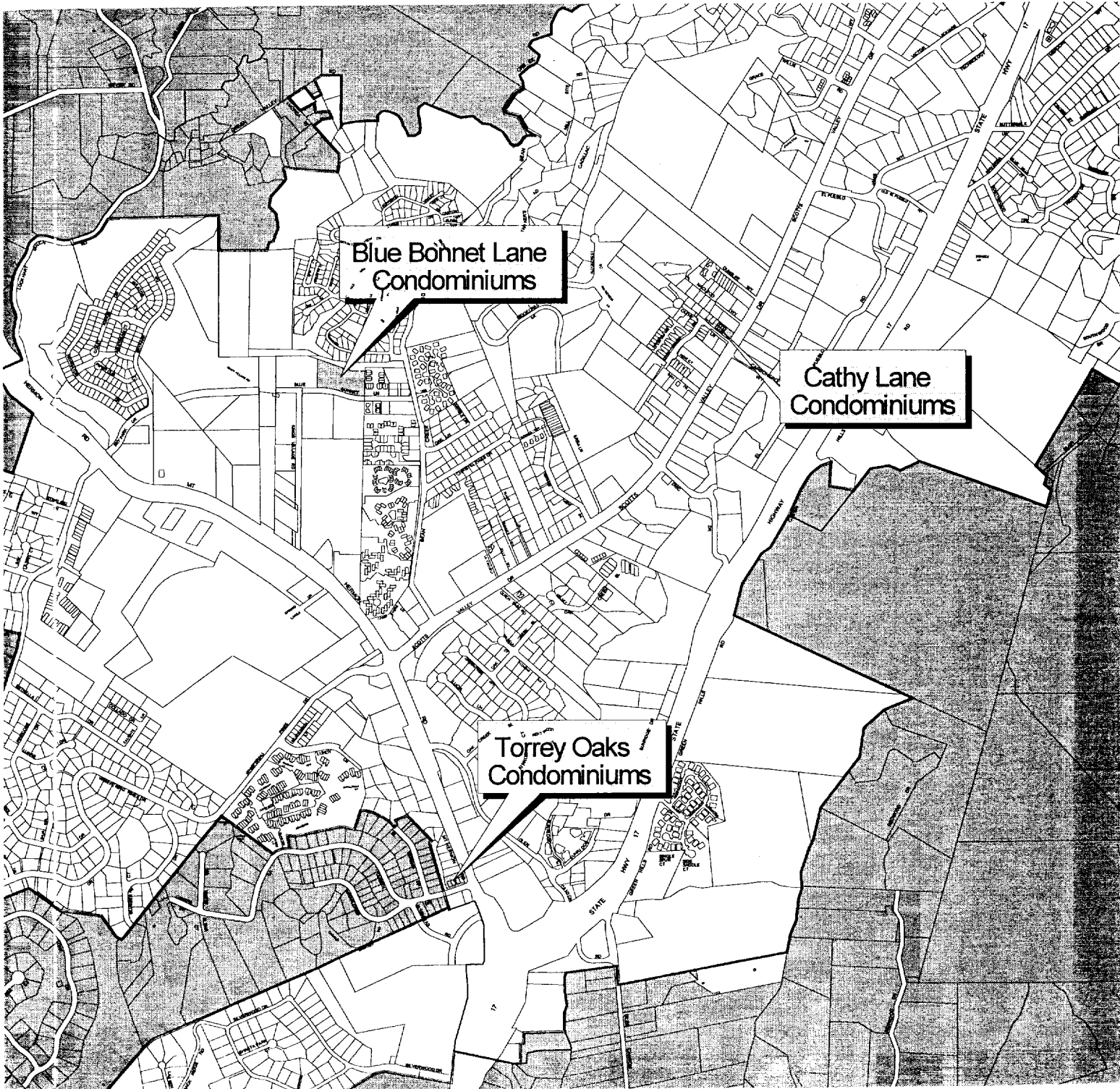
HOW TO FIND AN AFFORDABLE HOUSING UNIT

Rental units are found by contacting the on-site manager at each complex. All of the apartment projects listed in this report, except the San Augustine Way site, have on-site managers. Typically, there is a waiting list for the affordable units. Interested families should determine if their income level qualifies for very-low, low or moderate income first. Then, identify sites where these types of units are located, and then apply to the manager. For sale units are found initially at the time a project is constructed and units are sold. After that, units come available when owners choose to sell them. Interested parties are urged to contact the Housing Authority of Santa Cruz County at (831) 464-0170 to determine the type and location of units available. The Scotts Valley Redevelopment Agency has contracted with the Housing Authority to assist in implementing the various programs identified in this report.



MAP 2- LOCATION OF FOR SALE UNITS

0274



CITY OF SCOTTS VALLEY



DRAFT 2000 STATE OF THE CITY REPORT

PREPARED IN COMPLIANCE WITH THE CITY'S RESOURCE MANAGEMENT POLICY

3. HOUSING

The Resource Management Policy requires the City to provide data regarding the availability of housing within the City. The report provides information regarding market-rate units and affordable units available in the City.

MARKET-RATE

The following tables provide market-rate data for ownership and rental housing within the City. The ownership data has been compiled by the Santa Cruz Association of Realtors, Inc. from January 2000 through December 2000. The 1999 Annual Resource Management Report indicated the median sales price for a single family home to be \$438,000. For 2000, the median sales price for a single family home was \$452,475. This represents a sales price increase of \$14,475 for 2000, an increase of 3.3%. The median sales price for a condominium in 1999 was \$246,000. For 2000, the median sales price for a condominium was \$278,367.50. This represents a sales price increase of \$32,367.50 for 2000, an increase of 13.1%. The median sales price for a mobile home in 1999 was \$119,000. For 2000, the median sales price for a mobile home was unavailable.

Ownership - Sale prices during 1998			
Type	Range (\$)	Average (\$)	Median (\$)
Single Family	135,000-1,425,000	429,238	395,000
Condo/Townhouse	105,000-310,000	191,824	188,500
Mobile Home	55,000-235,000	138,850	98,500
Overall	55,000 - 1,425,000	253,304	188,500

Ownership - Sale prices during 1999			
Type	Range (\$)	Average (\$)	Median (\$)
Single Family	155,000-1,715,000	491,069	438,000
Condo/Townhouse	182,000-295,000	242,386	246,000
Mobile Home	63,000-380,000	154,193	119,000
Overall	63,000-1,715,000	295,883	246,000

0277

Ownership - Sale prices during 2000			
Type	Range (\$)	Average (\$)	Median (\$)
Single Family	101,883-1,476,666	523,945.42	452,475
Condo/Townhouse	156,750 to 912,875	307,524	278,367.50
Mobile Home	N/A	N/A	N/A
Overall	156,750-1,476,666	415,734.71	278,367.50

The following rental data has been compiled by the Planning Department utilizing classified ads from the Sunday edition of the *Santa Cruz Sentinel*. The rental rates were compiled from January 2000 through December 2000. The following tables provide rental rates for the years 1998, 1999 and 2000.

Rents during 1998			
Type	Range	Average	Median
Single Family/Duplex	695-3,000	1,479.7	1,395
Condo/Townhouse	550-1,650	1,344.3	1,360
Apartment/Studio	547-991	805	800
Shared (room)	425-600	502.7	525

Rents during 1999 year			
Type	Range	Average	Median
Single Family/Duplex	650-3,900	1,728	2,275
Condo/Townhouse	1,215-1,800	1,497	1,507
Apartment/Studio	550-1,650	932	4400
Shared (room)	400-950	532	675

Rents during 2000 year				
Type	Range	Average	Median	
Single Family/Duplex	750-4,800	2,034.06	2,200	
Condo/Townhouse	1,175-2,100	1,611	1,550	
Apartment Studio	525-1400	992.22	900	
Shared (room)	375-995	672.10	600	

AFFORDABLE

The goal of the City and the Redevelopment Agency is to provide housing for persons of all economic levels, with priority given to those persons of moderate, low and very low income levels currently residing or working within the City. The City believes that providing housing for persons of very low, low and moderate income is fundamental in the maintenance of an adequate, growing workforce and marketplace for the local economy. The following tables provide the number of affordable units, separated into housing types. The data has been compiled by the Santa Cruz County Housing Authority.

