



County of Santa Cruz

DEPARTMENT OF COMMUNITY DEVELOPMENT AND INFRASTRUCTURE

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Agenda Date: June 14, 2023

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

Subject: 6TH CYCLE HOUSING ELEMENT UPDATE STUDY SESSION

Recommended Action(s):

- 1) Consider Staff's update on the proposed 6th Cycle Housing Element Program; no action is required.

Executive Summary

The County is required to update its General Plan Housing Element every eight years. The 6th Cycle Housing Element update is due to the State Department of Housing and Community Development (HCD) by December 31, 2023. The County Community Development & Infrastructure (CDI) Department has prepared an update that includes data collection and analysis, housing needs analysis, housing inventory update, accommodating the Regional Housing Needs Allocation (RHNA), environmental review, and community outreach, to meet State requirements.

Background

The County last updated its Housing Element in 2015, with HCD certification occurring in April 2016. As required by California Government Code sections 65580-65589.11, Housing Elements are subject to a variety of requirements, including the assessment of housing needs, accommodating special needs populations, addressing housing affordability, as well as identifying constraints and barriers to housing, and facilitating robust community engagement in the update process.

Staff presented its work program to the Board of Supervisors on October 25, 2022, which approved it with additional direction. This Board of Supervisors meeting was followed by a presentation on the Housing Element to the Housing Advisory Commission on November 2, 2022 and the Planning Commission on November 9, 2022.

Since that time, staff and consultants have been developing the project website, leading the public engagement process (described more fully below), analyzing the existing and projected housing inventory, and drafting sections of the Draft Housing Element.

Regional Housing Needs Allocation

Central to the Housing Element Update is accommodation of the 6th Cycle RHNA, which has been established by HCD and distributed to the jurisdictions in our region by the Association of

Monterey Bay Area Governments (AMBAG). The 6th Cycle RHNA Plan assigns the number of housing units that each jurisdiction must plan for in the cycle, which spans 2023-2031.

The 6th Cycle RHNA for Santa Cruz County is approximately three and one-half times as large as the 5th Cycle RHNA:

Income Level	5th Cycle RHNA	6th Cycle RHNA	Percent Increase
Very Low	317	1,492	471%
Low	207	976	471%
Moderate	240	586	244%
Above Moderate	550	1,580	287%
Total RHNA	1,314	4,634	353%

Analysis

Public Engagement

Commencing in early 2023, County staff solicited consultants to assist with development of the Housing Element update. Two consultants were selected (EMC Planning Group and CivicMakers) with EMC Planning Group providing technical support and CivicMakers assisting with the robust public engagement process. The EMC Planning Group team included three subconsultants - *Root Policy*, who assisted in developing the Fair Housing Analysis, and *Balancing Act* and *More Sky Less Ceiling*, who assisted the County with the public-facing interactive housing tool, which is an interactive program used in community engagement to identify community members' values in housing types and locations.

A robust and intensive public participation process started in early 2023 with the development of two focus groups. In conjunction with CivicMakers, County CDI staff created one focus group consisting of stakeholders with an interest in housing and one that consisted of residents that provided valuable insights and information to County staff. The two groups met multiple times as described below. Following these focus group meetings were the three general public participation meetings as described below.

The two focus groups included a Stakeholder Group and a Community Panel, each having approximately 20 participants. The Stakeholders Group included those with an interest in housing development in the County, such as local developers, affordable housing developers, community groups serving under-represented community members, environmental and transportation organizations, housing advocates, and others.

The Community Panel was representative of the County's demographics and included those who typically are not part of the political discussion in the County. The Community Panel reflected a representative cross-section of county residents (based on gender, housing status, race, income, language spoken, disability, etc.), and included those community members most affected by housing instability and/or unaffordability and with a focus on those living and/or working in its unincorporated areas.

Each group had four separate meetings between April 11th and May 4th, followed by a combined meeting on May 11, 2023 that closed out the focus group meetings. During this final meeting, the two focus groups met and participated in a map exercise with assigned housing density values to

show affordable housing preferences and locations, as well as an accompanying exercise related to Housing Element policies and program list to solicit participants' preferences related to future Housing Element policies and programs. An open public community meeting on May 15th also featured similar exercises. Exhibit A contains the draft summary of the May 11th and May 15th map exercises. Exhibit B contains a summary of the policy exercise.

