

MEMORANDUM

Date: January **21,2005**
To: Housing Advisory Commission
From: Carolyn Watanabe, Housing Project Manager
Re: Housing Element Update

On January **11**, 2004 the Board unanimously adopted the Revised Housing Element of the Santa Cruz County General Plan. HAC Commissioners have been sent copies of the document. Attached is a copy of the Board resolution and letter.

COUNTY OF SANTA CRUZ
STATE OF CALIFORNIA



AT THE BOARD OF SUPERVISORS MEETING

On the Date of January 11, 2005

REGULAR AGENDA

Item No. 40

Upon the motion of Supervisor Wormhoudt, duly Seconded by Supervisor Pine, the Board, by unanimous vote, Public hearing held to consider adoption of the Housing Element of the General Plan;

- (1) considered public input as part of the public hearing on this item;
- (2) closed public hearing;
- (3) approved the Negative Declaration for the Housing Element and instructed the Clerk of the Board to file this document (Attachment 4);
- (4) adopted Resolution No. 9-2005 Adopting the Housing Element (Attachment 1); including the revised Attachment I and the Errata Sheet;
- (5) directed staff to forward the Housing Element to HCD for a final 90 day review period;
- (6) authorized staff and the Board's subcommittee on the Housing Element (Supervisors Wormhoudt and Campos) to interact with HCD as necessary during the review period to resolve any outstanding issues or concerns;
- (7) and directed the Planning Director to provide the Board with a report on implementation of the Housing Element after HCD's review period has expired

cc:

CAO

County Counsel

Planning Department

Julianne Ward, Planning Department

Mark Deming, Planning Department

Redevelopment Agency

✓ Housing Advisory Commission

State of California, County of Santa Cruz-ss.

I, Susan A. Mauriello, Ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California, do hereby certify that the Foregoing is a true and correct copy of the order made and entered in the Minutes of said Board of Supervisors. In witness thereof I have hereunto set my hand and affixed the seal of said Board of Supervisors.

by *Susan A. Mauriello*, Deputy Clerk ON January 12, 2005

COUNTY OF SANTA CRUZ
STATE OF CALIFORNIA



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by

, Deputy Clerk ON January 12, 2005

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

RESOLUTION NO. 9-2005

On the motion of Supervisor: Wormhoudt
Duly seconded by Supervisor: Pirie
The following Resolution is adopted:

RESOLUTION RECOMMENDING ADOPTION OF A REVISED HOUSING ELEMENT
OF THE SANTA CRUZ COUNTY GENERAL PLAN

WHEREAS, the availability of housing is of vital importance in the County of Santa Cruz, and the attainment of decent housing and a suitable living environment is a priority of the highest order; and

WHEREAS, attainment of this goal requires the cooperative participation of local government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of all economic levels of the community; and

WHEREAS, housing prices continue to rise while the median income is not increasing at the same rate; and

WHEREAS, the 2000 U.S. Census reflected that 66.2% of households earning less than moderate income were spending more than 30% of their income on housing costs; and

WHEREAS, the state mandated Regional Housing Needs Determination (RHND) allocation assigned to the unincorporated portion of Santa Cruz County for the 2000-2007 planning period is 3,441 new units, which represents 35% of the entire county's 9,715 unit allocation. Of these 3,441 new units the State requires that 937 units be affordable to very low income households, 502 units be affordable to low income households, 651 units be affordable to moderate income households, and 1,351 units be affordable to above moderate income households; and

WHEREAS, the County of Santa Cruz has adopted a General Plan of which the Housing Element is a part; and

WHEREAS, Government Code Section 65302(c) requires that Localities adopt a General Plan Housing Element that complies with the State's standards as set forth in Government Code Section 65580 et seq; and

WHEREAS, State General Plan guidelines require that the state mandated Housing Element be revised periodically to incorporate new information and reflect changes in community needs and values; and

WHEREAS, the initial draft of the Housing Element was released for review by the public and the California Department of Housing and Community Development on June 3, 2003; and

WHEREAS, comments on that document were received from the California Department of Housing and Community Development in a letter dated August 8, 2003; and

WHEREAS, subsequent to the release of the initial draft, the County conducted an extensive series of public input sessions, including review by various County commissions, meetings before the Housing Advisory Commission, a public hearing before the County Planning Commission; and

WHEREAS, as a result of that public input and Planning Commission recommendations, the Board of Supervisors on March 23, 2004 approved the revised Draft Housing Element for a second review by the California Department of Housing and Community Development; and

WHEREAS, comments on that document were received from the California Department of Housing and Community Development in a letter dated June 7, 2004; and

WHEREAS, in response to those comments, minor modifications were made to the prior Draft Housing Element, and are presented to the Board for adoption by the Board on this date;

WHEREAS, Exhibit A to this resolution sets forth the Findings of Consistency with Government Code section 65580 et seq. regarding housing element requirements; and

WHEREAS, the proposed amendment to the Housing Element of the Santa Cruz County General Plan has been prepared pursuant to Government Code Sections 65358 and 65580 et seq. and according to the adopted procedure; and

WHEREAS, public hearing notices for the draft 2000-2007 Housing Element regarding document availability and public hearing schedule were published in local newspapers and provided on the County's website; and