Ownership 1998				
Type	# of Units	Sale price range during last year	Income Type	Affordable Program
Single Family	5	205,970 - 240,000	N/A	Silent 2nd Mortgage
Condo/Townhouse	3	124,000- 167,500	1 Low 2 Moderate	Inclusionary
Total Number of Units: 8				

Ownership 1999				
Type	# of Units	Sale price range during last year	Income Type	Affordable Program
Single Family	7	196,000-240,000	N/A	Silent 2 nd Mortgage
Condo/Townhouse	3	124,000 - 167,500	1 Low 2 Moderate	Inclusionary
Total Number of Units: 10				

The affordable single family homes identified above have been purchased utilizing the City's silent second program. The City has offered the silent second program to City residents with a low or moderate income. There were no new silent second participants in 2000. The silent second program provides redevelopment funds to assist with the necessary down payment required to qualify for home ownership. This program assists residents that may not otherwise be able to qualify for home ownership. There are currently seven (7) property owners participating in the silent second program.

The affordable condominium/townhouses identified above have been provided by the private development industry through the City's inclusionary program (15% of all new housing in RDA area). The Redevelopment Agency Housing Production Requirement goal is to increase the supply of housing affordable to very low, low and moderate income families through the assistance and cooperation of the private development industry. The City requires all developments of seven or more units to provide housing for households of very low, low and moderate incomes. This program assists the City in reaching the fair share housing goal, by providing more affordable units in the City.

Rental 1998				
Type	# of Units	Monthly Rent	Income type	Affordable Program
Single Family	0	0	0	0
Condo/Townhouse	1 20 16	\$455 \$679-777 N/A	Very-low Low N/A	Inclusionary 19 Inclusionary / 1 Section 8 Section 8
Total Number of Units: 37				

Rental 1999				
Type	# of Units	Monthly Rent	Income type	Affordable Program
Single Family	0	0	0	0
Condo/Townhouse	1 20 12	456 679-777 N/A	Very-low Low N/A	Inclusionary Inclusionary Section 8
Apartment	46	305-811	Very-low	30-50% of median
Total Number of Units: 79				

Rental 2000				
Type	# of Units	Monthly Rent	Income type	Affordable Program
Single Family	0	0	0	0
Condo ownhouse	1 20 14	456 679-777 N/A	Very-low Low N/A	Inclusionary Inclusionary Section 8
Apartment	46 22 22	305-811 679-777 1,386	Very-low Low Moderate	30-50% of median above 50%-80% of median above 80%-120% of median
Total Number of Units: 858				

The units listed above are regulated through the City's inclusionary program and through Santa Cruz County's Section 8 housing assistance program. Considering both ownership and rental housing, the City has 95 affordable units. The Emerald Hill Apartments were completed in 1999, which added forty-six (46) affordable units to the housing stock.

**City of Scotts Valley
DEVELOPMENT/ DENSITY RECAP
MONTH ENDING AUGUST 2001**

0281

PROJECTS UNDER CONSTRUCTION:

	----- Density -----		--Number of Dwelling Units--		
	Gen Pln	Actual	Under	To-date	Not yet
<u>Residential:</u>	<u>Min/Max</u>	<u>Approved</u>	<u>Construction</u>	<u>Finalized</u>	<u>Issued</u>
Mandarino/Gr Ck Estates	55 - 55	38 DU	3	32	3
Ridgecrest	12 - 12	12 DU	1	6	5
Mandarino/Heritage Pks 7 meadow lots		7 DU	4	3	0
Brown & Kauffman/Heritage Pks 18 ridge		18 DU	1	4	13
Torrey Oaks / Chris Perri (RM8/PD)					
(7sfd/4 town homes)	5-9	11 DU	-0-	4 sfd	3 sfd/4 Th
Glen Canyon Apts: (RH/PD)		61 DU			
-building #1 / 6 units			6		
-building #2 / 6 units			6		
-building #3 / 10 units			10		
-building #4 / 8 units			8		
-building #5 / 10 units			10		
-recreation bldg / 1 unit			1		
-garage8/ 24			24		
Townhomes / 20					20
TOTAL	72 - 76	147 DU	50*	49	48

*garages not included

Commercial:

Actual Square Feet
Under Construction

60 Old El Pueblo / warehouse building	15,285 (issued 6/30/01)
4663 Scotts Valley Dr/Scotts Valley Medical Clinic	7,438 (issued 4/20/01)
	22,723

PROJECTS APPROVED - NO PERMITS APPLIED FOR OR HAVE NOT YET BEEN ISSUED:

	----- Density -----		Number of
	Gen Pln	Actual	Dwelling Units
<u>Residential:</u>	<u>Min/Max</u>	<u>Approved</u>	<u>Submitted/ Date</u>
none			
<u>Commercial:</u>		Actual Approved	Date Bldg Permit
		<u>Square Feet</u>	<u>Application Submitted</u>
Hal Porter Homes / Oak Creek Business Park-2 Bldgs		48,310	
Tear Drop / La Madrona:			
retail/commercial		6,964	
office building		15,000	
Borland Phase II		192,000	
TOTAL		262,274	

PROJECTS APPROVED - WAITING FOR FINAL MAP:

	----- Density -----	
	Gen Pln	Actual
<u>Residential:</u>	Min/Max	Approved
Bluebonnet Cottages / PD (apts) -B.Brooks	31	31 DU

Commercial:

none

Actual Approved
Square Feet

HOUSING BALANCE STATUS:

1996 Fair Share of Housing Goal	4,883 DU
Constructed:	
-per 1/1/00 Dept of Finance	4,221 DU
-sfd finalized as of 8/31/01	165 DU
-under construction	50 DU
-awaiting building permit	<u>48 DU</u>

PROJECTED TOTAL**4,484 DU****AFFORDABLE HOUSING - RENTAL 1999**

Type	Number of Units	Monthly Rent	Income Type	Affordable Program
Single Family	-0-	-0-	-0-	-0-
Condominium / Townhouse	1 20 12	456 679-777 N/A	Very-low Low N/A	Inclusionary Inclusionary Section 8
Apartment	46	305-811	Very-low	30-50% of median

PROJECTS SUBMITTED- NOT YET APPROVED:

	----- Density -----	
	Gen Pln	Actual
<u>Residential:</u>	Min/Max	Proposed
Polo Ranch / Greystone Homes	38	40 DU
Glenwood / Keenan Land		49 DU
Daryl Fazekus / Wells Road		3 DU
Daryl Fazekus / Civic Center		2 DU
Thevenin / Lockewood		3 DU
Habitat/Polo (2 triplex units)		<u>6</u> DU

TOTAL**103 DU**

PROJECTS SUBMITTED - NOT YET APPROVED (continued):

0283

	Actual Proposed
<u>Commercial:</u>	<u>Square Feet</u>
Preliminary: La Madrona / Silverwood Drive	140,000
2-story, 136,000 sq ft office	
1-story, 4,000 sq ft restaurant	
Preliminary: Bethany College	
3-story, 78 student dormitory	

HISTORICAL INFORMATION:

Projects completed after 1986 (more than 2 DU projects only)

<u>Residential:</u>	<u>Dwelling Units</u>
Pinewood Estates	25
Rolling Greens	21
Victoria Woods	30
Scotts Valley Heights	67
Oak Tree Villa	210 (with bonus)
Collado Drive	3
Hidden Oaks - Phase 4 & 5	60
Scottsborough - Phase 4 & 5	68
Black Oak	6
Grace Way (Costanzo townhomes)	8
Bluebonnet (Peimani)	3
Quail Run (D. Potter)	6
Terrace View (Jeff Mora)	4
S. Navarra (Peimani)	4
Lockwood Lane/Claussen	11
Redwood Estates-Sondeno	5
Vineyards	106
Glen Canyon Estates	7
Shadow Oaks	8
Country Terrace	29
Village Meadows/Bluebonnet	15
Bean Creek Road	11
Sisk Victor Sq Ext mixed use	6
Hidden Creek / Vine Hill School Rd	6
Jolley Way - Int mixed use	3
Valley Commons (Lundy Lane)	15
Green Hills Estates	50
Bluebonnet Lane (Penner)	4
Oak Knoll (former Tuscany)	15
California Skypark (K&B)	190
*San Augustine/Bergman	6

Residential/ continued:

0284

*Cathy Lane/SV Drive (Cimera)	8
Monte Fiori / Ryland Homes	56
Palmer (old Santos)	4
*Mid Pen Hsg apts/6 Civic Ctr	46
Rowel/Moe/Acorn Court Apts	
(6 bldgs = 4 units/1 bldg = 2 units)	26
Woodhill Village (duplexes)	34
* affordable housing	