County staff also sought input from the general public. Subsequently, three public meetings were scheduled to solicit County residents' input. These dates include May 15 (in-person at Aptos Village Park), May 31 (virtual) and June 28 (in-person at Watsonville Civic Center). All subsequent public meetings to occur after June 28 will be associated with the Housing Advisory Commission, Planning Commission and the Board of Supervisors. Outreach efforts such as email blasts, press releases, social media, and radio and newspaper publicity were implemented to attract general public participation.

Interactive Housing Plan Tool

The interactive housing plan tool is imbedded in the County's 2023 Housing Element update website.¹ This interactive tool challenges the public to create a positive housing outcome for the County in order to meet the County's Regional Housing Needs Allocation. The user is led through a series of questions related to type, density and location of housing and must make choices for various planning areas within the Urban Service and Rural Service Lines. Data is collected on user choices to help inform changes to the Housing Element and the Housing Inventory.

Fair Housing Analysis

The County contracted with Root Policy to provide both a Housing Needs Assessment and Fair Housing Assessment for Santa Cruz County. This analysis primarily utilizes U.S. Census Bureau American Community Survey (ACS) 5-Year Estimate data and California Department of Housing and Community Development (HCD) data, including expanded analysis commissioned by Root Policy Research and LandWatch. The data is provided for the County overall and for unincorporated areas where available, in comparison to the AMBAG region. This assessment develops context for the County's goals, programs, and policies for the 6th Cycle Housing Element.

Housing Needs Assessment

- *Housing Type and Tenure* - More than eight in 10 housing units in unincorporated Santa Cruz County are single-family homes. In the unincorporated areas 81% of housing units in unincorporated areas are single-unit, followed by two or more units (12%) and mobile homes (7%).
- *Age of Housing* – nearly 60% of the housing inventory in unincorporated Santa Cruz County was constructed between 1940 and 1980.
- *Housing Costs* - Unincorporated areas have a slightly higher share of owner-occupied units priced above \$1 million compared to the county as a whole 34% of homes in unincorporated Santa Cruz County are valued above this price compared to 31% countywide. Conversely, there are nearly 50% less homes valued below \$500,000 in unincorporated Santa Cruz County, suggesting that first-time homebuyers and low and moderate-income households face greater challenges breaking into the homeownership market.

¹ [2023 Housing Element \(santacruzcountyplanning.com\)](https://www.santacruzcountyplanning.com)

- *Vacancy and New Development* - The number of vacant units for rent or for sale has dropped considerably since 2010. In 2010, 18% of the County's units were available to rent. This dropped to 8% in 2015 and 11% by 2021. The relatively high rate for rental vacancies in a high-cost market is indicative of a rental market accommodating college students and/or a softening market due to overbuilding of luxury units. Vacant units available to buy dropped from 9% to 5%, suggesting a continually tight market for homeownership. Overall, in 2021, 79% of vacant units (7,633 units) are in seasonal or recreational or other use. This compares to 63% (6,458 units) in 2010 and 77% (7,933 units) in 2015.
- *Displacement* – Displacement can occur for a number of reasons, such as rent increases, gentrification, natural disasters (e.g., fires or flooding), complications with landlords, and loss of income or employment. Owner households generally experience a greater amount of housing stability whereas renter households are more mobile (i.e., move more frequently). While both owner and renter households moved at the same rate between 2015-2018, renters have moved at a much higher rate since 2019.

Fair Housing Assessment

In 2018, Governor Brown signed Assembly Bill 686 (AB 686), which requires all public agencies in the state to “administer programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing (AFFH), and take no action inconsistent with this obligation” beginning January 1, 2019. AB 686 also made changes to Housing Element law to incorporate requirements to AFFH as part of the Housing Element and General Plan to include an analysis of fair housing outreach and capacity, integration and segregation, access to opportunity, disparate housing needs, and current fair housing practices.

Root Policy's Fair Housing Assessment concludes that:

- Black and Hispanic households experience disproportional housing needs, higher costs burden, higher poverty rates, and overrepresentation in the homeless population.
- Black or African American residents made up 12% of the homeless population (1% of the general population) and Hispanic residents made up 39% of the homeless population (34% of the general population).
- Hispanic residents living in the unincorporated area of Santa Cruz County are primarily concentrated in the southern portion of the county, the lowest resource areas in the county and low economic opportunity and poor environmental outcomes.
- There is a greater concentration of voucher holders in the southern portion of the county because this is where there are more affordable homes.
- The prevalence of more affordable housing in this area of the county contributes to the concentration of poverty and low opportunity.
- Hispanic students experience some of the lowest proficiency standards in the county and highest rates of chronic absenteeism in the county and have significantly lower rates of educational attainment compared with their non-Hispanic white counterparts.
- The unemployment rate for the County's residents is twice that of persons without a disability.