WHEREAS, the Board of Supervisors has held a public hearing and received and considered all concerns and comments of all segments of the community, the Planning Commission, staff, and the California Department of

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Housing and Community Development on the proposed amendment, and has considered the public record as a whole; and

WHEREAS, the Board of Supervisors considered California Department of Housing and Community Development comments and suggested amendments to the Draft Housing Element to incorporate all of the changes and additions requested by HCD (see Exhibit B); and

WHEREAS, pursuant to the California Environmental Quality Act, a Negative Declaration has been prepared and circulated for public review concluding that no potentially significant environmental impacts will occur as the result of the proposed Housing Element Update.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby finds the Negative Declaration is complete, correct and adequate and prepared in accordance with the California Environmental Quality Act and applicable State and County Guidelines; and

BE IT FURTHER RESOLVED that the Board of Supervisors hereby finds that on the basis of the Negative Declaration, no substantial evidence exists that the project will have a significant effect on the environment; and

BE IT FURTHER RESOLVED that the Board of Supervisors hereby finds that the Negative Declaration reflects the independent judgment of the Board of Supervisors of Santa Cruz County and is adopted as a complete and factual document prepared in accordance with CEQA; and

BE IT FURTHER RESOLVED that the Board of Supervisors hereby finds that the Final Housing Element substantially complies with State requirements of Government Code section 65580 et seq.; and

BE IT FURTHER RESOLVED that the Board of Supervisors hereby finds that the Final Housing Element does not contain substantial changes or substantial amendments to the Draft Housing Element that the Planning Commission reviewed on February 11, **2004**, and therefore, it is not necessary to refer this Final Housing Element to the Planning Commission for further comment or recommendations; and

BE IT FURTHER RESOLVED, that the Board of Supervisors hereby adopts the Final Housing Element as an element of the Santa Cruz County General Plan; and

BE IT FURTHER RESOLVED, that this resolution and Exhibits A and B to this resolution are effective upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 11th day of January, 2005 by the following vote:

AYES:	SUPERVISORS	Beautz, Pirie, Wormhoudt, Stone and Campos
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	None
ABSTAIN:	SUPERVISORS	None

ATTEST: [Signature] Secretary

[Signature] Chairperson

APPROVEDASTOFORM:

[Signature] 1/11/05
 ASST COUNTY COUNSEL

cc: County Counsel
 Planning Department

STATE OF CALIFORNIA
 COUNTY OF SANTA CRUZ } ss
 I, SUSAN A. MAURIELLO, County Administrative Officer and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California do hereby certify that the foregoing is a true and correct copy of the resolution passed and adopted by and entered in the minutes of the said board. In witness whereof I have hereunto set my hand and affixed the seal of the said Board on January 11, 2005.
 SUSAN A. MAURIELLO, County Administrative Officer.
 By [Signature] Deputy

**FINDINGS OF CONSISTENCY WITH GOVERNMENT CODE SECTION 65580 ET SEQ.
REGARDING HOUSING ELEMENT REQUIREMENTS**

California Government Code sections 65580 through 65589.8 specify the required content and procedure for adoption a Housing Element of a General Plan. The following findings of fact indicate that the Santa Cruz County Housing Element is consistent with these Government Code requirements.

Government Code Section 65580 (Legislative Findings)

This section declares that the State's legislative intent is to provide housing for all income groups while recognizing that "in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the -general plan..." Section 4.7 of the County's Housing Element establishes the goals, objectives, policies and programs consistent with this declaration. Section 4.5 of the County's Housing Element recognizes the environmental and fiscal constraints of providing housing to satisfy the regional housing need goal by 2008. Section 4.6 elaborates on the County's efforts to provide its fair share of the regional housing need.

Government Code Section 65581 (Legislative Intent to Recognize Local Responsibility in Contributing to the Attainment of the State Housing Goal)

Section 4.7 of the Housing Element contains existing and new programs addressing creation and preservation of residential development. These programs are designed to enhance the County's affordable housing resources and to assure that a fair share of that housing is affordable to very low, Low and moderate income households. Appendices A through F further elaborate on the County's efforts to provide its fair share of the regional housing need.

Government Code Section 65582 (Definitions)

The Santa Cruz County Housing Element terminology is consistent with the definitions used in this section.

Government Code Section 65583(a)(1) (Population and Housing Need Projections)

sections 4.2 and 4.3 of the Housing Element contain data and projections regarding population and employment trends in Santa Cruz County.

Government Code Section 65583(a)(2) (Household and Housing Characteristics)

Section 4.2 contains documentation and analysis of Santa Cruz County's housing characteristics, including overcrowding, ability to pay and housing stock conditions.

Government Code Section 65583(a)(3) (Land Inventory)

Section 4.6 of the Housing Element details the quality and quantity of vacant and underutilized properties within the unincorporated County suitable for very

low, low, moderate and above moderate income housing. The county analyzed the build out potential of the County and designed an inventory utilizing accurate estimations of building coverage for various land uses. In addition, Appendices A through F specifically identifies vacant sites and sites with redevelopment potential, and evaluates them in terms of their zoning and other characteristics.

