



# COUNTY OF SANTA CRUZ

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## PLANNING DEPARTMENT

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**TOM BURNS, PLANNING DIRECTOR**

May 2, 2007

**AGENDA DATE: May 9, 2007**

**ITEM #: 7**

**TIME: After 9 AM**

Planning Commission  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

**Subject: Addition of Regional Housing Need "R" Combining District to County Code and Related General Plan Amendments**

Commissioners:

After many years of negotiations with the State Department of Housing and Community Development (HCD) and extended litigation, the Board of Supervisor in November of 2006 adopted a new Housing Element of the County General Plan. Based primarily on the inclusion of a new program to rezone sites for lower income households, HCD certified the Housing Element the following month – for the first time in over two decades. As part of its conditional certification, HCD made clear the importance of the County moving forward in a timely fashion with implementation of the Housing Element programs – particularly the program addressing the shortfall of sites for lower income households.

Since adoption of the Housing Element, staff has provided a number of reports to the Board of Supervisors with regard to the mechanics of this special zoning program. With the benefit of that conceptual direction, staff has developed the regulatory framework for implementing the program that is before you at this time. It is important to understand that this item does not address specific sites; those actions will come before you later this fall, once the Board has taken final action on the regulatory structure. As well, because of the tight timeline contained in the Housing Element for implementation of this special zoning program, it is essential that the Commission make recommendations on this material on a timeframe that allows final action by the Board by next month.

Finally, it is important to note that the parameters of this program create significant challenges for the County, as the style of development that will result from this program is a significant departure from past practices. To the extent possible, staff has attempted to blend the program into the current regulatory system, but you will see that there are significant areas where that has not been possible.

### **Background**

The Housing Element requirement for site rezonings originated from the Regional Housing Needs Allocation (RHNA), as required by State law. Under that law, the State periodically

provides housing units goals for the Monterey Bay Region which the Association of Monterey Bay Area Governments (AMBAG) is charged with distributing among Monterey and Santa Cruz County jurisdictions. Once the local goals have been established, the County's Housing Element must illustrate how the unincorporated area goal can be realized through new housing production – primarily through our local zoning capacity. Through many discussions over the years with HCD and numerous revisions of the Housing Element, the County was able to convince the State that current policies and zoning designations would achieve the RHNA goal, with one key exception -- a shortfall of sites suitably zoned for the projected needs of low and very low income households. It is important to understand that HCD (and State law) assume that affordability can be achieved through density – something that is clearly not true in high cost areas along the coast. As a result, the Housing Element contains a program to rezone a minimum of 30 acres of land to higher residential densities (defined in State law as a minimum of 20 units/acre) to comply with the County's RHNA requirements.

### **Overview of Zoning Program**

Over the course of adopting the Housing Element and through a number of subsequent discussions of the Board, the overall parameters of the rezoning program have been defined as follows:

- The Housing Element program is designed to address a shortfall of sites to accommodate 600 housing units, to be located on sites containing a minimum of 30 acres.
- The sites must be developed at 20 units/acre (thus the requirement for sites containing a minimum of 30 acres). That required density presents a number of design challenges, given the County's current two story residential height limit and parking requirements.
- In order to ensure that the housing built on these sites meets the Housing Element goals – namely for affordable housing – the County's program calls for a minimum of 40% of the units to be affordable (in contrast to the typical 15% affordability requirement). While such a requirement can easily be accomplished by a non-profit housing developer with access to a variety of subsidized financing sources, this is a very high threshold to require of a for-profit housing developer. As a result, the program includes a combination of site planning/design concessions and financial assistance opportunities for developers.
- Under the requirement of State law, the process for County and public comment and review of the projects on these sites must be "by right". What this means is that, once the sites are rezoned, the future projects will generally not be subject to CEQA review and the County and public review process must solely be focused on design issues, without a discretionary permit. In other words, the use and density cannot be disputed. Needless to say, this presents a number of challenges. All CEQA review must be done at the time of the rezoning, in spite of the lack of specific project details. As well, it will be extremely difficult for the public to accept a by-right public hearing process that solely focuses on design issues.

## **Mechanics of Regulatory Changes**

Over the past several months, staff has struggled with how to design a zoning program to meet the requirements of the Housing Element, given the number of challenges for this program – both with regard to design and public process. As a result, staff has developed the mechanics of a regulatory structure to accomplish these program requirements, which has been reviewed with the Board over the past several months. This approach includes the following components:

- The upper range of the Urban High residential land use designation in the General Plan must be increased to accommodate 20 unit/acre projects.
- While an existing zoning designation (RM-2) can be used for the specific sites for the program, a new “R Combining District” must be created to identify the sites to the public and attach overall design, affordability, and process requirements to the sites that are unique to this program.
- As part of the rezoning of sites, Planned Unit Developments (PUDs) would need to be adopted for each site to establish the site-specific design standards (in some cases, overriding the current design standards) and environmental mitigations that must be met by the ultimate projects developed through the program.
- A new level of affordability needs to be created that will allow the 40% affordability requirement to be met. This level is a step above the current low and moderate income levels.
- Except for small units, it is not possible to design a housing project at 20 units/acre densities, with our current two-story height limit and our current parking standards. Therefore, certain site planning/design concessions will need to be built into the overall program to ensure that 20 unit/acre projects can be accommodated on these sites and allow for the best possible design.

