



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

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July 14, 2015

Agenda Date: July 22, 2015

Agenda Item #: 8

Time: after 9:00 a.m.

Planning Commission
701 Ocean Street
Santa Cruz CA 95060

SUBJECT: CONSIDER SUPPORTING INITIATION OF GENERAL PLAN AND CODE AMENDMENTS RELATED TO IMPLEMENTATION OF THE HOUSING ELEMENT AND ABILITY TO ACCOMMODATE REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

Planning Commissioners:

Elsewhere on today's agenda, your Commission is considering the Draft Housing Element Update in advance of transmittal to the State Department of Housing and Community Development (HCD) for a required 60-day review and comment period. After the State completes its comments staff will further revise the document as needed, and then public hearings will occur before the Housing Advisory Commission and Planning Commission for recommendations to the Board of Supervisors, who will take action to adopt the Final Housing Element Update. The Housing Element Update must be adopted and submitted to HCD for certification by the end of December 2015.

As indicated in prior communication about this Housing Element Update, which addresses the 2016 through 2023 planning period, it is not necessary to carry out a site rezoning program to designate specific sites for development at a 20 unit per acre density, as was done in 2008/09 for the R-Combining District sites, in order to accommodate the County's Regional Housing Needs Allocation (RHNA).

The County's RHNA to 2023 totals 1,314 housing units, distributed to the following income categories:

INCOME LEVEL	NUMBER OF UNITS 2014 - 2023
Extremely Low	159
Very Low	158
Low	207
Moderate	240
Above Moderate	550
TOTAL RHNA	1,314

The remaining undeveloped R-Combining sites will accommodate 376 units, distributed among the extremely low, very low and low income groups based on actual experience with the developed R-Combining sites. Clearly, if for this Housing Element Update no site-specific rezonings to 20 units per acre will occur, then other strategies must be relied upon in order to demonstrate available sites that can accommodate the RHNA to 2023.

Key strategies that the proposed Housing Element Update relies upon, in addition to the R-Combining sites, are discussed below. Each of these strategies involves regulatory amendments that should be pursued in the near term, in order to support reliance on the strategies to act as a component of meeting the RHNA for 2014-2023. It is not necessary that these amendments be acted upon at the same time the Housing Element Update is approved, but it is recommended that the amendments be initiated in the near term so that they would be in effect during the early years of the time period covered by this Housing Element.

- Agricultural Employee Housing – The proposed updates to the Agricultural Zoning Districts and agricultural employee housing provisions were reviewed by the Board of Supervisors on May 19, 2015, and are part of the Code Modernization project for which an Environmental Impact Report will be prepared starting later this year. The agricultural employee housing amendments will remove current obstacles to development of this type of housing. Given the cost of market rate housing in the area and the difficulty attracting and retaining farm laborers, farmers and non-profits have expressed stronger interest in developing new agricultural employee housing units, and projects are in pre-development phases. The proposed Housing Element Update projects 75 new agricultural employee housing units by 2023.
- Accessory Dwelling Units – On February 24, 2015 the Board of Supervisors directed staff to prepare proposed updates to the ADU regulations and return in August 2015 with draft amendments that would be ready for CEQA review. An overview of possible changes is included in the Board letter for the item on that February 24th agenda. Due to the extent of other Code Modernization and other work, the Department has not been able to complete the drafts, and on August 4th staff will request a deferral to January 2016. Nonetheless, the expectation is that during 2016 the ADU amendments would be considered for approval, such that greater numbers of ADUs could be accommodated in the unincorporated area. The proposed Housing Element Update projects a total of 275 additional ADUs by 2023, which is an average of 30 per year (25 occurred in the year 2014). The types of amendments contemplated would echo those recently approved in the City of Santa Cruz. As directed by the Board, an owner-occupancy requirement would be retained.
- Mixed Use Housing – While the current General Plan and County Code do not include a specific “mixed use” designation or zoning district, mixed use projects are currently allowed within the C-1 and C-2 commercial zoning districts and the PA professional office district. Now that the economy is recovering, and housing prices are nearly as high as ever, the Planning Department has heard from many property owners who are interested in developing mixed use housing projects. However, the current policies and regulations impose constraints to development of mixed use projects. It is expected that it will take at least two years to prepare new Mixed Use Overlay regulations in the General Plan and Zoning District, along with the other more significant amendments that are anticipated to be needed to implement the Sustainable Santa Cruz County (SSCC) Plan. In the short term, before the more significant SSCC work can be undertaken (which will address the 2035 or 2040 planning horizon, rather than the 2023 horizon of

the current Housing Element Update), there are certain relatively straightforward amendments that could be pursued in order to better accommodate mixed use projects under the current General Plan and existing zoning districts. These include:

- General Plan Amendment of Policy 2.12.3 “Residential Uses in Commercial Designations”, with accompanying Code Amendment. It is recommended that “residential density” not be limited in commercial districts, and that the 50% maximum for residential square footage be removed from the General Plan. The 50% standard could be retained in the County Code, but with reference to the Planned Unit Development mechanism as the path for a project to exceed the 50% maximum. PUD projects must be found to offer public benefits in order to be approved.

