



County of Santa Cruz

HOUSING ADVISORY COMMISSION

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May 4, 2011

TO: HOUSING ADVISORY COMMISSION

FROM: Patrick Heisinger, Housing Project Manager

Subject: Discussion re: Measure J bedroom/household size and requirement

As you know, the County of Santa Cruz Planning Department administers the 1978 voter approved Measure J (the Program) Program. This program requires affordable housing to be incorporated into new development projects and today there are more than 500 price restricted homes located throughout the unincorporated County. These units are limited to low and moderate-income eligible purchasers and the Program requires current owners to sell or transfer their home to families/individuals who meet all criteria of the Program. Moreover, in addition to the Program's income restrictions, eligible purchasers must meet additional criteria prior to taking ownership of an affordable unit. Past evaluations of the Program show that the decline in the real estate market has negatively impacted the Measure J program and in the past, your Commission and the Board of Supervisors supported staff's recommendations to modify the Program on a temporary basis to help stimulate sales. Due to the continued decline in the real estate market, staff is once again returning to your Commission to discuss two additional adjustments to the Program that may help to increase the pool of eligible buyers.

In April 2010, to increase the pool of Measure J buyers, your Commission supported staff's recommendation to temporarily adjust the Program's minimum household size requirement to one less person than the number of bedrooms. In May of 2010, the Board of Supervisors approved the recommendation and it will be in place until June of 2012. To date, one Measure transaction was completed where this temporary adjustment was used and due to the continued unrest in the real estate market, staff recommends further adjusting the Program's minimum household size requirement to allow for any eligible family to purchase any Measure J home at the conclusion of an earnest marketing period. Sellers of Measure J homes will have to demonstrate they hired a real estate broker and listed the home on the local Multiple Listing Services (MLS) for 90-days before the seller can accept offers from any eligible household.

In addition to temporarily adjusting the minimum household size requirement, staff feels it is prudent to temporarily modify the Program's first time homebuyer definition to allow for those who have not owned real property (e.g. recent foreclosees or "downsizers") for the previous 6-months to purchase Measure J homes. By temporarily adjusting the first time homebuyer definition, sellers of Measure J units would have access to a larger pool of eligible buyers and the likelihood of selling their home would increase.

In the event your Commission agrees with the two Measure J program modifications outlined in this memo, staff will forward the same recommendations to the Board of Supervisors for consideration and if adopted, the modifications would remain in place until June of 2013. Lastly, staff recommends the minimum household size modification already approved by your Commission also be extended until June of 2013.

I look forward to discussing this issue with the Commission.