The specific changes to the General Plan and Zoning ordinance to create this program structure are the focus of the item before you today. In addition, the program will require amendments to Chapter 17.10 of the County Code (the Affordable Housing Ordinance), primarily to address the new affordability level. While the changes to the Affordability Housing Ordinance are not subject to Commission review and are still in preparation, this letter provides an overview of those changes in order to understand the complete scope of the program. Exhibit C illustrates the various program elements and where regulatory changes are proposed.

## **Operation of Proposed Program**

Aside from the details of the regulatory changes, it is also important to understand how the overall process will work – both for the rezoning stage and the consideration of specific development projects on each site. The following lays out how the overall program will unfold and projects will be processed:

- The regulatory changes before you today would be acted on by the Board of Supervisors by June of this year, effective immediately outside of the Coastal Zone but subject to certification by the Coastal Commission for areas within the Coastal Zone.
- Once the regulatory changes are in place, staff would complete the environmental review process for the candidate sites already selected by the Board. It is envisioned that most of the sites would complete environmental review by the fall of 2007.
- At the end of the environmental review for each site, staff would complete preparation of a PUD for the site containing appropriate special design standards and the mitigation measures from the environmental review for the rezoning.
- Once the environmental review process and PUD have been completed, General Plan land use amendments (to Urban High), rezoning to RM-2 (including addition to the new "R Combining District"), and the proposed PUD would be subject to public hearings before your Commission and the Board of Supervisors.
- Once sites are rezoned, project review on specific sites can proceed. Projects would be exempt from further CEQA review (utilizing the environmental review conducted for the rezoning) and be reviewed by staff to ensure compatibility with the PUD requirements and design review ordinance. Ultimately, each project would be reviewed by your Commission and the Board of Supervisors, as part of public hearings, but these hearings must be solely focused on design issues -- not density, use, traffic, or any other environmental concerns.
- On a parallel track with the design review process, an applicant could choose to request financial assistance from the County's Redevelopment Agency to assist in meeting the 40% affordability requirement. That request would be reviewed by the County's Housing staff, and would be subject to approval by the Redevelopment Agency Board of Directors.

## **Policy Amendments**

As noted above, staff evaluated several alternatives for policy implementation and determined that a combination of amendments to the General Plan and County Code, including the creation of the Regional Housing Need "R" Combining District, coupled with the processing of a Planned Unit Development for each site is the most practical manner for implementation.

Amendments to the General Plan and County Code would address issues that are common for all sites within this program. This would be implemented through the creation of Combining District standards. Issues unique to each site would be addressed in a Planned Unit Development for each site. The proposed policy changes are grouped for discussion in three broad areas: by-right issues, affordability issues, and development standards and design issues.

## By-Right Concept

State law requires that where a Housing Element is adopted that identifies a shortfall of sites adequately zoned for development', the concept of "by-right" is triggered for those sites designated to address the shortfall. "By-right" means that once the site is designated at a particular density, the density and use of the site are not subject to further discussion – either by the public or decision-makers -- and there cannot be a required discretionary permit approval process. As a result, any hearing on proposed development can, by State law, only focus on design review issues. As well, under State law, such projects are exempt from CEQA review.

As you know, this is a vast departure from the method multi-unit residential developments are normally processed. Therefore, an alternative process has been developed to address this requirement. The process for these sites involves determining the developable acreage for each site so that the number of units appropriate for each site is determined at the time the site is rezoned. At the time a site is rezoned, a Planned Unit Development will be adopted to include site-specific conditions and mitigations necessary to address environmental impacts. Then, at the time a development application is filed, it will be for a Level VII design review hearing and public hearings will be limited to design review issues only.

In order to accomplish the required density and by-right process, the following standards are proposed:

*Density and By-Right.* The density in the Combining District will be 20 units per acre. The developable acreage will be determined at the time the site is rezoned and the site will be assigned a number of units to be accommodated on that site. Where State law requires, the density and use will be by-right, with no discretionary review allowed, except as required to meet the requirements of the Subdivision Map Act or for issuance of a Coastal Permit. Development proposals in the Combining District will be subject to a Level VII design review hearing, which will be limited in scope to design review issues only. These changes are included within the proposed amendments to Chapter 13.10 and the General Plan.

*Calculation of Developable Area.* Since it is important to be able to determine the number of units each site can accommodate under the Combining District, the developable acreage must be determined at the time the site is rezoned. This will occur prior to any development proposal. Therefore, it is not possible to know what type of development will result on parcels in the Combining District – condominium, townhouse or apartments. County Code calculates developable area differently depending on the type of development proposed, either including or excluding roadways and driveways from the calculation. Because there is no way to estimate the amount of land to be used for roadways and driveways and because it is impossible to anticipate the type of development that will result on each site, for the purposes of calculating the developable acreage under the Combining District, the developable area will include roadways and driveways. This approach is currently used for multi-family rental projects. This change is included in the proposed changes to Chapter 13.10.