Housing Goals, Policies and Programs

The County of Santa Cruz Housing Element is driven by two guiding principles: facilitating the development of new housing; and affirmatively furthering fair housing. The goals and policies in this Housing Element address the County's identified housing needs and are implemented through a series of housing programs. Housing programs describe specific actions the County will take to achieve the goals and policies described herein. Santa Cruz County has unique geologic, geographic and safety concerns, as well as water and sewer service availability constraints, that make developing new housing extremely costly and physically challenging in many areas of the county. Despite the challenge of providing housing affordable to all income levels, this 6th Cycle Housing Element establishes goals and policies to meet the housing needs of the community.

The six goals of the Housing Element are as follows:

- Goal 1: Facilitate Development of New Housing, Primarily in Infill Areas;
- Goal 2: Maintain and Enhance the Quality of Existing Housing Stock;
- Goal 3: Facilitate Development of Affordable and Equal Opportunity Housing;
- Goal 4: Assist in the Provision of Housing for Special Needs Households;
- Goal 5: Promote Energy Conservation and Sustainable Design; and
- Goal 6: Collaborate Across Sectors and Publicize Housing Resources.

Integral to developing the 6th Cycle Housing Element is analyzing the 5th Cycle policies to see which have been completed and which should be retained. Programs that are on-going will be retained. Where the analysis of the Housing Inventory or the Fair Housing Analysis warrants, new policies and programs will be included.

Housing Inventory

The basic premise of the Housing Inventory is to identify adequate sites for housing, including rental housing, factory-built housing, mobile homes, and emergency shelters, and shall make adequate provision for the existing and projected needs of all economic segments of the community. Staff used the inventory of properties from the 5th Cycle Housing Element and identified which of the properties that were vacant in the 4th and 5th Cycles and which were non-vacant (underutilized) in the 5th Cycle. Vacant sites that were identified in the two previous planning cycles and non-vacant (underutilized) sites identified in a previous planning period can't be used for the 6th Cycle RNHA unless said sites will be rezoned within 3 years, or zoning allows by-right development for 20% low-income affordable projects.

As required by state law (Government Code Sections 65583 and 65583.2), the Housing Element provides a parcel-specific inventory of suitable and appropriately zoned sites for the provision of housing and specifies for each site the number of units that can realistically be accommodated and whether the site is adequate to accommodate lower-income housing, moderate-income housing, or above moderate-income housing. The Housing Site Inventory (Inventory) includes pending projects, opportunity sites, and vacant and underutilized sites including residential sites, as well as commercial and public facility sites where housing is allowed and promoted. Underutilized sites included in the Inventory are sites with some existing development that also have additional development potential and for which the existing use has been determined to not impede additional residential units on the parcel. A program is established that commits the County to an annual review of progress towards RHNA, and to update programs and incentives as necessary to ensure the RHNA can be met during the planning period.

In addition to ensuring an adequate land inventory of vacant and available sites, the County has identified other categories of sites that can realistically be developed with housing during the planning period. The County actively supports accessory dwelling unit (ADU) production. Development on residential sites in rural areas is also projected to continue. Additionally, the County anticipates the development of farmworker housing during the planning period, following recent county code amendments and programs supporting farmworker housing.

The County's 6th Cycle RHNA allocation of 4,634 units was augmented by a 10% buffer (i.e., 464 units) for a total of 5,098 units. County staff will be proposing rezoning on sites to increase the inventory. The sites will be spread throughout the urban areas within the Urban Services Line. Proposed numbers and rezones are subject to change with the public review process and HCD's review.

High resource attributes include:

- Proximity to transit;
- Access to high performing schools and jobs;
- Access to amenities, such as parks and services;
- Access to health care facilities and grocery stores;
- Locational scoring criteria for Low-income Housing Tax Credit (TCAC) Program funding;
- Proximity to available infrastructure and utilities;
- Sites that do not require environmental mitigation; and
- Presence of development streamlining processes, environmental exemptions, and other development incentives.