Government Code Section 65583(a)(4) (Governmental Constraints)

Section 4.5 analyses the potential and actual governmental constraints upon the maintenance, improvement and development of housing for all income levels, including land use controls, building codes and their enforcement, site improvements, fees and other requirements, and local processing and permit procedures. In addition, the Housing Element highlights local efforts to remove government constraints affecting the County's ability to meet its regional housing need allocation.

The Housing Element describes how the County's growth management system has not been a factor constraining residential growth. In fact, the current growth management system requires a minimum of fifteen percent (15%) of residential development to be affordable. The County Redevelopment Agency provides additional affordable housing opportunities. A discussion of affordable projects already constructed within the planning period is included in Chapter 4.6.

Government Code Section 65583(a)(5) (Nongovernmental Constraints)

Section 4.5 of the Housing Element contains an analysis of existing and potential nongovernmental constraints upon the maintenance, improvement and development of housing for all income levels in the County. This section states that the high cost of land in Santa Cruz County has become a major constraint to the production of affordable housing. This section also discusses the available land and infrastructure as important factors affecting housing production in the County.

Government Code Section 65583(a)(6) (Special Housing Needs)

Section 4.3 of the Housing Element contains an extensive discussion and analysis of special housing needs, including the needs of those who are homeless, elderly, large families, female headed households, disabled, farmworkers, and students. Within this section is a listing of housing resources and other resources available to households in these groups.

Government Code Section 65583(a)(7) (Energy Conservation)

Section 4.8 provides information about the County's energy conservation program pertaining to residential development. In particular, this section notes that the County has special land use design criteria requiring proper development orientation to allow passive solar application.

Government Code Section 65583(a)(8) (Assisted Housing At-Risk of Conversion to Market Rate)

Section 4.4 of the Housing Element presents a list of assisted housing at risk of conversion. This section also describes the monitoring program in place to monitor at-risk housing and the protocol for preventing the loss of these threatened units.

Government Code Section 65583(b)(1) (Statement of Quantified Goals and Objectives)

Section 4.7 specifies goals, objectives, policies and programs regarding the maintenance, preservation, improvement and development of housing in the unincorporated County. Time frames, responsible agencies and quantified objectives area also included in this section.

Government Code Section 65583(b)(2) (Quantified Objectives Need Not Be Identical to Total Housing Need)

Quantified objectives by income level for housing that can be constructed, rehabilitated and conserved during the 2000-2003 planning period within the County are included in Table 4.7.1 and are discussed in Section 4.7 of the Housing Element.

Government Code Section 65583(c) (Five Year Action Program to Implement Goals and Objectives)

Section 4.7 contains the programs constituting the County's five year action program. In addition, Section 4.6 addresses vacant and underdeveloped land, and Appendices A through F present an inventory of land suitable for residential development. It should be noted that the Housing Element is not an autonomous document, in that it is a key part of the General Plan. As such, it must be internally consistent and interrelated with other General Plan elements. Several elements of the General Plan, especially the Land Use Element, should also be considered when evaluating housing opportunities provided by the Housing element. The specific requirements of Government Code Section 65583(c) are addressed as follows:

65583(c)(1) (Adequate Sites for Housing at all Income Levels)

Section 4.6 of the Housing Element discusses sites available on vacant and underdeveloped land, analyzes the urban area build out potential, the rural area build out potential, and non residential land.

Infrastructure availability is considered in the analysis. Section 4.7 contains goals, objectives, policies and programs addressing the County's housing needs for the 2000-2008 planning period. Proposed Housing Element programs concern Promoting Production of Affordable Housing Units; Promoting the Use of Available Sites for Affordable Housing Construction and Provide Adequate Infrastructure; Sustaining Existing Affordable Housing Programs and Affordable Units; Increasing Funding for Affordable Housing; Promoting Production of Special Needs

Housing; and Improving Conservation of Energy and Natural Resources. In addition, Appendices A through F identifies sites suitable for residential development at various densities for various income levels. Information on farmworker housing is available in Sections 4.3, 4.6 and 4.7.

65583(c)(2) (Adequate Housing for Low and Moderate Income Levels) Providing adequate housing to meet the needs of low and moderate income households is specifically addressed by objectives, policies and programs in Section 4.7 of the Housing Element, as well as in other sections. Section 4.6 lists specific developments already completed which are designed for low and moderate income households. Section 4.3 identifies resources available to households with special needs. Appendices A through F identify sites for the development of low and moderate income housing.

65583(c)(3) (Governmental Constraints) Section 4.7 sets forth the goals, objectives, policies and programs which address governmental constraints to housing, as well as other factors. Section 4.5 analyses the potential and actual government constraints upon the maintenance, improvement and development of housing for all income levels, including land use controls, building codes and their enforcement, site improvements, fees and other requirements, and local processing and permit procedures. In addition, the Housing Element demonstrates local efforts to remove government constraints affecting the County's ability to meet its regional fair share requirements.

The Housing Element describes how the County's growth management system has not been a factor constraining residential growth. In fact, the current growth management system requires a minimum of fifteen percent (15%) of residential development to be affordable. The County Redevelopment Agency provides additional affordable housing opportunities. A discussion of affordable projects already constructed within the planning period is included in Chapter 4.6.