#### Housing Affordability Standards

<sup>1</sup> In the County's case, 20 units per acre is defined by State law to be adequately zoned for affordable housing. s ii

As discussed previously, providing 40% affordability within a project is typical for non-profit housing developers, but a major stretch for for-profit developers. In order to enable this program for be workable for all potential developers, staff is proposing a combination of policy changes to improve the cost-effectiveness of these projects and therefore the financial feasibility of addressing the 40% affordability standard. Those changes include:

Unit Pricing. In an effort to ensure that development under the Combining District results in affordable housing that serves lower income households, the Combining District will carry a 40% affordability component. This 40% will be provided at two different affordability levels, with 15% required to meet the standard Measure J requirement, and 25% required to meet a new standard of affordability called "Enhanced Affordable". The Enhanced Affordable level is designed to target households which cannot afford local ownership or rental housing but earn too much to qualify for the existing affordable housing programs. This new Enhanced Affordable category will be included in proposed changes to the Affordable Housing Ordinance:

- Enhanced Moderate (for ownership units) will apply to households earning up to 150% of median income. Sales pricing for units designated as affordable to Enhanced Moderate Income households will be based on 120% of median income, as adjusted for household size.
- Enhanced Low (for rental units) will apply to households earning up to 100% of median income. Rental pricing for units designated as affordable to Enhanced Low Income households will be based on 80% of median income, as adjusted for household size.

Amendments to the Affordable Housing Ordinance will create these new levels of affordability. As well, Exhibit D provides a breakdown of income levels, by household size, for each of the affordability levels based on the current median income level for the County.

Clustering of Affordable Units. The Affordable Housing Ordinance requires that affordable units be scattered throughout the development. Due to the Combining District requiring that 40% of the units be affordable, it would be difficult to scatter so many units throughout a development. Additionally, it makes sense for the affordable units to be clustered in a development so that if a for-profit developer wished to partner with a non-profit for the development of the affordable units, each may proceed with their development independently on the same parcel. Proposed amendments to Chapter 13.10 and the Affordable Housing Ordinance will allow for clustering of affordable units as part of the rezoning program.

Reduced Size and Bedroom Count for Affordable Units. The Affordable Housing Ordinance requires that affordable units be on average a minimum of 75% of the average size of the market rate units and have the same number of bedrooms as the average market rate unit. Staff considered this to be too onerous for for-profit developers who are required to build 40% of the units as affordable. After considering a range of options – from 65% to 70% of the size and up to one bedroom less than the

market rate units -- staff is proposing that the size of the affordable units be a minimum of 70% of the average size of the market rate units, and that affordable units be allowed to have on average 0.5 fewer average bedrooms than the average market rate unit. This will allow the affordable units to be smaller than they would normally be required to be, thereby allowing developers greater flexibility in site design and reducing the cost of the development by requiring fewer square feet of affordable units thereby increasing the financial feasibility of providing 40% affordable units. These changes are proposed in both amendments to Chapter 13.10 and the Affordable Housing Ordinance.

*Carports In-lieu of Garages for Affordable Units.* The Affordable Housing Ordinance requires that affordable units carry the same amenity level as market rate units in the exterior design. This results in a requirement that where market rate units have garages, affordable units must also have garages. In the Combining District, it is proposed that a reduction in amenity level be allowed such that carports would be allowed instead of garages for affordable units. This change will also improve the project's ability to meet on-site parking demand, but ensuring that parking areas are not used for storage. These changes are proposed in both amendments to Chapter 13.10 and the Affordable Housing Ordinance.

*Financial Assistance.* As noted earlier, the Redevelopment Agency will have the option to participate in these developments to increase the number of affordable units in a project or participate in other ways to facilitate development of these sites. While such participation is common in 100% affordable non-profit sponsored projects, opening the possibility of financially participating in projects with lesser affordability standards and for-profit developers will be new for the Agency. Nonetheless, it will be a critical component of the program, ensuring for-profit developers that projects can be financially feasible. This new option will be reflected in the proposed changes to the Affordable Housing Ordinance.

### Development Standards

Because this program is unique and will result in a higher density of development than is typically encountered in the unincorporated area, it is critical to review our development standards to ensure project feasibility and the highest quality of design for projects developed as part of this program. As noted previously, the ability to accomplish such densities within a two-story height limitation and the current parking standards is extremely difficult and can only be accomplished in the context of building small units.

Therefore, one of the more challenging aspects of this program is creating development standards that carefully balance the need to accommodate 20 unit/acre densities while trying to minimize the mass of buildings, maintain high parking standards, and create usable open space for the residents of these projects. It is important to understand that to date, these discussions have assumed that the unit size will not be restricted, which would allow market-rate townhomes up to 1,600-1,800 square feet in size.

Based on maintaining an unrestricted unit size, it is clear that:

- At 20 units/acre, at least a portion of developments built on these sites will need to be three stories in height, regardless of the parking standards applied.
- If the current full parking standards are applied, at least a portion of the parking may need to be provided below grade, resulting in units potentially being even higher, with three story residence stacked above parking.
- Minimizing unit heights or maximizing parking will result in projects providing a minimum of open space to address the needs of project residents.

In an effort to balance the various development standards in a fashion that reasonably accommodates 20 unit/acre densities with unconstrained unit sizes, a number of alternative development standards are proposed for these projects. These are discussed below and are included in the proposed Chapter 13.10 amendments.

*Height and Number of Stories.* To develop at 20 units per acre, it is necessary to increase the height and number of stories allowed in the Combining District to accommodate three stories of living area. The standard height for residential development is 28 feet. With the interest of accommodating higher density projects and full parking standards, a range of options were considered. At one extreme, a height of 45 feet was considered to allow a full three story building plus first story parking. On the other end of the spectrum, staff considered whether these densities could be accommodated with the current 28 foot height limit. After consideration of the options, staff is recommending that the height proposed for the Combining District be 35 feet, which would accommodate a third story of residential space or two stories of living space above ground floor parking.