Currently, the maximum density for mixed use projects is 1 unit per 2,500 square feet. If this standard is removed, then the existing height limits, setbacks and parking requirements of the County Code, CEQA environmental review, and required permitting processes for site plan, coastal and design review would determine the number of units on a site. Findings regarding accommodation of commercial development could be added to the Code to ensure that commercial opportunities are not lost to residential development. This approach would better support development of smaller units rather than larger units within mixed use projects, which are the types of units our community needs and are appropriate unit types in mixed use projects that include commercial and office space.

It is unusual for a development standard such as the current 50% limit of residential square footage to be included within a General Plan policy. Rather, the General Plan could simply indicate that mixed use projects are allowed in the C-2, C-2 and PA districts; and then the implementing County Code and required permitting processes would establish how and whether greater than 50% residential square footage would be allowed in a project.

- A parking standard for small units and senior units should be established. In many jurisdictions, the parking requirement for small units (such as less than 400 square feet) is one space per unit, and the requirement for senior units is 0.75 spaces per unit.
- Multi-family Projects – The current site standards for the RM district are maximum Floor Area Ratio (FAR) of 0.5, height limit of 28 feet and maximum of two stories. In acknowledgement of the fact that affordable developments are not likely to be feasible using those standards, the County Code states that the standards may be exceeded for affordable housing projects when addressed through issuance of a Residential Development Permit (13.10. 323 (B), RM zone districts site and structural dimensions chart).
 - One of the Code Modernization proposals for the existing RM multi-family residential zoning district is to amend the maximum 0.5 FAR. The 0.5 FAR standard is the same that occurs in the single-family zoning districts. It means that on a RM site, which is intended to be developed more intensively than R-1 sites, only a one-story structure on a maximum of one-half of the lot is allowed. That does not support feasible multi-family development, and one wonders

whether the 0.5 was a mistake or typographical error. An appropriate FAR for multi-family sites would be 1.5 rather than 0.5.

- Similarly, the maximum of two stories and height of 28 feet also work against construction of multi-family homes, even though RM property is zoned for that type of development. Because the community badly needs workforce housing, and because, after the Palmer decision, we can no longer require deed restricted affordable rental projects, it is desirable to extend the more feasible development standards that are currently offered to deed restricted affordable housing projects, to all projects that would meet the need for smaller units in more compact developments. We suggest, in order to facilitate multi-family homes in RM zoning, the maximum number of stories be increased to three and the maximum height be increased to 35 feet, two feet more than the current maximum height for SFDs (when paired with increased setbacks or design review).
- Lastly, the current code counts garage parking area toward FAR, with a 225 sq. foot credit given for the garage. The code does not explicitly state that for multi-family homes the credit is per unit, and we believe it would be beneficial to clarify how garages in multi-family projects are counted toward FAR.

These proposed amendments to site standards would be included in the Code Modernization project as part of the updates to the RM zoning district regulations.

- Permanent Supportive Housing – There is an existing Program 4.6 in the current Housing Element that states: “Explore regulatory options for recognizing and legalizing hotels/motels that have over time been converted to permanent occupancy”. These types of properties, when not used for visitor accommodations due to their outdated and small configurations, have essentially turned into Single Room Occupancy (SRO) properties with non-transient tenants. These types of properties can serve an important role in supplying units that can be used for permanent supporting housing and meet other housing needs for small units. However, properties used in this manner in the unincorporated area are currently a non permitted, non-conforming use.

A method of accommodating such properties in a legal manner is to create a Permanent Room Housing (PRH) Combining District. Through such a tool, older converted hotel/motel properties can apply to be rezoned to the PRH Combining District and obtain a Development Permit to become legal. The PRH would be applied to single properties on a case-by-case basis. The City of Santa Cruz has such a zoning tool, and a good example of the type of project that it can be used for is Nuevo Sol, a permanent supportive housing project that substantially rehabilitated an old 12-unit motel property into 12 units. As most of these properties are located on commercial parcels, the PRH combining district approach would be necessary because the properties would not be a “mixed use” development, but would usually be entirely residential.

In summary, the above-described regulatory amendments would provide ways to accommodate projected housing needs through the 2023 timeframe of the Housing Element Update, and respond to current interests in accommodating agricultural employee housing, accessory dwelling units, mixed use projects, and permanent supportive housing. They can be accomplished without the extensive level of effort that is going to be required to amend the General Plan Land Use, Circulation and Community Design Elements to carry forward the

Sustainable Santa Cruz County Plan. That more-broad effort, which will have a planning horizon of 2035 or 2040, is anticipated to take at least two years to develop and process, and would occur after current work program items are completed.

RECOMMENDATION

Planning staff recommends that the Planning Commission recommend that the Board of Supervisors take the following actions:

1. Initiate the General Plan and Code Amendments for (a) the Mixed Use density and residential square footage changes, and (b) the Permanent Room Housing Combining District, as outlined in this report, and direct staff to carry out environmental review of draft amendments prior to scheduling public hearings; and
2. Defer the report that will contain draft language for amendments to Accessory Dwelling Unit regulations to a Board agenda in January of 2016, at which time it would be expected that the ADU amendments would be initiated; and
3. Confirm that the proposed amendments to the agricultural employee housing regulations will be part of the current Code Modernization project, and also that, in the RM district, the proposed increase of the maximum FAR from 0.5 to 1.5, maximum stories from two to three, maximum height from 28 to 35 feet, and clarification that the FAR garage credit is per unit, also be part of the current Code Modernization project.

Sincerely,



 Kathy Previsich
Planning Director