65583(c)(4) (Conserving Existing Affordable Housing Stock) Housing Element Goal 3: Sustain Existing Affordable Housing Programs and Affordable Units specifically addresses the conservation of existing affordable housing in the County. The objectives, policies, and programs under Goal 3 further address this State requirement.

65583(c)(5) (Equal Housing Opportunity) Housing Element Goal 5: Promote Production of Special Needs Housing, responds to the statutory requirement of promoting housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status or disability. The objectives, policies, and programs under Goal 3 further address this

State requirement. Additionally, a lengthy discussion of special needs populations and their specific housing needs is contained in Section 4.3 of the Housing Element.

65583(c)(6) (Preservation of Existing Low Income Developments)
Sections 4.3, 4.4 and 4.6 of the Housing Element contain lists of assisted housing projects, with the type of assistance also noted. Section 4.4 establishes a monitoring program for "at risk" projects and a protocol for preventing the loss of these threatened units. Additionally, programs are included in Section 4.7 to specifically address this statutory requirement.

Government Code Section 65583.1 (Identification of Sites through Redesignation of Property)

Section 4.6 and Section 4.7 specify the use of a program by which the density on specific identified sites will be intensified to meet the need for very Low and low income sites. Funding will be committed through this program to further ensure long term affordability of units produced.

Government Code Section 65584 (Share of Regional Housing Needs)

A discussion of the preparation of the projection of the County's Regional Housing Need for all income groups is contained in Section 4.3. The distribution of the Regional Housing Need Allocation by income level are also included in Section 4.3.

Government Code Section 65585 (Procedures for Housing Element submission, revision and reporting)

The County has followed the required procedures required by the Government Code for submittal of the Draft Housing Element for the County of Santa Cruz. In addition, these Findings of Substantial Compliance address and satisfy the requirements of this section.

Government Code Section 65588 (Review and Revision, Housing in the Coastal Zone)

Due to delays in release of the Regional Housing Needs Determination and pending lawsuits disputing the Determination, the County has submitted its Housing Element revision to HCD later than the statutory deadline. However, the County has made every effort to submit the Housing Element revision to HCD in as timely a manner as is possible. Housing for persons of low and moderate income within the County's Coastal Zone is addressed in Section 4.10.

Responses to HCD Letter of 6/7/04		
HCD Comment	County Response	Chapter and Page Number
Chapter 4.9 # 20 Need more information on Action Pajaro Valley	More information on the Action Pajaro Valley Program provided	4.9; page 191
Estimate of housing rehabilitation and replacement needs	THOUGH THERE IS MUCH FORMER INFORMATION ON THIS AND replacement needs available. Information was added based on the number of permits issued for upgrades and repairs	4.2; Page 12
Provide an inventory of appropriately zoned, available, and suitable sites	A new revised inventory chapter has been provided which specifies	Appendices A, B, C, D, E and F
Assessment of whether the projected site capacity can be realistically achieved within the planning period	A discussion of the probability of reaching the projected site capacity within the planning period is included	4.6
Cannot utilize Density Bonus or Inclusionary Units to meet the projected site capacity	Density Bonus units removed. Inclusionary Units also not relied upon.	4.6
Must show the relationship between the projected development capacity and the implementation of specific programs	Reliance on programs to meet projected development capacity removed. Only one program relied on to meet the RHND allocation. Link clearly demonstrated.	4.6
Provide discussion of density as it relates to income levels and provide a program requiring buildout at the densities required	The inventory has been modified based on direction from HCD that 20 units per acre equate to affordability for low and very low income households. The County has adopted an ordinance to ensure buildout at the density required by the General Plan.	4.6; 4.7
RHND can be reduced by units developed within the planning period	Units developed within the planning period are accounted for in the inventory.	4.6

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Identify which sites in the inventory are designated "Rural Scenic Resource" and/or are subject to LCP permit approval.	None of the sites listed in the inventory are designated "Rural Scenic Resource". Additionally, none of the sites are subject to LCP permit approval.	None
Visitor Accommodations and Conversion of Transient Occupancy to Permanent Housing- how will these units be made available as permanent housing?	A discussion is included in Chapter 4.6. Additionally, programs to create ordinances to facilitate these conversions are included in Chapter 4.7	4.6, 4.7
Land Use Controls- clarify which parcels are urban and rural	The appendices clarify which parcels are urban and which are rural.	Appendices
On and Off Site Improvements	A discussion of on and off site improvements is included in the Constraints section	4.5
Permit Processing-constraint and programmatic action to remove or mitigate constraint	A discussion of permit processing as a constraint and programmatic actions to reduce this constraint are included in the Constraints section, as well as the Programs section.	4.5, 4.7
Constraints on Housing for Persons with Disabilities	A further discussion on constraints to housing for persons with disabilities is included in the Constraints section.	4.5
Special Housing Needs for the Elderly- tenure information	Further information on the tenure of the elderly population is included in the Elderly portion of the Special Needs section.	4.3
Program Timelines and Reporting	The reliance on programs to complete the inventory of sites has been reduced. Additionally, the programs have been strengthened to provide more specific action and timelines for implementation.	4.5
Emergency Shelters and Transitional Housing	Further discussion of the zones or areas in which emergency shelters and transitional housing is allowed is provided as part of the Constraints section.	4.5; page 95
Programs to Revise and Strengthen	The language used in the programs has been revised and strengthened to reflect the County's commitment to	4.7


	implementation of the programs included in the Housing Element within the planning period.	
Establish Housing Trust Fund	Additional information included.	4.7
Removal of Government Constraints	Further information on the mitigation of constraints is included in the Constraints section	4.5