In addition, the manner of measuring height is proposed to be distinct in the Combining District. Typically, height is measured on the perimeter of the structure from finished or natural grade, whichever is lower. In the Combining District, it is proposed that height be measured at the perimeter of the structure from natural grade. This would allow for the development of structures that provide subsurface parking not to be measured from the lowest level of a subsurface parking access ramp, but rather from the original natural grade.

In spite of these proposed changes, the CEQA analysis performed at the time the site is rezoned will evaluate and mitigate concerns with height in areas that are most sensitive due to scenic issues, impacts on neighbors and solar access issues.

*Lot Coverage and Floor Area Ratio.* Because the parking, setbacks, and parking standards will largely drive the design of these projects, it is not practical to apply Lot Coverage and Floor Area Ratio in the Combining District. Lot coverage and Floor Area Ratio are largely functions of how development is to be limited where the site itself is not a limiting factor and consistency in size and scale of development is the goal. It should be noted, however, that projects will still need to meet the setback requirements of the zone district.

Master Planning Sites. Where contiguous or adjacent sites are designated under the Combining District, any development proposal for one site may be required to include a Master Plan for all contiguous or adjacent sites. This will ensure that development of one parcel does not occur without consideration for how future development on contiguous or adjacent sites will interrelate. Ideally, this will result in shared circulation patterns, exterior site access, infrastructure improvements, and perhaps common areas and amenities.

Reduction of Riparian Construction Buffer. County Code currently requires a ten foot construction buffer in addition to the original riparian buffer near streams and creeks. The purpose of this buffer is to ensure minimal impact of construction on riparian areas. However, because sites in this Combining District are already squeezed to accommodate units, parking and open space, staff believes that removal of the additional ten foot buffer seems to be a reasonable concession to allow for more flexibility in site design, as well as allow the riparian area to be incorporated into the design of the site in such a way that it becomes an amenity. Such projects will, however, be conditioned, as part of the environmental review of the rezonings, to minimize impacts to the riparian area.

Parking standard revisions. In multifamily development projects the number of required parking spaces often drives the site design. With every additional parking space, open space is lost or units are pushed higher. As noted previously, a 20 unit/acre density presents challenges with regard to our design standards. In an effort to honor the intention of the current standards but provide greater design flexibility for this new program, the following options for parking standards were reviewed for this program:

**Figure 1: Comparison of Parking Standards**

Unit Size (by bedrooms)	Current Standards	Density Bonus Parking Standards	Proposed Standards
Studio and 1 bedroom units	2.0 spaces + 20% guest	1.0 + no guest	1.5 spaces + 20% guest
2 bedroom units	2.5 spaces + 20% guest	2.0 + no guest	2.0 spaces + 20% guest
3 bedroom units	2.5 spaces + 20% guest	2.0 + no guest	2.5 spaces + 20% guest
4 bedroom units	3.0 spaces + 20% guest	2.5 + no guest	3.0 spaces + 20% guest

At one end of the spectrum, the standards from the State’s density bonus law were considered. These standards, which are illustrated in Figure 1, would, from staffs perspective, result in inadequate parking in most instances – with about 35 spaces per acre of development site (assuming a mix of unit sizes). At the other extreme are the current County parking standards, which would require about 58 spaces. The third option, illustrated in Figure 1, would provide a more gradual transition of parking requirements from smaller to larger units. Under that approach, the total parking requirement for a mixed unit size project on one acre would be about 49 spaces.

Staff believes that these revised standards provides a suitable balance, creating adequate parking for projects built as part of the rezoning program, but the slightly lower standards will provide great benefits to enable better site planning and flexibility in the massing of buildings. For a typical project with mixed sized units, the lower standards will provide approximately 3,000 square feet of additional land per acre of development to provide a combination of reduced building mass or enhanced open space for residents.

These standards should not be compared to lower parking requirements that created significant parking shortfalls in projects built from the 1960s through early 1980s. Those projects were designed to a standard of four spaces for every three units in multifamily development with no guest parking requirement. That equated to a requirement of only 1.3 parking spaces per unit, a significant contrast to the revised standards proposed by staff for the rezoning program.

Finally, it should be noted that the proposed Chapter 13.10 amendments, consistent with State law, will allow developers who voluntarily provide affordable units in excess of the 40% requirement additional development concessions. For example, a non-profit developer of a 100% affordable rental project could request additional parking concessions. Such requests would need to be considered on their merits, and would depend on the strength of the proposed parking management plan and history of effectively managing reduced parking in the local context.

Unit Size. One issue that was not discussed by the Board is establishing a limit on unit sizes for projects developed as part of this program. While units in these projects will already, by their nature, be smaller in size than typical new detached homes, it would be possible to establish a maximum unit size. Such a limitation would have the benefit of providing greater flexibility to address parking and height concerns. On the other hand, owners of affected sites would likely not favor such an approach. While staff is not proposing anything at this time with regard to unit sizing, if the Commission is interested in pursuing such an approach, it would be appropriate for the Commission to pass comments to the Board. In the event that unit sizes were ultimately imposed, it would be possible to revisit the proposed modifications to the proposed site planning/design standards, particularly the height standards.