California Environmental Quality Act

To address environmental review under the California Environmental Quality Act (CEQA), the County has engaged the services of Dudek. Dudek prepared the Environmental Impact Report for the Sustainability Policy and Regulatory Update. Since the Sustainability Update is related to the Housing Element, an addendum to the EIR will provide environmental review for the Housing Element.

Project Schedule

Staff developed a project schedule that provides major milestones to include the date of release of the draft Housing Element for the initial public review (June), release of the draft document to HCD to start their 90-day review (July), subsequent reviews by the County's Housing Advisory Commission, Planning Commission and Board of Supervisors, adoption by the Board of Supervisors (November) and final review and acceptance by HCD (60 days)(January 2024).

Submitted by:

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Reviewed by:

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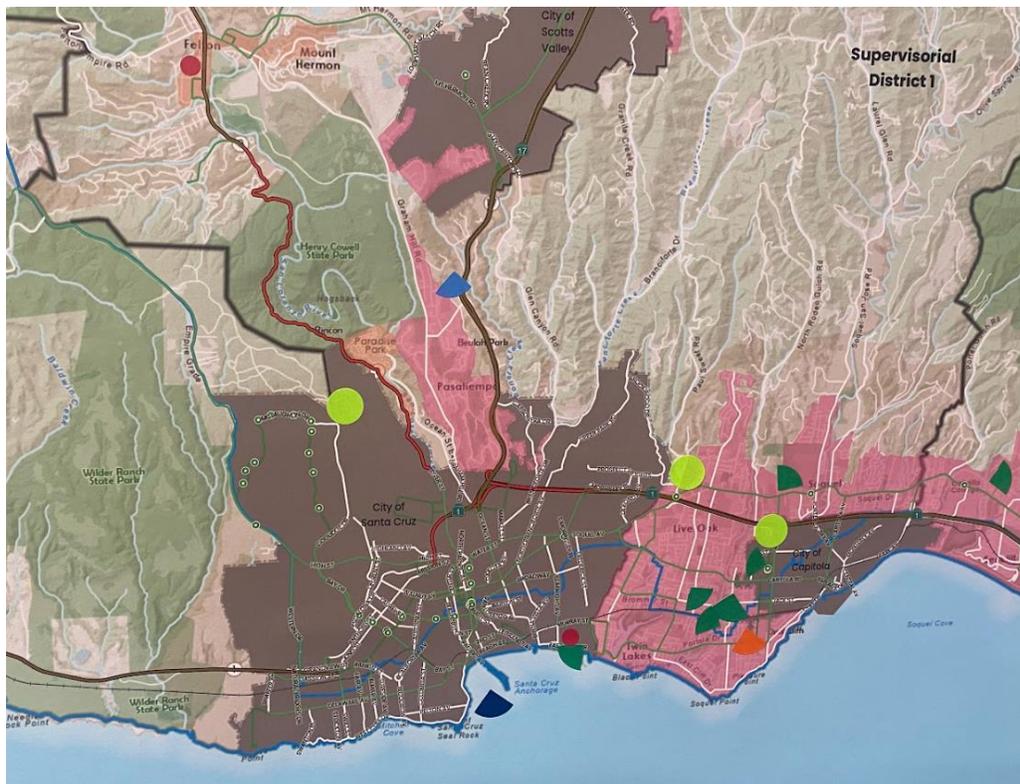
Exhibits:

- A. May 11 and May 15 Summary of the map exercises
- B. Policy and program recommendations

MAY 11, 2023 MAP EXERCISE (Stakeholder Group and Community Panel)