Commercial/Other:Square Feet

Monarch Workshops	4,563
Bethany/Early Childhood Ctr	6,000
Scarborough Warehouse	8,960
Retail Service Bldg - J. Mora	6,000
Senior Center	4,160
City Hall	18,000
Butler Lane	29,293
Erba Lane - Dr. Ceresa	6,374
Granite Creek Business Center	90,000
Crocker's Lockers	40,000
SV Drive Phase I & II (Ewing)	18,000
Borland-2 bldgs (Gm Hills)	133,932
SV Drive - Seagate Warehouse	60,000
101 Mt. Hermon/Century 21	1,138
Kings Village Rd/Post Office	10,000
SV Drive / Century 21	2,195
Watkins Johnson	28,000
Bethany / Admin Building	15,000
Sisk/Victor Sq Ext - mixed	10,000
Whispering Pines - auto center	39,800
Lutheran Church	5,951
Borland	42,000
Whispering Pines office	21,750
Valley Gardens Golf Course	1,500
Borland - Campus Headquarters	465,000 (finaled 6/24/94)
Jolley Way - Hart mixed use	4,200
SV Drive - Useldinger	4,900
SV Drive - Wendy's	7,200
Benvenuto Restaurant	4,927
Blockbuster Video	9,789 (Abouche-1,441 / Jungle Juice-1,396 / BB-6,800)
Kings Village Rd / Transit Center	1,800
Baymonte School - 4 new classes	5,067
Norton Mini-storage-798 units	80,265
Oak Creek Business Park	14,378 (building #1 of 3)

Commercial / continued:

0285

Inn at Scotts Valley 180 rooms	124,294 (7/28/99 temp occupancy 8/9/99 60% occupancy)
The Camp / Residential Care Bldg	2,112 (finaled 10/19/00)
Scotts Valley Fire District	5,200 (issued 4/17/00; finaled 2/9/01)
Walgreens	15,593 (issued 11/30/00; finaled 6/22/01)

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9/11/01

0286

Report from the CITY OF CAPITOLA

Memo

To: Erik Schapiro, Senior Administrative Analyst

From: Patrick Dwire, Housing & Redevelopment Planner

Date: 9/21/01

Re: **Overview of Affordable Housing Activities- City of Capitola
Information for County of Santa Cruz Affordable Housing Workshop**

<u>New Construction of Affordable Housing: 1998-2001</u>	
"The Dakota": Clares St./Capitola Rd.	25 units, Very-Low income rental, specially designed housing for handicapped residents. Land donation by Redevelopment Agency.
Habitat for Humanity Project: 38th & Brommer	6 units, Very-low income ownership. Land donation by Redevelopment Agency, developed by Habitat for Humanity
<u>Preservation of Affordable Housing;</u>	
Lorna Vista Estates Mobile Home Park: Resident Acquisition Limited Equity Co-Op	90 units, permanently affordable ownership housing, enforced by Regulatory Agreement as part of Redevelopment Agency investment in resident acquisition.
Housing Rehabilitation Program	Primarily mobile home rehabilitation program, 37 projects approved for funding in FY 2000/2001; 15 projects completed. Use of HOME Program ReUse funding (80% of median) and RDA funding (above 80% to 120% of median)
<u>Housing Assistance Programs</u>	
Emergency Housing Program (Administered by Community Action Board)	17 households assisted FY 2000/2001: Homelessness prevention program-Emergency assistance to prevent eviction or foreclosure

Security Deposit/ Last Month's Rent Program (Administered by Housing Authority)	0288 7 households assisted with grant of security deposit/last month's rent to assist clients gaining access to housing
Technical/Professional Assistance	
Mobile Home Park Resident Acquisition: Financial feasibility studies completed for residents	Three mobile home parks studied for financial feasibility of resident acquisition-CDBG grant funded activity

Totals:

New Construction (since **1998**): 31 units (all Very-Low Income)

Preservation of Affordable Housing: 127 units (90 units moderate income ownership; 37 units very low/low rehabilitation)

Housing Assistance Programs: Since 1998: 71 total (24 FY 2000/2001)

Total (1998-June, 2001) 229 households

Attachment 9

0289

Report from the CITY OF WATSONVILLE

Comparison of Watsonville Home Loan Programs

	First Time Home Buyer Program	Down Payment Assistance Program	Extra Credit Teachers Down Payment Assistance Program
Eligible Buyers:			
Income Limits	County Lower Income (see chart)	City Above Moderate (see chart)	MCC Moderate (see chart)
First Time Home Buyer Requirement	Yes	No (Buyer may not own other real estate)	Yes (Required by MCC Program)
Other Requirements	None	None	Must be a teacher or principal at a low performing public school in the City of Watsonville
Priorities	Buyers who live or work in Watsonville (at least one year)	First time buyers who live and work in Watsonville. Five additional priorities.	Buyer must also receive an MCC from the County Housing Authority
Eligible Properties:			
Type of Unit	Any single family home, town home or condominium within Watsonville City Limits	<u>NEWLY BUILT</u> single family home, town home or condominium within Watsonville City Limits; or existing home with a <u>Watsonville Affordable Housing Deed Restriction</u>	Any single family home, town home or condominium within Watsonville City Limits
Maximum Purchase Price	\$312,550 for new or existing homes	None	\$306,000 for existing homes \$346,516 for new homes
Other Requirements	Unit must be vacant or owner occupied and must pass housing quality and lead-based paint inspections New homes may not be purchased prior to their foundation being poured	None	None 0290
Loan Terms:			
Maximum Loan	Minimum needed to buy a home up to: \$90,000 for buyers who live or work in the City of Watsonville \$30,000 for others	Minimum needed to buy a home up to: \$60,000 for buyers who live or work in the City of Watsonville \$30,000 for others	Minimum needed to buy a home up to: \$30,000; or \$7,500 if buyer also receives a FTHB or DPAP loan (combined loan maximum is \$97,500)

Comparison of Watsonville Home Loan Programs (continued)

	First Time Home Buyer Program	Down Payment Assistance Program	Extra Credit Teachers Down Payment Assistance Program
Down Payment	3% for down payment/closing costs	3% for down payment/closing costs	Based on lender guidelines
Length of Loan	30 years	30 years	30 years
Monthly Payments	None	None	None
Interest Rate	City shares Buyer's appreciation (increase in home value) when the loan is repaid. If the City finances 15% of purchase price, the City will receive 15% of the sales price or value.	City shares Buyer's appreciation (increase in home value) when the loan is repaid. If the City finances 15% of purchase price, the City will receive 15% of the sales price or value.	City shares Buyer's appreciation (increase in home value) when the loan is repaid. If the City finances 15% of purchase price, the City will receive 15% of the sales price or value.
Loan Term (Due Date)	30 years; paying off or refinancing 1 st loan; failure to occupy home as principle residence	30 years; paying off or refinancing 1 st loan; failure to occupy home as principle residence	Changing employment within 5 years; 30 years; paying off or refinancing 1 st loan; failure to occupy home as principle residence
Housing Costs	Based on lender guidelines	min. 28% of income for housing max 30% for low income buyers max 35% for higher income buyers	Based on lender guidelines

Income Limits

Loan Program (Income Level)	Household Size (Persons in Household)							
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
First Time Home Buyer (80% of County Median)	\$36,700	\$41,900	\$47,150	\$52,400	\$56,600	\$60,800	\$64,950	\$69,150
Down Payment Assistance (170% of City Median)	\$54,550	\$62,350	\$70,150	\$77,950	\$84,200	\$91,450	\$99,350	\$107,900
Extra Credit Teachers Down Payment Assistance	\$61,957	\$61,957	\$70,957	\$70,957	\$70,957	\$70,957	\$70,957	\$70,957

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Summary Program Guidelines

First Time Home Buyer Program City of Watsonville

The First Time Home Buyer (FTHB) Program assists low income first time home buyers to purchase a home in the City of Watsonville.

Eligible Home Buyers:	First time home buyers (have not owned a home in past three years)
Maximum Income:	County Lower Income Limits (80% of the County Median Income adjusted for household size)
Minimum Cash Investment:	3% of the home purchase price – may be used for down payment or closing costs
Borrower Priorities:	Watsonville residents and employees (minimum one year)
Eligible Properties:	<ul style="list-style-type: none"> • Single-family homes, townhouses or condominiums located within the city limits that will be the home buyers' principal residence • Existing homes must be owner-occupied or vacant (vacant 4+ mos.) • New homes become eligible after their foundations are poured • All homes must pass Housing Quality and lead hazard inspections
Maximum Purchase Price:	\$312,550 for both new and existing homes
Maximum Assistance:	\$90,000 for Watsonville residents and employees (minimum one year) \$30,000 for other home buyers
Form of Assistance:	Deferred payment secondary financing that is subordinate only to a first loan from a participating lender.
Shared Appreciation:	Instead of charging a set interest rate on FTHB loans, the City will share in the property's appreciation based on the percentage of the purchase price that was financed by the loan. For example, if the loan is \$30,000 and the purchase price is \$300,000, the City will be repaid the principal of the City loan together with 10% of the property appreciation.
Loan Due Date:	FTHB loans must be repaid when: <ul style="list-style-type: none"> • The property ceases to be occupied as the owner's principal residence • The first mortgage is refinanced or repaid • The property is sold

Revised Guidelines adopted by the Watsonville City Council on 7-10-01

Summary Program Guidelines

Extra Credit Teacher Down Payment Assistance Program City of Watsonville



The Extra Credit Teacher Down Payment Assistance Program (ECTDPAP) is available exclusively to assist eligible teachers and administrators who work full-time at low-performing public schools in Watsonville to purchase a home in the City of Watsonville. ECTDPAP loans will be made solely in connection with Mortgage Credit Certificates that are issued by the Housing Authority of the County of Santa Cruz under its Extra Credit Teacher Home Purchase Program.