### Planned Unit Development

For each site, a Planned Unit Development would be processed which would lay out requirements, standards and mitigations which are specific to each site. This would include the specific number of units required on each site, a site map delineating the buildable area, and mitigation measures required to mitigate the impact of development.

This approach allows the public to be informed as to how these sites are unique – both from a permit processing and design standpoint. At the same time, the site specific language in each of the Planned Unit Developments establishes a framework for creating requirements for each site to address site specific issues.

The provisions for the PUD are included in the proposed Chapter 13.10 changes.

## CEQA Evaluation

The County's adopted Housing Element, including the proposed rezoning program, was approved based on a Negative Declaration for the purpose of CEQA compliance. The amendments to the General Plan and County Code before you implement the Housing Element's rezoning program.

Staff has conferred with County Counsel about whether the proposed amendments to the General Plan and County Code require analysis under CEQA. Because no direct environmental impact will result from the adoption of these textual changes, which will be not applied to any particular property and do not cause any change to the physical environment, staff determined that the action of adopting these amendments does not constitute a "project" under CEQA. To the extent the current ordinance amendments could be construed to be a project, CEQA provides that "general policy and procedure making..." as referenced in CEQA Guidelines § 15378 (b) is exempt from CEQA. The current ordinance amendments constitute such general policy and procedure making, recognizing that each site rezoned through this program will be required to be conduct a full CEQA analysis, including addressing cumulative impacts. Therefore, the adoption of these amendments is exempt and does not require analysis under CEQA.

## Conclusion/Recommendations

Implementation of this key program of the Housing Element will clearly be a matter of public interest and debate. Nonetheless, the actions recommended in this letter will allow the County to proceed with the commitment that was made as part of the Housing Element -- to use these infill sites in a manner that addresses the critical need for workforce housing in our community. Commission action will allow the Board of Supervisors to act on the proposed regulatory structure for this program in June, based on the timing goals contained in the Housing Element. ★

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

1. Consider public comments on the recommendations contained in this report; and
2. Adopt the attached Resolution (Exhibit A) recommending that the Board of Supervisors approve the proposed General Plan and ordinance amendments.

Sincerely,



**Tom Burns**  
Planning Director

Exhibits:

- A. Resolution Recommending Policy Change to Board of Supervisors
    - a. Attachment 1: Draft General Plan Changes
    - b. Attachment 2: Draft Ordinance Amendments
  - B. CEQA Exemption
  - C. Table of Changes to Development Standards
  - D. List of Sites Selected for Inclusion in the Zoning Program
  - E. Chart of Income and Affordability Levels
- cc. Owners of Sites  
County Counsel

BEFORE THE PLANNING COMMISSION  
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. \_\_\_\_\_

On the motion of Commissioner:  
Duly seconded by Commissioner:  
The following Resolution is adopted:

**RESOLUTION RECOMMENDING ADOPTION OF AMENDMENT TO  
GENERAL PLAN/LOCAL COASTAL PROGRAM LAND USE PLAN  
OBJECTIVE 2.10, FIGURE 2.3, Policy 8.6.3 AND THE ADDITION OF POLICY  
2.10.6, AND THE ADDITION OF COUNTY CODE SECTIONS 13.10.475,  
13.10.476, 13.10.477, AND 13.10.478**

WHEREAS, the Housing Element of the General Plan adopted in November 2006, was certified by the California Department of Housing and Community Development, and includes a program by which the County will accommodate a shortfall of suitably zoned sites; and

WHEREAS, the Board of Supervisors directed that General Plan and Local Coastal Program, and County Code amendments be drafted and developed to create a policy framework to allow development of 20 units per acre; and

WHEREAS, in accordance with State law, these General Plan and Local Coastal Program, and County Code amendments will allow development "by-right" where applicable; and

WHEREAS, the General Plan/Local Coastal Plan and County Code must be amended to accommodate such density; and

WHEREAS, amendments to the General Plan and County Code set forth the manner in which this program will be carried out; and

WHEREAS, the Planning Commission held a public hearing on May 9, 2007, received and considered all concerns and comments of all segments of the community and staff, and considered the public record as a whole; and

WHEREAS, public hearing notices for the Planning Commission hearing on the amendments to the General Plan and County Code were published in local newspapers as required by law and provided on the County's website; and

WHEREAS, the Planning Commission finds that the proposed General Plan/Local Coastal Program amendments and proposed amendments to the Santa Cruz County Code will be consistent with the policies of the General Plan and Local Coastal Program and

other provisions of the County Code, and will contribute to the provision of affordable housing throughout the community; and

WHEREAS, Chapter 13.10 of the County Code is an implementing ordinance of the Local Coastal Program (LCP) and the proposed amendments to Chapter 13.10 constitute an amendment to the Local Coastal Program; and

WHEREAS, these amendments to the General Plan and County Code are exempt from the California Environmental Quality Act, because no direct environmental impact will result from the adoption of these textual changes, which will be not applied to any particular property and do not cause any change to the physical environment, therefore, the action of adopting these amendments does not constitute a "project" under CEQA.