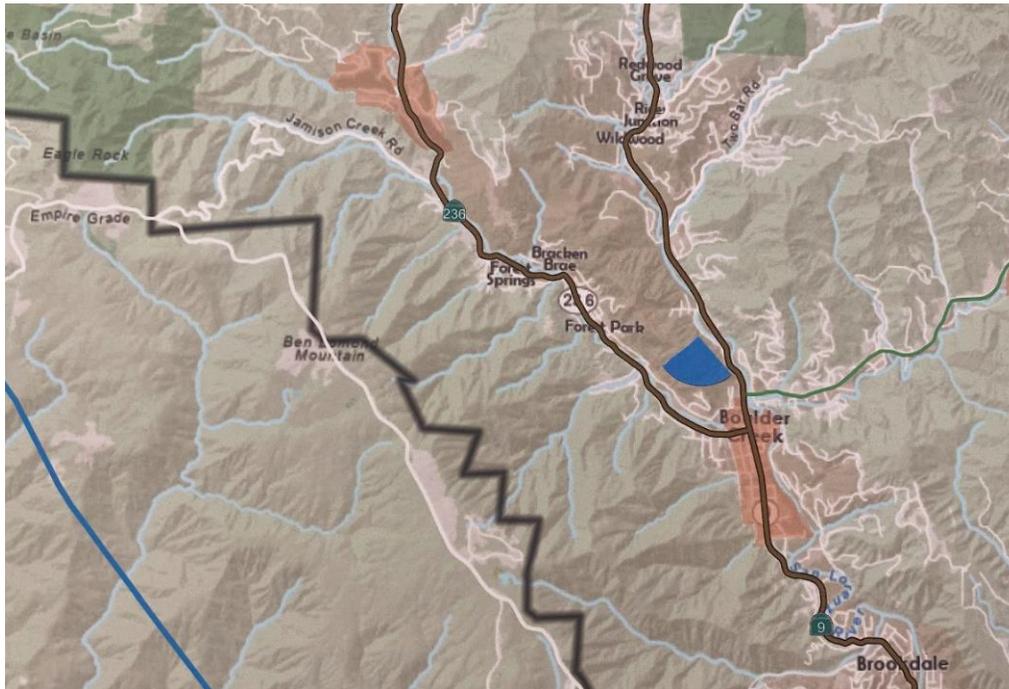
LEGEND

Urban Medium Medianamente Urbano 7-15 du/ac 	Urban High Altamente Urbano 11-30 du/ac 	Residential Flex (up to 4 stories) Flexible residencial (hasta 4 pisos) 22-45 du/ac 
Mixed Use (up to 4 stories) Uso mixto (hasta 4 pisos) 22-45 du/ac 	Residential Flex (over 4 stories) Flexible residencial (más de 6 pisos) >22-45 du/ac 	Mixed Use (over 4 stories) Uso mixto (más de 4 pisos) >22-45 du/ac 

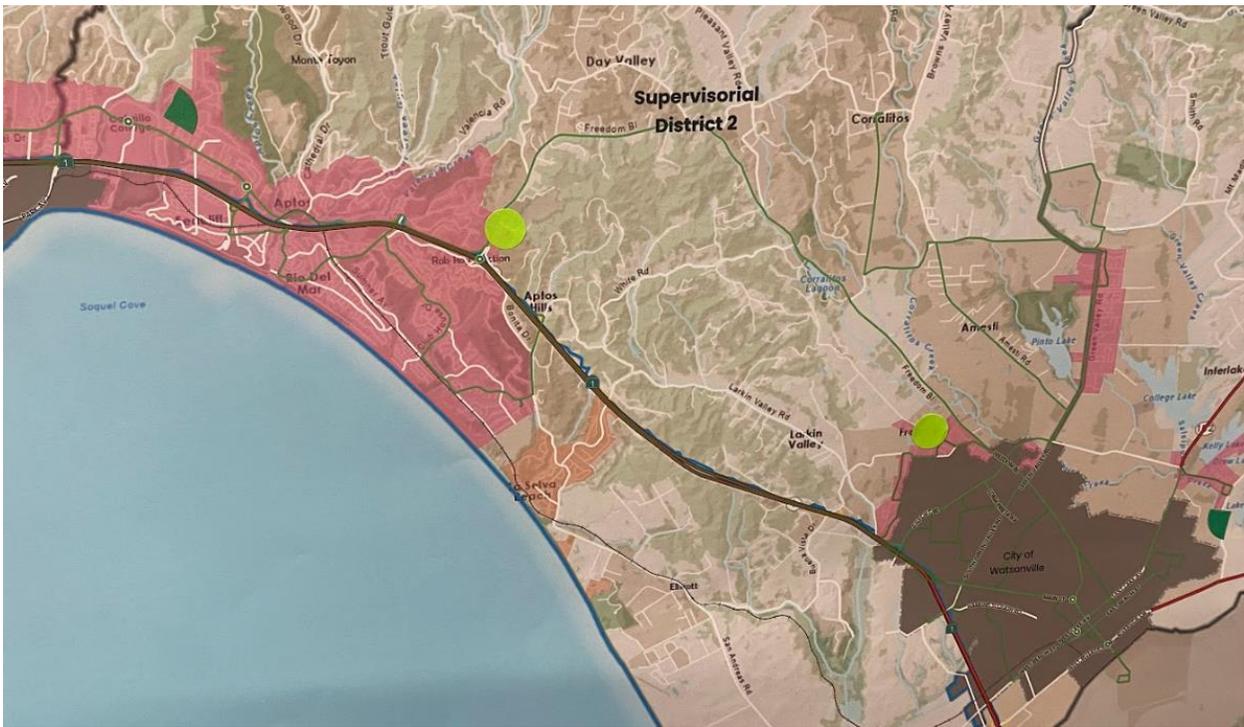


(note that strikeouts represent sites not in County jurisdiction)