HOUSING ELEMENT ON FILE WITH CLERK

MEMORANDUM

Date: January 7, 2005

To: Board Members

From: Tom Bums, Planning Director 

Re: Housing Element Errata

For several weeks now you have had copies of the Final Draft Housing Element. As well, copies of that document have been available to the public on our web site and in hard copy. Over the course of those weeks we and others have noted the need for numerous minor editorial revisions to the document. None of these substantively change the document or proposed policies. Nonetheless, for the sake of having the most readable document, we are suggesting that, as part of final action on the Housing Element, these corrections be incorporated into that action.

The attached Errata document incorporates those changes. For ease of use, the corrections are cross-referenced to locations in both the strike-out and clean versions of the Housing Element. If you have any additional such changes before the January 11 hearing, please pass them onto Julianne Ward.

attachment

ERRATA					
Page	Strikeout Version		Clean Version		Change to:
	Location	Page	Location	Change from:	
List of Tables	After 4.6.3	List of Tables	After 4.6.3		Add "4.6.4 Already Developed Housing 1/2000 - 10/2004"
1	3 rd paragraph, end of first line, last word	1	3 rd paragraph, end of first line, last word	"for"	"to"
2	Last paragraph, 3 rd line	2	Last paragraph, 3 rd line	"twelve sections"	"eleven sections"
3	First full paragraph, last word on 6 th line	3	First full paragraph, last word on 6 th line	"in"	"it"
12	Last paragraph, 2 nd line	12	Last paragraph, 2 nd line	"permits issues"	"permits issued"
36	Second paragraph, 7 th line	36	Second paragraph, 7 th line	"option"	"options"
37	Homeless People, first paragraph, 5 th line	37	Homeless People, first paragraph, 5 th line	"transitional housing; shelters or voucher programs"	"transitional housing, shelters or voucher programs"
47	4 th paragraph	47	4 th paragraph		Move to follow the second paragraph
61	First paragraph, second line	61	First paragraph, second line	"5.605"	"5,605"
63	First paragraph, second line	63	First paragraph, second line	Move the phrase "have difficulty acquiring housing" to the line above between "disabilities" and "accessible".	
63	Last paragraph, last line	63	Last paragraph, last line	"\$807"	"\$807 per month"

ERRATA					
Strikeout Version		Clean Version		Change from:	
Page	Location	Page	Location	Change from:	Change to:
69	Second paragraph, 9 th line	69	Second paragraph, 9 th line	"California's"	"California"
70	First paragraph, 5 th line	70	First paragraph, 5 th line	"north County"	"in north County,"
89	2 nd full paragraph, last line	89	2 nd full paragraph, last line	"Appendix D"	"Appendix H"
89	Last paragraph, 3 rd line	89	Last paragraph, 3 rd line	"Appendix D"	"Appendix H"
92	First paragraph, 3 rd line	92	First paragraph, 2 nd line	"Appendix D"	"Appendix H"
95	Last paragraph, 3 rd line	95	2 nd full paragraph, 3 rd line	Remove "to meet the needs of the homeless" (repetitive)	
101	First line	100	"Curb and Gutter", 3 rd line	"set for"	"set forth"
101	Design Standards: last paragraph, last sentence	100	End of last full paragraph	"is outweighed by the cost"	"outweighs the cost"
109	First full paragraph, 2 nd line	108	First full paragraph, 2 nd line	"This criteria includes"	"The criteria includes"
111	First paragraph, 6 th line	110	First paragraph, 9 th line	"act as a deterrent"	"acts as a deterrent"
115	2 nd paragraph, 4 th line	114	First full paragraph, 4 th line	"difficulties"	"difficulty"
115	2 nd paragraph, 5 th line	114	First full paragraph, 5 th line	"estimates"	"estimated"

ERRATA					
Strikeout Version		Clean Version		Change from;	
Page	Location	Page	Location	Change from;	Change to:
116	2 nd paragraph, 3 rd line	115	First full paragraph, 3 rd line	"two months"	"two months"
119	First paragraph, last sentence	117	Last paragraph, last sentence	Remove last sentence.	
120	First full paragraph, last line	119	First full paragraph, last line	Remove "[data to be verified]"	
121	Endangered Species, first line	120	Endangered Species, first line	"plant"	"plants"
123	4.6.1, Last paragraph, first line	123	4.6.1, Last paragraph, first line	"there are substantial"	"there is a substantial"
123	4.6.1, 2 nd paragraph, 4 th line	123	4.6.1, 2 nd paragraph, 4 th line	"30,557"	"28,091" to be consistent with chart
126	Table 4.6.3, a. Units Developed + Total Units	126	Table 4.6.3, a. Units Developed + Total Units	"1,541"	"1,105" (Addition error)
126	Table 4.6.3, Total - New Units + Total Units	126	Table 4.6.3, Total - New Units + Total Units	"4,187"	"4,122" (Addition error)
127	Table title	127	Table title	"4.6.3 - Summary of Sites by Affordability Level of Housing Element 2000-2007"	"4.6.4 - Summary of Sites by Affordability Level of Housing Element 2000-2007"
131	2 nd full paragraph, last line	131	2 nd full paragraph, last line	"improvement"	"improvements"