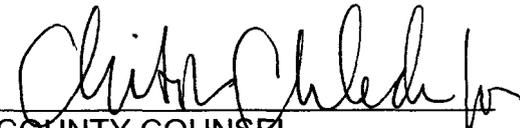
NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission recommends the proposed amendments to Objective 2.10, Figure 2.3, Policy 8.6.3 and the addition of Policy 2.10.6 to the Santa Cruz County General Plan (Attachment 1), and the addition of Section 13.10.475, 13.10.476, 13.10.477 and 13.10.478 to the County Code (Attachment 2) be adopted to allow development at 20 units per acre, and the Notice of Exemption from the California Environmental Quality Act as set forth in (Exhibit B), and incorporated herein by reference, be approved by the Board of Supervisors and submitted to the California Coastal Commission as part of the Local Coastal Program Update.

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz, State of California, this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by the following vote:

AYES: COMMISSIONERS  
NOES: COMMISSIONERS  
ABSENT: COMMISSIONERS  
ABSTAIN: COMMISSIONERS

\_\_\_\_\_  
Chairperson

ATTEST: \_\_\_\_\_  
Secretary

APPROVED AS TO FORM:  
  
\_\_\_\_\_  
COUNTY COUNSEL

cc: County Counsel  
Planning Department

PROPOSED AMENDMENTS TO GENERAL PLAN OBJECTIVE 2.10, FIGURE 2.3 AND POLICY 8.6.3, AND ADDITION OF POLICY 2.10.6

**Objective 2.10 is proposed to be amended as follows:**

Objective 2.10 Urban High Density Residential Designation (R-UH)

To provide higher density residential development (10.9 to ~~17.4~~20 units per net developable acre) in areas within the Urban Services Line (USL). These areas shall be located where increased density can be accommodated by a full range of urban services and in locations near collector and arterial streets, transit service, and neighborhood, community, or regional shopping facilities. Housing types appropriate to the Urban High Density designation may include: small lot detached houses, "zero lot line" houses, duplexes, townhomes, garden apartments, mobile home parks, and congregate senior housing.

**Figure 2.3 is proposed to be amended as follows:**

Figure 2.3

Amend the Urban High Designation to carry a density of 10.9 to ~~17.4~~20 units per acre and density requirements of ~~2,500-000~~ sf to 4,000 sf per unit.

**Policy 8.6.3 is proposed to be amended as follows:**

Policy 8.6.3 Story Limitation

Residential structures shall be limited to two stories in the urban areas and on parcels smaller than one acre in the rural areas except where explicitly stated in the Residential Site and Development Standards ordinance or Combining District site standards.

**Policy 2.10.6 is proposed to be added as follows:**

Policy 2.10.6 Addressing Regional Housing Need

Recognize that sites will be designated to meet the Regional Housing Need for the County. These sites also carry a 40% affordability requirement. Under certain circumstances, these sites may be subject to a reduced review process as required by State law.

Ordinance No. \_\_\_\_\_

ORDINANCE ADDING County Code Sections 13.10.475, 13.10.476,  
13.10.477, AND 13.10.478 TO CHAPTER 13.10 OF THE SANTA  
CRUZ COUNTY CODE REGARDING THE  
REGIONAL HOUSING NEED "R" COMBINING DISTRICT

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

The Santa Cruz County Code is hereby amended by adding Section 13.10.475 through 13.10.478 entitled "Regional Housing Need Combining District" to read as follows:

13.10.475 Purposes of the Regional Housing Need "R" Combining District. The purpose of the Regional Housing Need "R" Combining District is to increase the supply of affordable housing by designating sites for development at 20 units per acre. Development projects on sites designated with the Regional Housing Need "R" Combining District shall be required to provide 40% of the units as affordable housing, as defined in section 17.10.030(b)(1) and 17.10.030(b)(6) of this Code.

13.10.476 Designation of the Regional Housing Need "R" Combining District. The Regional Housing Need "R" Combining District shall only be applied to those parcels designated by the Board of Supervisors in advance of housing element adoption, as part of the housing element or as part of the implementation of housing element policies.

13.10.477 Use and development standards in the Regional Housing Need "R" Combining District.

(a) Site Selection Criteria. For sites to be designated under the Regional Housing Need "R" Combining District, the site must meet the following criteria:

1. Site must be located within the Urban Services Line.
2. Site must be identified by the County to satisfy the Regional Housing Need. A private landowner may not apply for designation under the Regional Housing Need "R" Combining District without the concurrence of the Board of Supervisors prior to application.

(b) Development Standards

1. Density. Sites designated under the Regional Housing Need "R" Combining District shall be developed at 20 units per acre. For the purposes of calculating density under these provisions, the developable area of each site designated under the Regional Housing Need "R" Combining District shall be determined at the time the site is designated. Such developable acreage shall be calculated in accordance with 13.10.700-D definition of "Developable Land" and 13.10.700-S definition of "Site Area, Net" except that roadways and driveways shall be included in the developable acreage calculation for the purposes of determining net developable acreage. The number of potential units will be determined by multiplying the developable acreage by 20. Where such calculation results in a fractional number, the number of units shall be determined by rounding down to the nearest whole number.

2. Master Planning. Where contiguous or adjacent parcels are designated under the Regional Housing Need "R" Combining District, any development proposal for one parcel may be required to include a Master Plan for development of all contiguous or adjacent parcels which are also designated under the Regional Housing Need "R" Combining District. The purpose of the Master Plan is to define interior circulation patterns, exterior site access, fire access to all parcels, infrastructure improvements, common area location and amenities.

