



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

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 ALVIN JAMES, DIRECTOR

July 30, 2002

Agenda: August 13, 2002

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

RE: POTENTIAL RESIDENTIAL DEVELOPMENT ON VACANT OR UNDERUTILIZED COMMERCIAL AND INDUSTRIAL PARCELS

Members of the Board:

On November 6, 2001, your Board directed staff, in conjunction with the Housing Advisory Commission, to review existing vacant and underutilized commercial and industrially zoned parcels for their suitability for the development of housing and to return on this date with a recommendation for your Board's consideration. Staff and the Commission have discussed this matter at several Commission meetings. The following material will summarize the conclusions and recommendations of the Commission and staff.

Housing Advisory Commission Review

After careful consideration of the available data, including maps prepared by the GIS staff, the Commission concluded that there were a number of opportunities for the development of housing on commercial and industrial land, either in conjunction with the development of commercial/industrial uses or separately on portions of site. The Commission developed a number of general recommendations, as follows:

- 1) Parcels along commercial corridors: Allow, facilitate and encourage mixed-use projects (with housing units as a secondary use to commercial uses) on all underutilized commercial/industrial (C/I) parcels with frontage along commercial corridors. Such mixed-use projects may be vertical (housing on upper stories) or horizontal (housing units on rear portion of parcel, behind commercial use), depending on the site characteristics, parcel size, and zoning. The intent of this recommendation is to preserve existing commercial uses and zoning of parcels along commercial corridors and major thoroughfares, while allowing for housing development as a secondary use as space allows.

- 2) Parcels not on commercial corridors: On streets that are primarily residential, rezone or re-designate to multi-family residential uses, where feasible, or other residential uses as feasible, those parcels not viable for commercial/industrial uses.
- 3) Large (multi-acre) parcels with frontage along commercial corridors and significant lot area behind the frontage portion: As an alternative approach to mixed-use development, where appropriate, encourage the process of subdividing such larger parcels into a commercial lot along the frontage of the parcel, and separate lot(s) at the rear to be zoned and developed for housing. Such an approach provides the developer(s) with more flexibility in securing financing, and attracts a wider range of interested developers, than if the site remained one single parcel with mixed-use zoning.
- 4) Promoting Mixed Uses In Policies Where Appropriate: Direct the Planning Department to analyze and revise the existing provisions for mixed-use projects within the Zoning Ordinance so that such projects can be feasibly developed, and so that the provisions will function in the current development context, such as current trends and standards in financing, underwriting, development, design, environmental protection, and market demand. Staff should consider either revising the mixed-use provisions as an allowed use within the existing commercial zone districts where currently allowed, or creating a separate mixed-use zone district, implemented by a new mixed-use ordinance which stipulates design standards, economic development and housing objectives, amenities such as child care, site standards, affordability requirements, options for implementation, and so on. Financial and other incentives should be developed to encourage mixed-use projects.
- 5) Promoting Mixed Uses In Regulations Where Appropriate: Direct the Planning Department to develop guidelines and regulations to allow some residential use of existing underutilized commercial or industrial properties, as follows:
 - a. Such projects shall require discretionary review and permit;
 - b. Compliance with all applicable building, fire, health and safety codes for residential use, as confirmed by building inspection;
 - c. Criteria for permit approval; and
 - d. Such projects may include any of the following:
 - i. retrofitting of existing unit(s) within multi-unit commercial properties with chronic vacancies, to accommodate residential uses either as a temporary occupancy change or as a permanent use;
 - ii. addition of residential units above or behind commercial structures where there is adequate site area for parking, etc.
 - iii. remodeling or rehabilitation of existing substandard residential units located on commercial/industrial parcels, where standards can be met.
- 6) Review Zoning Plan as a Part of General Plan Update: Rezone and/or re-designate those properties selected according to the criteria in Recommendations 2 and 3 above as a County-initiated action, and solicit discretionary applications for rezoning and/or

lot splits from interested landowners of additional parcels fitting the criteria of recommendations 1, 2 or 3 above.

Discussion and Recommendation

As discussed above, the Housing Advisory Commission recommended that your Board direct Planning staff to develop policy and ordinance language to increase the production of housing on commercial and industrially zoned properties. While staff supports the direction that the Commission has taken with regard to the mixed use issue, the Commission's recommendations would require extensive staff time to develop the appropriate ordinance language and any necessary policy amendments. There are insufficient staff resources to immediately implement the Commission's recommendations at this time. However, staff believes that these recommendations could be incorporated into the Housing Element work program that is currently underway. These recommendations could be included as programs to increase housing opportunities and, therefore, will be factored into the overall Housing Element implementation program.

While staff supports the development of mixed uses on commercial and industrially zoned land, the conversion of commercial and industrially designated land to residential use requires a different type of analysis. This analysis must consider the balance between residential and commercial uses that make a community economically and socially viable. Any significant shift in the residential/commercial land use mix could alter this balance. Furthermore, this type of analysis needs to be conducted as a part of a larger scale review of land uses, such as is conducted during a General Plan update.

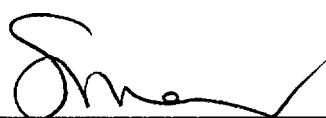
It is, therefore, RECOMMENDED that your Board:

1. Accept and file this report, and
2. Direct staff to consider the recommendations of the Housing Advisory Commission in the preparation of the implementation programs of the Housing Element.

Sincerely,


Alvin James
Planning Director

RECOMMENDED: _____


Susan A. Mauriello
County Administrative Officer

cc: Housing Advisory Commission