ERRATA					
Strikeout Version		Clean Version		Change from:	
Page	Location	Page	Location	Change to:	
131	Last paragraph, 6 th line	131	Last paragraph, 6 th line	"the density is the same"	
134	i. Short Term Occupance Conversion to Permanent Occupancy, first paragraph, 4 th line	134	i. Short Term Occupance Conversion to Permanent Occupancy, first paragraph, 4 th line	"196 potential units"	
136	First full paragraph	136	First full paragraph	"Although it has been demonstrated that the likelihood"	
136	4.6.5, First paragraph, 9 th line	136	4.6.5, First paragraph, 9 th line	"based on"	
132	4.7.1, 2 nd paragraph, 2 nd line	139	4.7.1, 2 nd paragraph, 2 nd line	Remove ", including quantified objectives where appropriate"	
141	Policy 4.6, first line	147	Policy 4.6, first line	Re e "employee"	
142	Objective 5.2, first line	148	Objective 5.2, first line	"need"	
146	Policy 5.2, 4 th line	150	Policy 5.2, 4 th line	"available and existing programs new programs"	
149	First partial paragraph, 2 nd line	153	Last paragraph, 4 th line	"should be have"	

ERRATA					
Page	Strikeout Version Location	Page	Clean Version Location	Change from:	Change to:
149	Table identification	154 (not necessary to correct)		Table Title: "Table 4.7.1 Summary of Sites by Affordability Level for Housing Element 2000-2007"	
150	Table 4.7.1, a. Units Developed + Total Units	154	Table 4.7.1, a. Units Developed + Total Units	"1,541"	Addition error - "1,105"
151	Table 4.7.1, Total - New Units + Total Units	155	Table 4.7.1, Total - New Units + Total Units	"4,187"	Addition error - "4,122"
154	Program 1.5, 2 nd to last line of program description	157	Program 1.5, 2 nd to last line of program description	"Revise ordinance"	"Review ordinance"
165	Program 3.2, Funding, 3 rd line	166	Program 3.2, Funding, 3 rd line	"work with"	"working with"
165	Program 3.5, Program Description, 1 st line	167	Program 3.5, Program Description, 1 st line	"amendment to its"	"amendment to the"
170	Program 4.3, Program Description, 2 nd line	171	Program 4.3, Program Description, 2 nd line	"funds; longest"	"funds, longest"
170	Program 4.5, Program Description, 8 th line	172	Program 4.5, Program Description, 8 th line	"to support the creation and support of currently active projects"	"to support the creation of new and currently active projects"
171	Program 4.9, Program Description, 1 st line	173	Program 4.9, Program Description, 1 st line	"survey or"	"survey of"

ERRATA					
Page	Strikeout Version Location	Clean Version		Change from:	Change to:
		Page	Location		
176	Program 5.14, Program Description, 2. and 3.	177	1 st line Program 5.14, Program Description, 2. and 3.	"(within one year of certification)"	"(June 2006)"
222	3 rd whole paragraph, last line	222	3 rd whole paragraph, last line	Delete last line: "Additional Planning Commission public hearings are to be scheduled, as are public hearings before the Board of Supervisors prior to final adoption of the Element."	
Appendix F		Appendix F			Remove "Rio Sands"
Appendix F		Appendix F		TOTAL 2/2	TOTAL 2/2

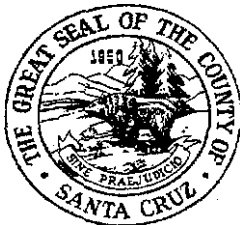
MEMORANDUM

Date: January 21, 2005
To: Housing Advisory Commission
From: Carolyn Watanabe, Housing Project Manager
Re: Memo to HAC on Measure J Sale and Resale Process Update

On January 11, 2005 the Board unanimously approved Planning's recommendations on the Measure J Sale and Resale Process. The recommendations were:

- 1. Accept and file the report;*
- 2. Approve the staff recommendation to implement Option 2 (and incorporating HAC's specific suggestions about outreach efforts) and to include a one year program evaluation to determine whether to consider a two-tiered system as discussed in this letter; and*
- 3. Report back to the Board on or before March 2006 with the results of the program evaluation and, if appropriate, recommended program modifications.*

Attached is a copy of the Board Letter.



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 too. (831) 454-2123
TOM BURNS, PLANNING DIRECTOR

January 15, 2005

January 25, 2005

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

RE: SALE AND RE-SALE OF MEASURE J UNITS

Dear Members of the Board:

In January 2004, as part of considering a status report on the Measure J program, your Board requested a report during budget hearings on the sale and re-sale of Measure J units. During budget hearings, as part of your Board approving the consolidation of RDA and Planning Housing programs to the Planning Department, the Measure J report was deferred until January to allow for the transition to be completed and staff to conduct a more thorough analysis of the program options. In the intervening months, the Housing Advisory Committee has also reviewed this matter and their recommendations are discussed in this report.