3. Incentives and Concessions. Development projects proposed under the Regional Housing Need Combining District will be entitled to all of the following alternative development standards:

- (i) Parking requirements: 1.5 spaces per studio or one bedroom units; 2.0 spaces for two bedroom; 2.5 spaces for three bedroom units; 3.0 spaces per 4 bedroom unit. An additional 20% of the total number of parking spaces is required to accommodate guest parking.
- (ii) Height (up to 35 feet measured from natural grade) and up to 3 stories exclusive of subsurface parking; and
- (iii) Lot coverage and Floor Area Ratio do not apply; and
- (iv) Reduced size of affordable units (see 17.10.032(a)(4)), and reduction in number of bedrooms (see 17.10.032(a)(3)).
- (v) Clustering of affordable units,
- (vi) Where garages are provided for market rate units, garages are not required for affordable units,
- (vii) Maintain standard riparian buffer but eliminate 10 foot additional riparian construction buffer,

- (viii) For projects eligible for concessions under State density bonus law, a project developer may request additional concessions as set forth in Chapter 17.12.

4. Affordability Requirements under the Regional Housing Need "R" Combining District. All development proposals on parcels designated under the Regional Housing Need " R Combining District shall be required to provide forty (40) percent of the total number of units as affordable: 15% shall be affordable under the requirements for ail development projects in Chapter 17.10.030(b)(1) and an additional 25% shall be affordable under the requirements for Enhanced Affordable units as described Chapter 17.10.030(b)(6). The number of affordable units at each affordability level will be calculated upon determination of the developable acreage of a site. Where fractional numbers result, a fractional in lieu fee will be required for the fractional amount that is attributable to the 15% affordability requirement. For fractional numbers in the 25% Enhanced Affordable category, affordable housing obligation will be derived by rounding to the nearest whole number, such that 0.5 will be rounded up.

13.10.478 By-Right Development. When required by State law, notwithstanding the requirements of the residential uses chart in Section 13.10.322, in the event that the current adopted Housing Element includes a program to rezone sites to appropriate densities to address the inadequacy of suitably zones sites required to meet the Regional Housing Need, those sites identified to fulfill that program shall be developed by-right, in that the use and density for the site are not discretionary. For these sites, following standards and alternative process shall also apply:

- (a) The developable acreage of the site will be determined and the site will be assigned a number of units equivalent to 20 units per acre at the time the site is designated under the Regional Housing Need " R Combining District.
- (b) Environmental review, as required by the California Environmental Quality Act, will be completed as part of the process for rezoning of such sites into the Regional Housing Need "R" Combining District. No further environmental review is necessary except for development projects requiring a Coastal Permit or those requiring approval of a tentative map (see 13.10.478(e)(1) and (e)(2) below).
- (c) A Planned Unit Development permit outlining site specific development standards and any CEQA mitigation measures will be adopted, in accordance with Section 18.10.180 et seq., for each site at the time the site is rezoned.

(d) Development proposals shall undergo a Design Review process and public hearing limited to design issues only. No discretionary permit is necessary for the density or use of the site. For development proposals under these "by-right" provisions, applicants must apply for a Level VII design review.

(e) If a Coastal Permit or tentative map approval is required, they must be included in the application.

(1) Coastal Permit Requirements. Where a site is located in the Coastal Zone and requires a Coastal Permit for development, the provisions of Chapter 13.20 apply. Wherever possible, the environmental review performed at the time the site was designated under the Regional Housing Need " R Combining District will be utilized in the processing of the Coastal Permit.

(2) Subdivisions. Development that includes approval of a Tentative Map is subject to the provisions of the Subdivision Map Act and Chapter 14.01. Where a tentative map is proposed, the public hearing may be expanded to address findings necessary under the Subdivision Map Act. Wherever possible the environmental review performed at the time the site was designated under the Regional Housing Need " R Combining District will be utilized in the processing of the subdivision.

SECTION II

This Ordinance shall take effect on the 31<sup>st</sup> day after the date of final passage outside the Coastal Zone and upon certification by the California Coastal Commission within the Coastal Zone.

PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by the Board of Supervisors of the County of Santa Cruz by the following vote:

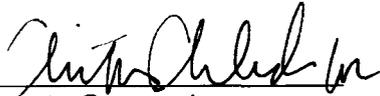
AYES: SUPERVISORS  
NOES: SUPERVISORS  
ABSENT: SUPERVISORS  
ABSTAIN: SUPERVISORS

\_\_\_\_\_  
Chairperson, Board of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

  
\_\_\_\_\_  
County Counsel

Copies to: Planning  
County Counsel

## CALIFORNIA ENVIRONMENTAL QUALITY ACT NOTICE OF EXEMPTION

The Santa Cruz County Planning Department has reviewed the project described below and has determined that it is exempt from the provisions of CEQA as specified in Sections 15061 - 15332 of the CEQA Guidelines for the reason(s) which have been specified in this document.

Application Number: N/A

Assessor Parcel Number: Various sites within the Urban Services Boundary

Project Location: Countywide

### **Project Description:**

Ordinance amendments to establish a combining zone district necessary to rezone sufficient acreage to a twenty-unit per acre density in order to comply with the County's adopted and certified Housing Element. These amendments constitute textual changes to the ordinance only and will not be applied to any specific property.

**Person or Agency Proposing Project:** County of Santa Cruz

**Staff Contact and Phone Number:** Sarah Neuse (831) 454-3290

- A.  The proposed activity is not a project under CEQA Guidelines Section 15378.
- B.  The proposed activity is not subject to CEQA as specified under CEQA Guidelines Section 15060 (c).
- C.  **Ministerial Project** involving only the use of fixed standards or objective measurements without personal judgment.
- D.  **Statutory Exemption** other than a Ministerial Project (CEQA Guidelines Section 15260 to 15285).