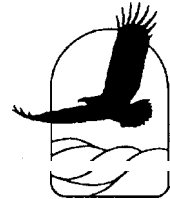
Eligible Home Buyers:	Fully credentialed teachers and administrators (principals, vice-principals or assistant principals) who work full-time at a low-performing public school in the City of Watsonville (see list below)
Maximum Income:	\$61,700 for a 1 or 2 person household \$70,955 for a 3 person or larger household
Eligible Schools:	Elementary Schools: Alianza, Amesti, Calabasas, Freedom, Hall District, Hyde, Macquiddy, Mintie White, Ohlone, Salsipuedas, Soldo, and Starlight Middle Schools: Hall, Lakeview, Pajaro, and Rolling Hills High Schools: Watsonville
Eligible Properties:	Single-family homes, townhouses or condominiums located within the city limits that will be the home buyers' principal residence
Maximum Purchase Price:	\$306,403 for an existing home \$346,516 for a new home
Maximum Assistance:	\$30,000 or \$7,500 when made in conjunction with either a First Time Home Buyer loan from the City or a Down Payment Assistance loan. Redevelopment Agency
Form of Assistance:	Deferred payment loan subordinate only to a first mortgage or, when made in conjunction with a City First Time Home Buyer (FTHB) loan or Redevelopment Agency Down Payment Assistance (DPA) loan, subordinate to both a first mortgage and the FTHB or DPA loan.
Shared Appreciation:	Instead of charging a set interest rate on ECTDPAP loans, the City will share in the property's appreciation based on the percentage of the purchase price that was financed by the ECTDPAP loan. For example, if the ECTDPAP loan is \$30,000 and the purchase price is \$300,000, the City will be repaid the principal of the City loan together with 10% of the property appreciation.

Summary Program Guidelines
Extra Credit Teacher Down.Payment Assistance Program
City of Watsonville

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Loan Forgiveness:	The City will forgive a portion of the shared appreciation due on the ECTDPAP based on how long the home owner continues employment at a low performing Watsonville School or the school at which they were employed when they received the ECTDPAP loan.	
	Length of Employment	% of Shared Appreciation Forgiven
	0 - 5 years	No forgiveness
	6 - 10 years	25% forgiveness
	11 - 15 years	50% forgiveness
	16- 29 years	75% forgiveness
	30 years	100% forgiveness
Loan Due Date:	ECTDPAP loans must be repaid when: 1. The property ceases to be occupied as the owner's principal residence 2. The owner voluntarily discontinues employment at a Watsonville low performing school (if less than five years after purchasing the home) 3. The first mortgage is refinanced or repaid 4. The property is sold	

Revised Guidelines adopted by the Watsonville City Council on 6-26-01



Summary Program Guidelines

Down Payment Assistance Program Watsonville Redevelopment Agency

The Down Payment Assistance Program (DPAP) assists income-eligible home buyers to purchase a newly constructed home or an existing deed restricted affordable home in the City of Watsonville. DPAP loans are funded from the Low-Mod Housing Set-Aside of the Watsonville Redevelopment Agency.

Eligible Home Buyers:	Buyers may not own another home at the time the DPAP loan closes.
Maximum Income:	City Above Moderate Income Limits (170% of the City Median Income adjusted for household size.)
Minimum Cash Investment:	3% of the home purchase price – may be used for down payment or closing costs
Borrower Priorities:	<ol style="list-style-type: none"> 1. First time home buyers who live and work in Watsonville 2. First time home buyers who live in Watsonville 3. First time home buyers who work in Watsonville 4. Other buyers who live and work in Watsonville 5. Other buyers who live in Watsonville 6. Other buyers who work in Watsonville 7. All other first time home buyers 8. All other home buyers
Eligible Properties:	Newly constructed single-family homes, townhouses or condominiums and existing single-family homes, townhouses or condominiums that are resale controlled by a City deed restriction.
Maximum Purchase Price:	None
Maximum Loan Amounts:	\$30,000 for all buyers
Form of Assistance:	Deferred payment secondary financing that is subordinate to a first loan from a participating lender
Shared Appreciation:	Instead of charging a set interest rate on DPAP loans, the RDA will share in the property's appreciation based on the percentage of the purchase price that was financed by the DPAP loan. For example, if the loan is \$30,000 and the purchase price is \$300,000, the RDA will be repaid the principal of the DPAP loan plus 10% of the property appreciation.

**Summary Program Guidelines
Down Payment Assistance Program
Watsonville Redevelopment Agency**

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Loan Due Date:	<p>DPAP loans must be repaid when:</p> <ol style="list-style-type: none"> 1. The property ceases to be occupied as the owner's principal residence 2. The first mortgage is refinanced or repaid, or 3. The property is sold
Housing Cost Ratios:	<p>A low income home buyer's housing costs (mortgage payment, property taxes, insurance and home owners dues plus an allowance for utilities) may not exceed the higher of 30% of their gross income or 30% of 70% of the County Median Income adjusted for household size.</p>
	<p>A moderate income home buyer's housing costs (mortgage payment, property taxes, insurance and home owners dues plus an allowance for utilities) may not exceed the higher of 35% of their gross income or 35% of 110% of the County Median Income adjusted for household size. In addition, housing costs may not be less than 28% of 110% of the County Median Income adjusted for household size.</p>
	<p>Housing Cost Ratios are subject to change if and when SB459 (McPherson) passes and becomes law.</p>

Revised Guidelines adopted by the Watsonville City Council on 7-10-01

New Affordable Homes in Watsonville

The City of Watsonville has a number of new housing subdivisions in various stages of approval and development. These are listed below.

The City's revised Affordable Housing Ordinance requires that all new housing developments with seven or more units must include homes that are affordable to households at specific income levels. Developers can no longer pay fees or provide land instead of building affordable units.

In for sale developments, 5% of the homes must be affordable to buyers who earn no more than the Watsonville median income, an additional 5% must be affordable to moderate income buyers and either 5% or 10% must be affordable to above moderate income buyers.

The Current Income Limits and Price Limits for these affordable housing units are listed below. (These limits are subject to change from time to time.) Eligible buyers can also receive low interest loans from either the City or Redevelopment Agency to help purchase either an affordable or market rate unit in a new home development.

Contact each developer for information on their homes and the current availability of affordable units. Developers have agreed to have bilingual sales personal and marketing material. Contact the City at 728-6014 for more information on the Down Payment Assistance and First Time Home Buyer programs.

	Sunset Cove	Cherry Blossom	Bav Breeze	Vista Montana (Franch property)
Location	Behind (south of) Target-Albertsons Shopping Center	Loma Prieta Ave. southeast of Airport Blvd.	Southwest of Target, Albertsons and Sunset Cove	East of East Lake Ave. north of old City Limits
Developer & Address	DUC Housing Partners, Inc. 14107 Winchester Blvd., Ste H Los Gatos, CA 95032	Clarum Homes, Inc. P. O. Box 60088 Palo Alto, CA 94306	APASK Corporation 40 Brennan Street Watsonville, CA 95070	Clarum Homes, Inc. P. O. Box 60088 Palo Alto, CA 94306
Contact	On-Site Sales Office (831) 763-9784	Joyce Byrd (real estate broker) (831) 722-2922	Patrick King sanbenitohomes@aol.com www.apask.com	No Contact at this Time
Number of Units	Affordable units will be developed on a separate parcel	8 affordable out of 31 (all affordable units are sold)	28 affordable out of 114	62 affordable out of 257; plus 134 affordable rentals
Sales Date	Sales underway	Sales underway	Beginning late 2001	Marketing schedule will be set after project is approved
Project Status	Under construction	Under construction	Approved for development. Rough grading completed.	City Council has approved subdivision plans
Presales, Deposits & Waiting Lists	Market rate units are currently available for sale. This project does not have any on-site affordable units.	Market rate units are currently available for sale. All of the affordable units have been sold.	The developer will accept inquiries via e-mail or the Internet and will contact people when homes are available.	Please do not contact developer at this time. The developer will make a public announcement when homes are available.