BACKGROUND

The Measure J affordable housing program began in the late 1970's and currently there are over 380 ownership units scattered throughout the County. Over the years, staff has discussed with your Board possible changes to the sale and re-sale process for Measure J units.

Currently, the initial sale or resale of Measure J units is primarily a private transaction between the buyer and the seller. The County's role in Measure J transactions includes: 1) certifying the income of potential purchasers; 2) assuring that the unit is purchased by a first time home buyer; 3) verifying that the household consists of an appropriate number of residents; 4) verifying that the purchaser complies with the Board's requirement that he/she must either have resided within the County or have been employed within the County for the 60 days prior to the eligibility certification; and, 5) handling escrow instructions to ensure that all Program requirements have been fulfilled, including the recordation of resale restrictions.

While the number of Measure J units that are sold in any given year varies based on a variety of factors (interest rates, unit availability, etc.), on average, approximately 10-20 units Per year

are either sold initially by the project developer to an eligible purchaser or re-sold from an owner to an eligible purchaser to another.

Because existing Measure J owners (or initial developers) currently select the new buyer, questions have been raised about how new buyers are selected, whether the units are kept off the open market, and the extent to which interested members of the public have an opportunity to purchase a Measure J unit'. In addition, Measure J sellers eager to sell their unit quickly have had difficulty locating a Measure J eligible purchaser and have expressed interest in a program which helps them more easily identify a buyer for their unit.

Given the limited number of Measure J units and the demand in the community for affordable housing, it is important that the resale process be broadly publicized to maximize the opportunities for the public at large to obtain a Measure J units and making sure that the process facilitates the sale of the unit in a timely manner.

PROGRAM OPTIONS

Staff has considered two general approaches to the sale and re-sale of Measure J units:

1. The County controls who the unit is sold to; and
2. The County creates a list of potentially interested buyers to help facilitate the transaction but does not assume ultimate responsibility for the transaction.

These two options further discussed below, and a summary of these options are included in Attachment 1:

Option 1: County determines whom the unit is sold to.

As indicated in the January 2004 report, one option for ensuring more equal access to Measure J units would be for the County to maintain a waiting list of eligible purchasers. For this system to operate most effectively, any interested purchaser would have to become part of a pool that would be subject to an equitable selection process (e.g. a lottery system or first come first serve). Eligible households could be pre-certified, and as Measure J units become available, sellers would be furnished with the name of an eligible buyer prepared to buy the unit in a timely manner. This approach, which could be administered by County staff or on a contract basis, would provide for a more transparent system, and ensure that the units be available to the general public in an equitable manner.

¹ Although there has been no documented evidence that untoward transactions have occurred, it is critical that transactions between buyers and sellers are fair and that purchasers are not taken advantage of by sellers who operate in a "sellers' market". To address this issue, staff has developed an affidavit that must be signed by both the buyer and seller attesting to the fact that the transaction has occurred in accordance with program requirements. While an affidavit in and of itself is not a complete safeguard, the affidavit is signed under penalty of perjury and designed to provide for an added focus on the fact that the specific transaction details have been handled properly.

Because this approach would ensure that the units were equally accessible to all members of the public, staff initially considered pursuing this option. However, after further analysis, there were a number of issues that must be taken into account as part of pursuing this type of program design. Administering a program of this nature would be complex, labor intensive, and interject the County into what is currently a private real estate transaction. Based on discussions with other jurisdictions as well as County Counsel about our specific program requirements, if the County assumed a more direct role in handling the sale and re-sale of Measure J units, given the volatile nature of real estate transactions and the likelihood that unanticipated delays or other problems could arise during the transaction, then the County could be held responsible for disadvantaging the existing owner. This would potentially subject the County to a liability risk that currently does not exist, as well as introduce an opportunity for animosity between the County and owners who could perceive that the County's involvement in the transaction contributed to costly delays.

However, if the Board nonetheless wishes to proceed along these lines, in order to address these issues, then the County would have to develop a program to ensure that the seller not incur any delays in selling the unit to the County's designated purchaser. This approach would involve the County designating purchasers, and if the transaction encountered difficulties and was subject to delay, the County must be prepared to acquire the unit in order to assure the seller that the transaction would be completed in a timely manner. County interim ownership of the Measure J home would result in assuming holding costs prior to identifying a Measure J purchaser, potential liabilities associated with the County being in the chain of title, and handling all aspects of the transaction once an eligible purchaser had been identified.

While existing Measure J owners currently have Declarations of Restrictions which specify that the County must insure that the unit be sold to an income eligible purchaser, the specific language in the Declarations does not anticipate that the County would engage in the type of selection process discussed above. As a result, County Counsel has indicated to staff that this process should therefore be voluntary on the part of the Measure J owners, and thus not provide for a uniform approach. In addition, because this scenario may involve the County possibly acquiring units on a routine basis, and handling the associated operational issues, this approach would require additional staffing resources. For the reasons noted above, this approach for existing Measure J owners is not recommended at this time.