Specify type:

E.  **Categorical Exemption**

**F. Reasons why the project is exempt:**

See Attached.

In addition, none of the conditions described in Section 15300.2 apply to this project.

Staff Planner: Sarah Neuse Date: May 2, 2007

High Density Housing Combining District, Notice of Exemption.

The textual changes to the zoning ordinance are necessary to implement the County's Housing Element that was recently certified by the California Department of Housing and Community Development.

CEQA review was performed when the Board of Supervisors adopted the Housing Element and a Negative Declaration was prepared and was not legally challenged. At the time specific sites are rezoned, each will undergo CEQA review as part of that process. Because the current ordinance amendments consist solely of textual changes to the County's zoning ordinance, are not applied to any particular property, and will cause no change in the physical environment, staff has determined that this action does not constitute a project. To the extent the current ordinance amendments could be construed to be a project, CEQA provides that "***general policy and procedure making ...***" as referenced in CEQA Guidelines § 15378 (b) is exempt from CEQA. The current ordinance amendments constitute such general policy and procedure making.

Table of Changes to Development Standards

<b>Standard</b>	<b>Proposed Changes to Chapter 13.10</b>	<b>Proposed Changes to Chapter 17.10</b>	<b>Proposed Changes to General Plan</b>
<b>20 units/acre</b>	13.10.475, 13.10.477(b)1.		Objective 2.10, Figure 2.3
<b>"By-right"</b>	13.10.478		New Policy 2.10.6
<b>Calculation of "developable acreage"</b>	13.10.477(b)1.		
<b>Height and number of stories</b>	13.10.477(b)3.		Policy 8.6.3
<b>Parking</b>	13.10.477(b)3.		
<b>Lot coverage and Floor Area Ratio</b>	13.10.477(b)3.		
<b>Master planning for sites</b>	13.10.477(b)2.		
<b>Reduction of riparian construction buffer</b>	13.10.477(b)3.		
<b>40% affordability requirement</b>	13.10.475	New provisions	New Policy 2.10.6
<b>Affordable unit pricing</b>	13.10.477(b)4.	New provision for "Enhanced Affordable"	
<b>Clustering of affordable units</b>	13.10.477(b)3.	New provisions	
<b>Reduced size and bedroom counts</b>	13.10.477(b)3.	New provisions	
<b>Carports in lieu of garages</b>	13.10.477(b)3.	New provisions	
<b>Financial assistance option</b>		New provisions	

**Examples of Pricing under the Proposed Affordability Requirements - Based on 2006 Median Income Figures**

Unit Type (1)	% of total no. units	Pricing Methodology	Income Eligibility	Target Population	Bedrooms			
					One	Two	Three	Four
<b>Ownership Units</b>								
Measure J - Existing	15%	- Household Income (% of County Median) adjusted for size: - % of Income For Housing Cost: - Down Payment Amount: - Financing: 30 yr. fixed, prevailing interest rate (1)	100% 30% 10%	Median & Low Income	\$181,218	\$203,910	\$226,466	\$244,511
Enhanced Moderate	25%	- Household Income (% of Co. Median) adjusted for size: - % of Income For Housing Cost: - Down Payment Amount: - Financing: 30 yr. fixed, standardized interest rate (2)	120% 40% 10%	Moderate & Median	\$289,925	\$326,256	\$362,346	\$391,218
<b>Rental Units</b>								
Measure J - Existing	15%	- Household Income (% of Co. Median) adjusted for size: - % of Income For Housing Cost:	60% 30%	Very Low & Low	\$604	\$1,016	\$1,130	\$1,200
Enhanced Low	25%	- Household Income (% of Co. Median) adjusted for size: - % of Income For Housing Cost:	80% 30%	Low & Mod.	\$1,256	\$1,412	\$1,570	\$1,695

(1) To provide for the maximum flexibility to fulfill the affordable housing requirements, ownership projects may include affordable rental units (pursuant to the pricing methodology and income eligibility noted above); or a project that contains a combination of ownership and rental units would have the option of whether to provide for affordable ownership or rental units or a combination thereof.

(2) For more information about Measure J price calculations, see the Affordable Housing Guidelines; Enhanced Moderate Income unit price calculations based on State Community Redevelopment law.

2006 Maximum Annual Household Income Based on County Median Income (1)						
No. of persons in Household	County Median Income	AFFORDABILITY CATEGORIES				
		Very Low up to 50%	Low Income between 50% - 80%	Moderate between 80%-120%	Enhanced Moderate(2) between 120%-150%	
1	\$52,700	\$27,500	\$43,950	\$63,300	\$79,050	
2	\$60,250	\$31,400	\$50,250	\$72,300	\$90,375	
3	\$67,800	\$35,350	\$56,500	\$81,400	\$101,700	
4	\$75,300	\$39,250	\$62,800	\$90,400	\$112,950	
5	\$81,300	\$42,400	\$67,800	\$97,600	\$121,950	
6	\$87,300	\$45,550	\$72,650	\$104,900	\$130,950	

(1) State Department of Housing and Community Development, April 2006. Updated Annually

(2) New category developed for this program

EXHIBIT D