	Jerod Court	Holm Town Homes	Sea View Ranch (Franceschi property)
Location	East side of Airport Road near Airport Blvd	Corner of Holm Road and Chappell	South of Target and Bay Breeze development
Developer & Address	John Fiorovich	Holcomb Corporation	DUC Housing Partners, Inc. 14107 Winchester Blvd., Ste H Los Gatos, CA 95032
Contact	No Contact at this Time	No Contact at this Time	No Contact at this Time
Number of Units	2 affordable out of 16	4 affordable out of 25	70 affordable out of 351
Sales Date	Anticipated in 2002	Anticipated in 2002	Anticipated in 2002
Project Status	Approved by City Council	Planning Department is reviewing subdivision plans	Planning Department is reviewing subdivision plans
Presales, Deposits & Waiting Lists	Please do not contact developer at this time. The developer will make a public announcement when homes are available.	Please do not contact developer at this time. The developer will make a public announcement when homes are available.	Please do not contact developer at this time. The developer will make a public announcement when homes are available.

The following income and price limits will apply for new affordable homes that are produced in the above projects. These limits are subject to change from time to time.

Income Limits for Affordable New Homes

Size of Household	Income Category		
	Median	Moderate	Above Moderate
1 Person	\$32,100	\$38,500	\$54,600
2 Persons	\$36,700	\$44,050	\$62,400
3 Persons	\$41,300	\$49,550	\$70,250
4 Persons	\$45,850	\$55,050	\$77,950
5 Persons	\$49,550	\$59,450	\$84,250
6 Persons	\$53,200	\$63,850	\$90,450
7 Persons	\$56,850	\$68,250	\$96,650
8 Persons	\$60,550	\$72,650	\$102,950

Price Limits for Affordable New Homes

Size of Unit	Income Category		
	Median	Moderate	Above Moderate
Efficiency	\$120,812	\$144,899	\$181,218
1 Bedroom	\$138,125	\$165,788	\$207,187
2 Bedroom	\$155,438	\$186,487	\$233,156
3 Bedroom	\$172,562	\$207,187	\$258,937
4 Bedroom	\$186,487	\$223,747	\$279,825
5 Bedroom	\$200,225	\$240,307	\$300,337

**A SURVEY OF SANTA CRUZ COUNTY'S HOUSING ACTIVITIES AND
ACCOMPLISHMENTS**

A Survey of Santa Cruz County's Housing Activities and Accomplishments

- ▶ Local Conditions
 - ▶ Local Legislative Initiatives
 - ▶ Affordable Housing Projects
 - ▶ Housing Programs
 - ▶ Supportive Housing Projects
 - ▶ Market-Rate Housing Development
-

Prepared by the **County** of Santa **Cruz**

June 26,2001

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INTRODUCTION

This report provides an overview of recent housing activities undertaken by various departments and agencies of the County of Santa Cruz. These activities and accomplishments continue the County's long history of progressive and innovative housing programs and policies that began with the passage of Measure J. This 1978 voter initiative established a growth management program whose principles are echoed by many of today's smart and sustainable growth advocates. Urban development should be directed to existing urbanized areas, which have the necessary infrastructure. Rural areas and their environmental, agricultural and recreational resources should be preserved.

Measure J also included one of California's first inclusionary housing programs — at least **15%** of all housing built in Santa Cruz County must be affordable. Since the early 1980's hundreds of County residents have received housing assistance in one form or another. More than 800 units of permanently affordable have been created in the County as a result of these programs and policies. In addition, the County has developed an impressive array of supportive housing programs and services for psychiatrically disabled adults and other special populations.

As illustrated in this report, the County has a well-balanced program which includes the following types of projects:

- new construction and rehabilitation of existing housing;
- for sale units, rental projects and limited equity cooperatives;
- mobile homes, single family dwellings and apartment projects;
- projects for seniors, families, and farm workers; and
- supportive housing programs offering housing and support services to special-need populations.

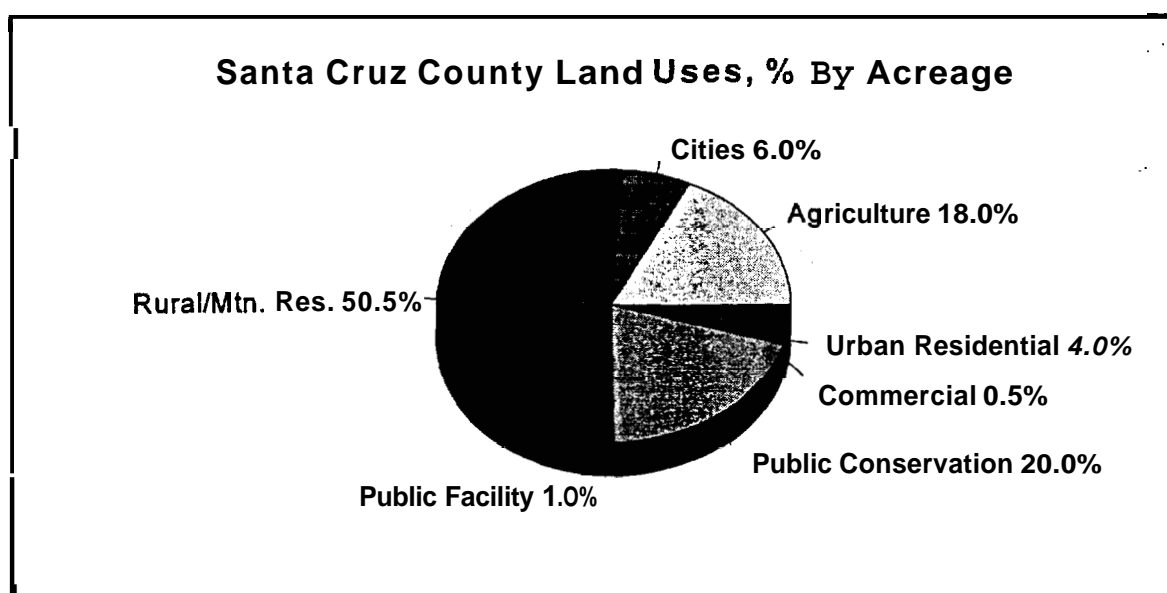
Despite these efforts, Santa **Cruz** County shares the high housing costs of California's other coastal communities that are faced with balancing outside growth pressures and preserving a fragile environment and agricultural economic base. These outside pressures have resulted in the National Association of Home Builders (NAHB) ranking Santa **Cruz** as the second least affordable housing market in the United States. Santa **Cruz** was also ranked the nation's seventh most expensive rental housing market by the National Low income Housing Coalition (NLHC).

Santa Cruz County sits at the top of Monterey Bay, one of the world's most significant aquatic resources. The County extends just **20** miles from Monterey Bay's scenic coastline to the rugged crest of the redwood covered Santa Cruz Mountains. The County's parklands attract visitors from around the State, nation and world. The fertile Pajaro Valley is the center of production and distribution for a significant percentage of the world's commercial strawberry crop. The preservation of prime agricultural land, is not only a local concern, but a high priority for the State and Federal governments.

With a land mass of only 441 square miles, Santa Cruz is the second smallest county in California. Within this small area, the diverse geography and topography results in relatively little land outside of the incorporated cities of Santa Cruz, Watsonville, Scotts Valley and Capitola being available or suitable for urban development. The major land uses in the County include:

- **Agriculture:** provides for active farming, which is central to our local economy;
- **Rural/Mountain Residential:** often mountainous land on steeper terrain without access to sewer lines and often in geologic hazard areas, this land generally accommodates low density housing and timber uses;
- **Public Facilities:** includes schools and government buildings;
- **Public Conservation:** includes federal and state lands, state parks and open space;
- **Urban Residential:** property within the urban areas considered to be appropriate for more dense residential development;
- **Commercial:** areas generally within the urban area and appropriate for commercial/industrial development;
- **Cities:** property located within the incorporated areas of Capitola, Santa Cruz, Watsonville and Scotts Valley.
-

The chart below illustrates the distribution of land uses in the County, and shows that less than **4%** of the acreage in the unincorporated County has an urban residential General Plan designation, with a large portion of this residentially zoned land already built out.



Given these diverse land uses, the County has embarked on an aggressive affordable housing program which involves legislative initiatives, and other programs designed to encourage new construction activities as well as utilizing existing housing resources. In addition, market forces continue to generate a sizeable amount of new market rate construction.