It is worth noting that there are elements of Option 1 that staff proposes to explore for 1) newly created Measure J units; 2) for those purchasing existing Measure J homes and thus not bound by existing Covenants and Restrictions; and 3) for existing owners on a voluntary basis, which could include incentives to encourage voluntary participation.

Option 2: County creates a list of interested buyers to help facilitate the transaction: County does not assume ultimate responsibility for the transaction

Rather than the County interjecting itself into each Measure J transaction, the County could provide a stepped-up effort to better inform the public about the availability of Measure J units without assuming the responsibilities and liabilities associated with Option 1. To this end, Staff

could hold public workshops and general outreach efforts to inform interested members of the community about the Measure J program as well as other County housing programs. This approach would ensure that interested purchasers fully understand the program requirements (income eligibility, resale requirements, etc) and would provide an opportunity to be included in a list of potentially interested purchasers. This list would be made available to Measure J sellers to consider in the course of selecting a purchaser. With the seller's permission, the interested purchasers could also be notified of the names of Measure J sellers. It is worth noting that, given the limited volume of Measure J transactions, it will be important that outreach efforts not raise the expectations of members of the public; outreach efforts will convey realistic expectations about the likelihood of purchasing a Measure J unit and also include information about other housing programs available through the County.

As part of program implementation, staff would carefully monitor the new program to determine the number of Measure J purchasers who originated from the list of interested purchasers. This new program could be implemented with existing staffing resources, and based on the results of a one year program evaluation, staff would consider instituting a two-tiered system, whereby elements of Option 1 could be applied to 1) newly created Measure J units; 2) new Measure J owners who purchase an existing Measure J home; and 3) existing Measure J owners on a voluntarily basis, which could include incentives to encourage participation.

Staff believes that Option 2 will provide for greater public awareness of the program, minimize additional staffing resources needed to operate these outreach efforts, and ensure that the County not incur any liability for unanticipated issues or delays that arise during a transaction. In addition, the program evaluation component discussed above will help determine program effectiveness and whether a more active role for the County would be appropriate. For these reasons, staff recommends your Board approve Option 2.

HOUSING ADVISORY COMMISSION REVIEW

The HAC discussed this program at their meetings in November and December 2004 and January 2005. At the most recent January 5th meeting, after extensive discussions about the program options, which included whether the County or a contract agency should handle the outreach efforts, HAC unanimously recommended that the Board adopt the proposed recommendation described above. HAC also explicitly requested that the outreach effort be targeted toward all segments of the community, be held in English and Spanish and not be directed only to households who utilize the WEB. In the event that your Board approves the staff recommendations, HAC's recommendations will be incorporated into the program design.

CONCLUSIONS / RECOMMENDATIONS

The actions recommended in this letter will help improve public awareness about the availability of Measure J units, and increase the County involvement in the sale and re-sale process without unduly interfering with private transactions between Measure J sellers and buyers. Staff will continue to monitor this program and return to your Board, as needed, with recommended program adjustments.

Board of Supervisors Agenda: January 25, 2005
Measure J Sale / Resale
Page 5

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

1. Accept and file this report;
2. Approve the staff recommendation to implement Option 2 (and incorporating HAC'S specific suggestions about outreach efforts) and to include a one year program evaluation to determine whether to consider a two-tiered system as discussed in this letter; and
3. Report back to the Board on or before March 2006 with the results of the program evaluation and, if appropriate, recommended program modifications.

Very truly yours,



Tom Burns
Planning Director

RECOMMENDED:



SUSAN MAURIELLO
County Administrative Officer

attachment

TB:ES

cc: Housing Advisory Commission

OPTIONS FOR MEASURE J SALEIRE-SALE PROGRAM		
Operational Considerations	PROS	CONS
OPTION 1 County creates list of potential buyers and facilitates transaction; assumes no additional liabilities		
<ul style="list-style-type: none"> Conduct outreach efforts/workshops and web-based publicity to inform public about the program and units on the market Establish a pool of eligible purchasers who are interested in purchasing a Measure J unit. Develop, and implement, a system to equitably select an eligible purchaser and oversee the transaction 	<ul style="list-style-type: none"> Ensures that all transactions are "transparent" Allows for public at large to have equal access to Measure J units Reduces potential for "under the table" transactions 	<ul style="list-style-type: none"> Requires County involvement in transactions Owners currently have recorded agreements which specify the transaction process; there would be legal problems if the County involvement in the transaction materially effects the Measure J To address potential legal problems the County would be required to purchase units (at the Measure J price) County assumes liability for transaction problem/delays Increased staffing or contract services needed
OPTION 2 County creates list of potential buyers and facilitates transaction; assumes no additional liabilities		
<ul style="list-style-type: none"> Conduct outreach efforts/workshops and web-based publicity to inform public about the program and units on the market Collect names of interested buyers and provides 1) sellers with list of names of interested buyers; and/or 2) interested purchasers with names of Measure J sellers (w/ sellers permission) Monitor how many purchasers originate from list of interested purchasers. 	<ul style="list-style-type: none"> Transaction remains a private transaction - no County liability Maximizes public awareness of program increases public access to Measure J units Can most likely be accommodated within existing staffing resources 	<ul style="list-style-type: none"> Seller makes final decision Purchaser <u>not</u> required to be on the County's list of Interested buyers