During the past few years, the County has embarked on a number of local legislative proposals to encourage housing production and preservation of existing housing resources. A discussion of these activities follows.

Revised Second Unit Ordinance

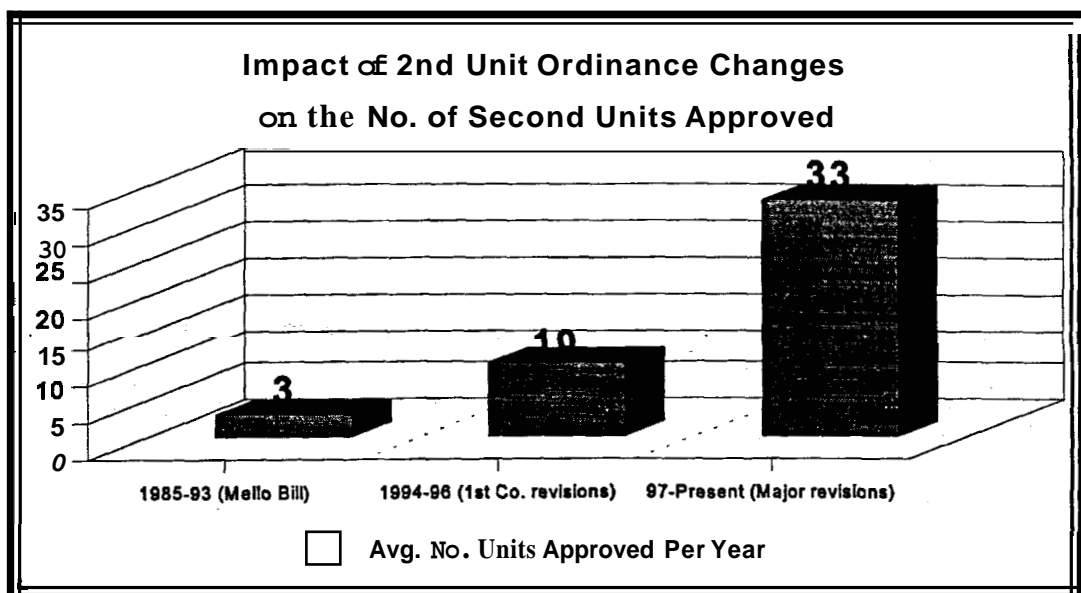
In 1997, the Board of Supervisors revised the County's second unit ordinance to facilitate the construction of new second units. Since the adoption of the revised ordinance, the County has actively promoted its second unit program through workshops, seminars and a variety of efforts with realtors and property owners.

The amended ordinance provides for:

- expedited project review
- up to **50%** increase in square footage of second units on larger lots
- greater flexibility for siting and design of second units

As indicated in the chart below, the number of second units approved since 1997 (under the revised ordinance) far surpasses second unit approvals in prior years.

In addition, the County is exploring the possibility of reducing development fees and other fees



charged for building second units as a means of encouraging greater utilization of this program.

of inclusionary units. The proceeds of the in-lieu fee are to be used to assist in the development of low and very-low income housing. Because inclusionary units tend to serve moderate income households, this program revision provides for a greater level of affordability than would otherwise occur through the construction of inclusionary housing. This program is currently being evaluated to ensure that it reflects the current market situation.

- **Affordable Housing: Partnership Program:** This program also provides for a more cost-effective way for developers to satisfy their inclusionary housing requirements. The Affordable Housing Partnership Program utilizes Redevelopment Funding to facilitate the construction of partnership projects where non-profit developers work with market rate developers and the County to provide low and very low income housing projects as an alternative to constructing inclusionary units.

Preservation & Rehabilitation of Residential Non Conforming Uses

Previously, given the non-conforming use status of many residential structures, efforts to upgrade or maintain residential buildings were often impeded by the County's non-conforming use ordinance which prohibited structural alterations to non-conforming buildings. This prevented homeowners with multiple units on their properties from performing normal maintenance which required structural modifications such as foundation upgrades, roof replacements and structural termite repairs. In order to preserve this housing stock, the Board of Supervisors amended the residential non-conforming use ordinance to encourage the maintenance, repair and rehabilitation of residential non-conforming structures.

Conversion of Temporary Trailer Parks to Permanent Affordable Housing

Last year, the Board of Supervisors approved an ordinance which would authorize the conversion of temporary trailer parks to permanent housing. This program allows certain existing trailer parks located in the unincorporated area of the County (outside the Coastal Zone and outside the Urban Services Line) which have land use permits for temporary use to obtain a land use permit to operate as permanent housing. Two existing trailer parks, Marmo's and Golden Torch, are currently in the planning stages for conversion in accordance with this ordinance.

Emergency Relocation Protocol - "Last Resort" Housing Assistance

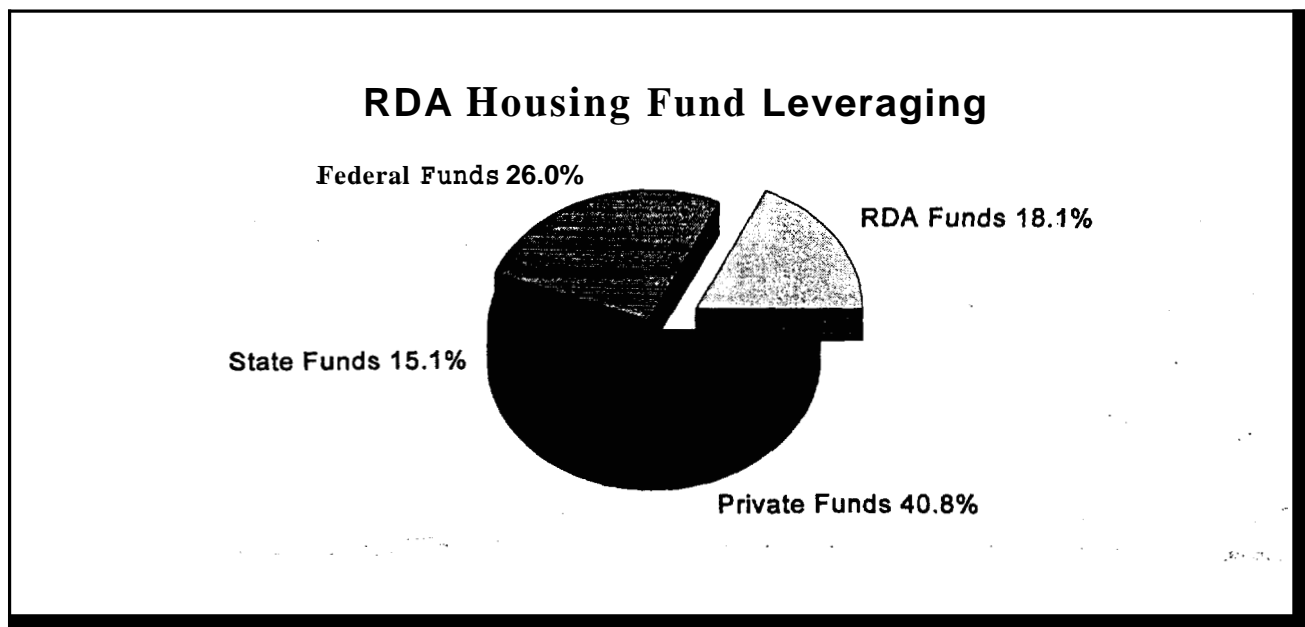
In April 2000, the Board adopted a series of steps to provide enhanced relocation services to income eligible households displaced by fire or other emergency incidents.

Redevelopment Agency and the Use of the Low and Moderate Income Housing Fund

The County's Redevelopment Agency has been active in supporting and financing a variety of affordable housing projects. RDA assisted projects include:

- Over 900 affordable housing units throughout the unincorporated County
 - ▶ Mobile home projects
 - ▶ Farmworker housing facilities
 - ▶ Family and Senior rental apartments
 - ▶ Special needs projects
 - ▶ Habitat for Humanity single family homes

A detailed listing of the assisted projects can be found on the next page. Though partnerships with non-profit and for-profit developers, the Agency has become the premier instigator of affordable housing projects in Santa Cruz County. Through creative and aggressive use of its Low and Moderate-Income Housing Fund, the Agency leveraged more than **\$5** in federal, state and private funds for every \$1 contribution of Agency funds. In total, almost \$18.6 million of Agency funding committed to date attracted over **\$83** million of outside funds. The variety of funding sources are summarized below.



Vista Verde Apartments	New units and child care for very low income families	South County Housing	76	Completed
San Andreas Farm Labor Housing	Reconstruction of dilapidated farmworker housing	Mid Peninsula Housing Coalition	43	Completed
Seascape	Property deeded to County for affordable housing	Not yet identified	Currently Unknown	In Progress
McGregor Apartments	New apartments for low and very low income families	Not yet identified	Currently Unknown	In Progress
Pajaro Lane	New apartment and for sale units — mixed income	South County Housing	99	In Progress
Foster Care Transitional Housing	Transitional housing for minors aging out of foster care	Santa Cruz Community Counseling Center	6 beds	Completed
RV Park Conversions	Legalization and improvement of RV Parks	Mid Peninsula Housing Coalition	2 projects pending	In Progress
First Time Homebuyer Program	Loans to low and very low income households to purchase homes	RDA	42 (to date)	On going
Mobile Home Rehab. Program	Loans to low and very low income mobile home owners for coach upgrades	RDA	18 (to date)	On going
Last/Deposit Program	Loan program to low income households to avoid homelessness	Housing Authority (contract w/ RDA)	91 (to date)	On going
Measure J	Measure J preservation; low and moderate income homeowners	RDA	3 (to date)	On going

Farm Worker Reconstruction program (described in the Planning Initiative section). On December **8, 1998**, the Board of Supervisors unanimously approved the project with **43** apartment units designed to accommodate approximately 200 people. The project is completed.

In an effort to minimize displacement of project residents, Families in Transition (FIT) provided financial assistance and helped arrange for alternative housing. Residents in good standing will be given first priority to return to the newly rebuilt facility.

Financing for the new project involves County RDA funding, State HOME funds, Tax Credits and other finding sources.

Vista Verde 76-unit Affordable Housing Project

Vista Verde is an affordable housing project located at **1934** Freedom Blvd. at the end of both Quinn and Steward Avenues. The project contains **76** rental units affordable to low and very low-income households and the construction of a day care center. South County Housing Corporation developed the project with partial financing from the Santa Cruz County Redevelopment Agency. The Vista Verde Project is completed and received its Certificate of Occupancy at the end of April 2001. The project is now and is preparing for lease up.

Above-The-Line Residential Youth Facility

The Above-the-Line project is located on Freedom Blvd., 1/4 mile east of the intersection with Corralitos Rd. The project provides residential and supportive services to at risk youth, and seven rental cottages to low and very low income households. The project opened for residential occupancy in the Fall, **2000**.

The project developer is Mercy Housing California, a non-profit housing developer based in San Francisco. Mercy will handle the property renovations and maintain a master lease with Above the Line for the residential youth portion of the project. Mercy Housing will rent the seven cottages to low income households. The primary financier for the project was the County Redevelopment Agency.

Pajaro Lane County/Watsonville Collaborative Project

Pajaro Lane is an affordable housing project located near Corralitos Creek on the east side of . . . Airport Boulevard at the intersection of Pajaro Lane and Airport Blvd. The 10-acre project site will contain **64** multi-family residences affordable to very low and low-income households and **35** for-sale, town homes affordable to low and moderate-income households. South County Housing Corporation is developing the project. In addition to the housing opportunities, the project will contain a community center, laundry facilities, group picnic areas, tot-lots, children's playground, multi-purpose play court, turf areas, pedestrian paths and a par course. The County of Santa CNZ Redevelopment Agency has committed **\$3,387,000** to the Pajaro Lane site.

Housing Programs

- First Time Homebuyer Program
- Mobile Home Rehabilitation Program
- Mobile Home Park Resident Purchase Program
- “At Risk” Housing Program
- Paloma Del Mar Rental Subsidy Program
- Last Month’s Rent and Deposit Program
- Families in Transition Housing Subsidy Program
- Housing Scholarship Program
- Transitional Housing for Foster Care Youth and Recently Emancipated.
Young Adults
- Relocation Assistance Program

The following housing programs illustrate the County's commitment to maintain and expand affordable housing opportunities. These programs are available throughout the unincorporated area of the County and are administered by **RDA**. 0310

First Time Homebuyer Program

This program provides income eligible first time home buyers with silent second loans of up to \$50,000. The Program is available to mobile homes, condos/townhouses and single family homes and is targeted to households earning 80% - 110% of the County median income.

Mobile Home Rehabilitation Program

This program provides income eligible mobile home owners with silent second rehabilitation loans of up to 90% of the value of the unit. The program is targeted to households earning 50% or less of the County median income, and homes must be located in the unincorporated County.

Mobile Home Park Resident Purchase Program

Ten out of 66 mobile home parks in Cruz County currently are resident or non-profit owned, representing 15% of the mobile home parks in the unincorporated County. The percentage of resident owned parks in Santa Cruz County is among the highest in the State of California. The County's Mobile Home Park Resident Purchase Program assists in resident or non-profit acquisition of mobile home parks. This program helps provide permanent and long term affordability to mobile home parks.

"At Risk" Housing Program

The County currently has an inventory of over 500 units of privately owned housing with long-term affordability restrictions. In addition, there are over 15 projects which contain a total of 2,000 units which currently have ongoing rental subsidies through various federal programs (section 8, 221(d)3, 221(d)4, 236, etc). Under certain circumstances, the affordability of the privately owned and/or federally subsidized projects could be threatened. If privately owned units are foreclosed upon, the affordability restrictions are lifted. In the case of federally subsidized projects with expiring contracts, on-going federal subsidies are no longer guaranteed. In either case, the existing affordable units may revert to market rate units, potentially displacing low income occupants and removing the units from the County's affordable housing stock. The County's "At Risk" program enables the County to provide financial and other resources necessary to preserve units which are at risk of losing their affordability status due to foreclosure or expiring subsidies. Over 70 units have been preserved through this program,

Relocation Assistance Program

County Code Section **8.45** requires landlords to provide three months rent to tenants displaced due to unsafe living conditions or the illegal use of the structure. The County is currently looking at ways to improve access to this program by eligible tenants.

Housing Issues and Special Needs Individuals

Individuals with psychiatric disabilities and/or other special needs face enormous obstacles to finding housing in Santa Cruz County. Given the limited housing resources and high cost of housing, it is particularly difficult for persons coping with mental illness or other limitations to find a place to live. These individuals are particularly dependent on assistance from the County's Health Services Agency and the Human Resources Agency.

Without adequate housing, individuals with disabilities frequently become homeless, become acutely ill requiring hospitalization, or become involved in the criminal justice system. For this vulnerable population, the combined lack of affordable housing and lack of appropriate support services results in financial consequences for the County and the community in the form of increased hospital, criminal justice and homeless program costs. A recent study by the nonprofit Corporation for Supportive Housing found that the cost of treatment and housing more than doubled when an individual had no home base with on-premises or nearby supportive services. With supportive housing, individuals will have a far greater chance of benefitting from treatment and training because of the lack of pressure that comes with having to find a place to sleep and protect oneself each night.

County-Sponsored Supportive Housing

Since 1987, the County Mental Health program has worked to add new resources or to secure existing housing which is available to disabled individuals. Support from the Board of Supervisors has been critical to the success of the program in ensuring availability of these housing resources. County efforts have involved partnering with local non-profit agencies and public sector partners, including, the cities of Watsonville and Santa Cruz.

As shown in the chart below, County-supported mental health facilities provide **326** beds to psychiatrically-disabled adults. These beds are geographically distributed throughout the County.

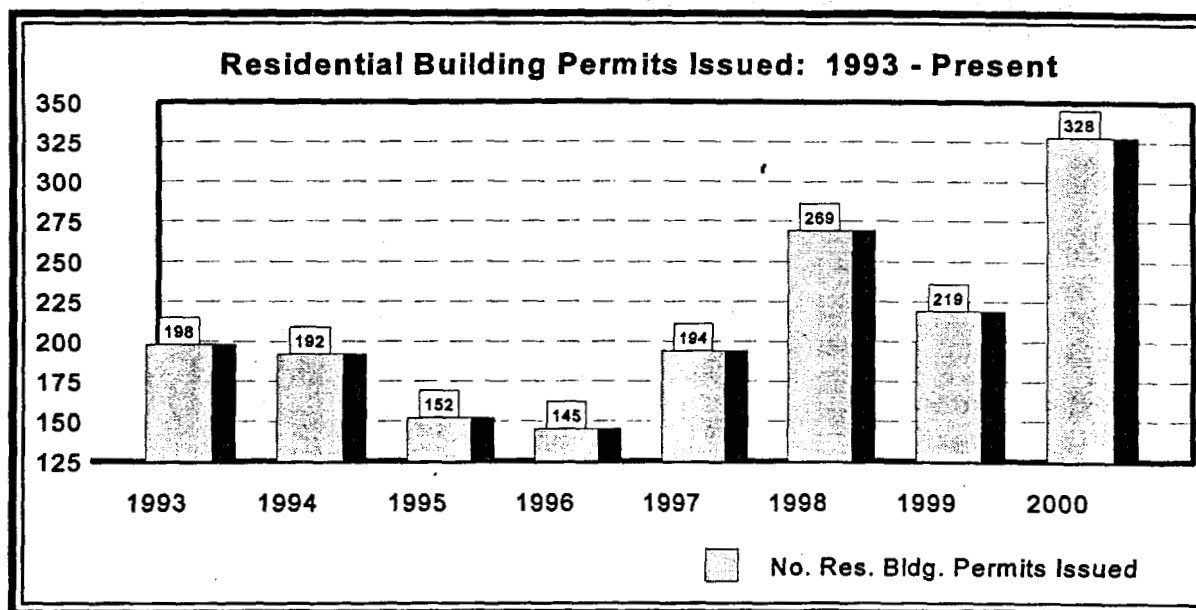
Supportive Housing Services under contract with the County		
Housing Type	Location	No. Beds/Units
Emergency Shelter	City of Santa Cruz	32
Crisis Residential Treatment	county	15
Residential Care - Willowbrook	Ben Lomond	47
Residential Care - Front St	City of Santa Cruz	40
Residential Care - Rose Acres	Felton	25
Residential Care - Merrill	Watsonville	16
Residential Treatment - Transition House	county	10
Residential Treatment - Westbranch	San Jose	6
Residential Treatment - Kamson	county	6
Residential Treatment - Opal Cliff	Capitola	15
Dual Diagnosis Residential	Watsonville	12
Independent Units*	countywide	102
Total		326
<ul style="list-style-type: none"> * Various properties scattered throughout the County which are owned and/or rented by the Santa Cruz Community Counseling Center and Front Street, Inc. that exclusively serve mental health clients. 		

transitional housing program for youth emancipating from foster care.

- Five additional transitional housing units were added in Watsonville.
- **RDA** worked with County Mental Health to provide financing and other improvements to upgrade the 47-bed Willowbrook Residential Board and Care facility in Ben Lomand.
- Community Mental Health is working with the Santa Cruz Community Counseling Center to purchase existing properties for mental health clients with a \$1 million HUD grant.
- In December 2000, County Mental Health was awarded a three-year State grant which is focused on housing individuals who are homeless and psychiatrically disabled. This includes funds for a housing coordinator position and rental and purchase subsidies. Santa **Cruz** Count has contracted with *the* Santa **Cruz** Community Counseling Center for identification **of** housing resources for clients.
- Through the Long Term Integration Coalition, efforts are underway to identify new residential care resources for senors at risk of skilled nursing care.

Development Activity: 1993-Present

The County has experienced an upsurge in development permit activity the last few years. As shown in the chart below, the rate of development the past few years greatly outpaces development activity in the early 1990's. Clearly, economic forces within and outside the County continue to foster development activity throughout the region.



Major Development Projects

A sampling of large scale market rate projects under construction or scheduled for construction later this year follows.

Seascape Uplands 107 Unit Subdivision Project

Location: San Andreas Road, Aptos

Developer: Holcornb Corporation

Project Description: 107 single family dwellings

Status: Under Construction

Diamond Estates 52 Lot Subdivision

Location: Paulsen Rd., Pajaro Valley

Developer: Robert Pendo

Project Description: 52 single family lots

Status: Completed and Sold Out

Capitola Gardens

Location : Live Oak

Developer: Marsha Mason

Project Description: 18 single family lots

Status: Under construction

Hilltop Subdivision

Location : Soquel

Project Description: 10 single family lots

Developer: Silvana DeBernardo

Status: Under construction

Calabria Estates

Location : Aptos

Developer: Silvana DeBernardo

Project Description: 12 lots

Status: Under construction

Dover Place

Location : Live Oak

Developer: Dean Kingston

Project Description: 8 lots

Status: Under construction

Gross Road Subdivision

Location : Live Oak

Developer: Holcomb/Ray

Project Description: 14 lots

Status: Under construction

A Survey of Santa Cruz County's Housing Activities and Accomplishments

For more information, contact the following departments:

County Administrator's Office
Planning Department
Health Services Agency
Redevelopment Agency
Human Resources Agency

**Profile of Housing Activities, SANTA CRUZ COUNTY HOUSING ADVISORY
COMMISSION**

COUNTY OF SANTA CRUZ

HOUSING ADVISORY COMMISSION (HAC)

TO THE SANTA CRUZ COUNTY BOARD OF SUPERVISORS

**Prepared for the Board of Supervisor's Seminar on Housing
October 2, 2001**

GENERAL PROFILE ON HAC HOUSING ACTIVITY

PURPOSE:

The housing advisory commission (HAC) is established under the authority of Government Code Section 31000.1, in compliance with Section 2.387.060 of the Santa Cruz County Code.

The commission consists of ten (10) county resident members (two from each supervisorial district) who are appointed by their respective district supervisor.

The HAC advises the board of supervisors on housing policy; advises the board of supervisors and the planning commission on matters relating to the housing element of the general plan, undertakes a continuous study of housing in the county, and conducts public hearings on housing problems and potential solutions. While assessing the housing needs within the county, the HAC studies, prepares, reviews and submits recommendations on public and private programs to meet the wide range of housing demands within the county.

Meetings are held monthly on the first Wednesday of the month.

RECENT FOCUS OF ATTENTION:

1. Developed and submitted a Recreational Vehicle conversion ordinance recommendation to the Board of Supervisors (which was passed) to address the conversion of the Marmos and Golden Torch trailer parks into long-term low-income rental facilities.
2. After numerous meetings and public hearings, submitted a recommendation to the Board of Supervisors regarding the Seacliff Village Plan for the preservation (with conditions) of existing low-income housing at the Adobe Hacienda Apartments and the Seacliff Center Trailer Park.

3. Submitted a letter of recommendation to the Board of Supervisors on revising Chapter 17.10 of the County Code to provide a greater incentive for addressing the affordable housing demand in the county by modifying the In-Lieu Fee schedule.
4. Held a HAC retreat specifically dedicated to the discussion and evaluation of the Measure J program and the pertinent policies of the program which need to be addressed in light of today's housing market and needs.
5. Discussions and analysis work has begun on the effectiveness of the current Second Unit program.

CURRENT FOCUS OF ATTENTION:

1. Work with the county planning staff in the development of specific recommendations for improving the effectiveness of the In-Lieu Fee program to create more affordable housing units in the county.
2. Identify policies and procedures within the Measure J program which need modifications to meet the projected housing requirements (per the Housing Element, existing needs and future growth requirements) for the county.
3. Identify policies and procedures within the existing Second Unit program which need modifications to meet the projected housing requirements. This may include zoning and code revisions, adjustments in unit sizes, a review of the current affordability requirements, the possible suggestion of technical and loan assistance, and a review of a possible amnesty program for existing illegal units.
4. Continue to monitor the specific State requirements regarding the Housing Element and begin the development of the Housing Element for the county's General Plan.

GENERAL OBJECTIVES:

1. Monitor and participate in the development of the county Housing Element for the General Plan.
2. Stay abreast of relevant legislative issues, both local and statewide, which do or may have a positive or negative affect on addressing the critical housing needs of the county.
3. Receive regular up-dates on current and proposed housing projects in the county, both market rate and affordable housing projects.
4. Discuss and evaluate the need for changes in the county housing policies and/or amendments to county ordinances that impact the availability and affordability of housing, especially low and moderate income households.

5. Evaluate the housing impacts of and mitigation measures for non-residential development projects.
6. Examine the need and methods of addressing Farm Labor Housing,
7. Investigate land usage and zoning issues which impact the ability of providing suitable building sites throughout the county, especially for low and moderate income households.
8. Examine various scenarios (i.e. financing, design, infra-structure, on-site services, etc.) of providing multi-family housing.
9. Encourage reports and presentations from various entities and established organizations who can provide special services and insights into creative methods of addressing affordable housing needs.
10. Evaluate the existing Measure J Affordable Housing Program and make recommendations for policy, procedural and program changes appropriate for today's market place and needs in the county.
11. Evaluate the effectiveness of the existing Second Unit program and make recommendations for policy, procedural and program changes appropriate for today's market place and needs in the county.
12. Analyze the housing need for special populations in the county (i.e. homeless, transitional, handicap, senior citizen, college students, etc.).
13. Evaluate the effectiveness of the existing Inclusionary Housing In-Lieu Fee program and make appropriate recommendations.