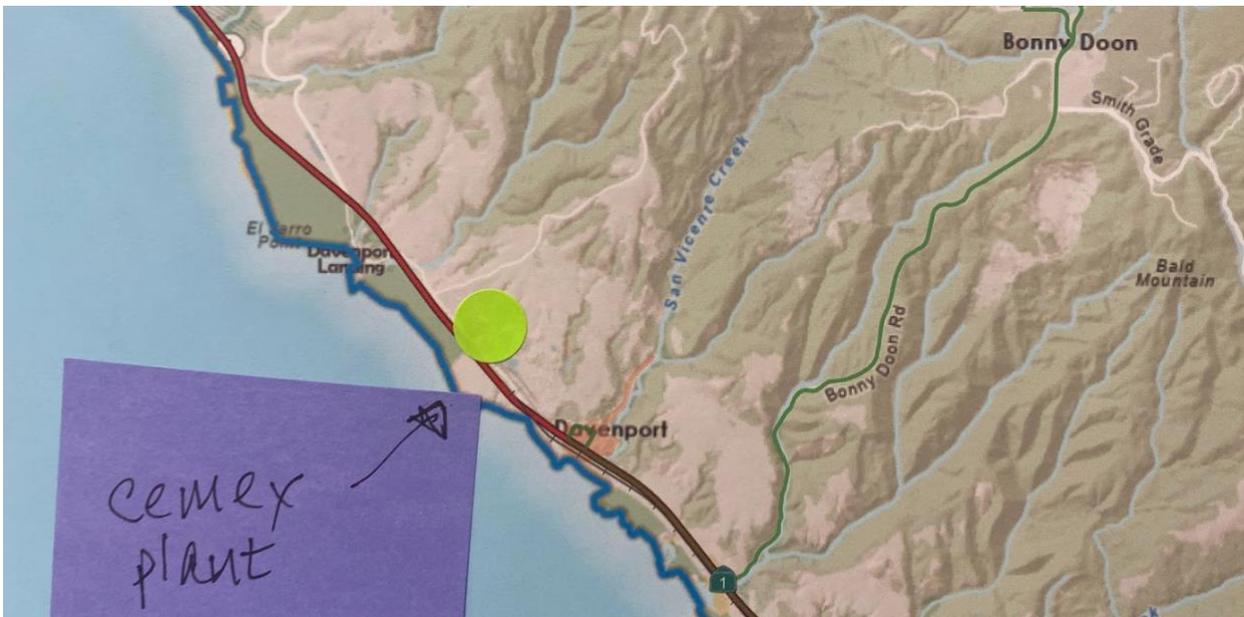
- Felton – one Mixed-use up to 4 stories
- Upper Pasatiempo area (north of Beulah Park)– one residential flex over 4 stories
- ~~UCSC Campus (Pogonip Park?) – one Urban High up to 4 stories~~
- Soquel Drive @ Paul Sweet Rd (Dominican Hospital?) - one Urban High up to 4 stories
- ~~Hwy 1 @ 41 St Ave. – one Urban High up to 4 stories~~
- Soquel Dr. @ 41 st Ave. - one Residential Flex up to 4 stories
- ~~Capitola Mall (41 st Ave.) – one Residential Flex up to 4 stories~~
- Chanticleer @ Brommer St. – one Residential Flex up to 4 stories
- Brommer St. @ 30 th - one Residential Flex up to 4 stories
- Rail Trail at Rodeo Creek - one Residential Flex up to 4 stories
- Portola @ 41 st - one Mixed-use over 4 stories
- Cabrillo College - one Residential Flex up to 4 stories



- Boulder Creek – one residential flex over 4 stories



- Rob Roy Junction (Freedom Blvd @ Hwy 1) - one Urban High up to 4 stories
- Freedom Blvd – one Urban High up to 4 stories

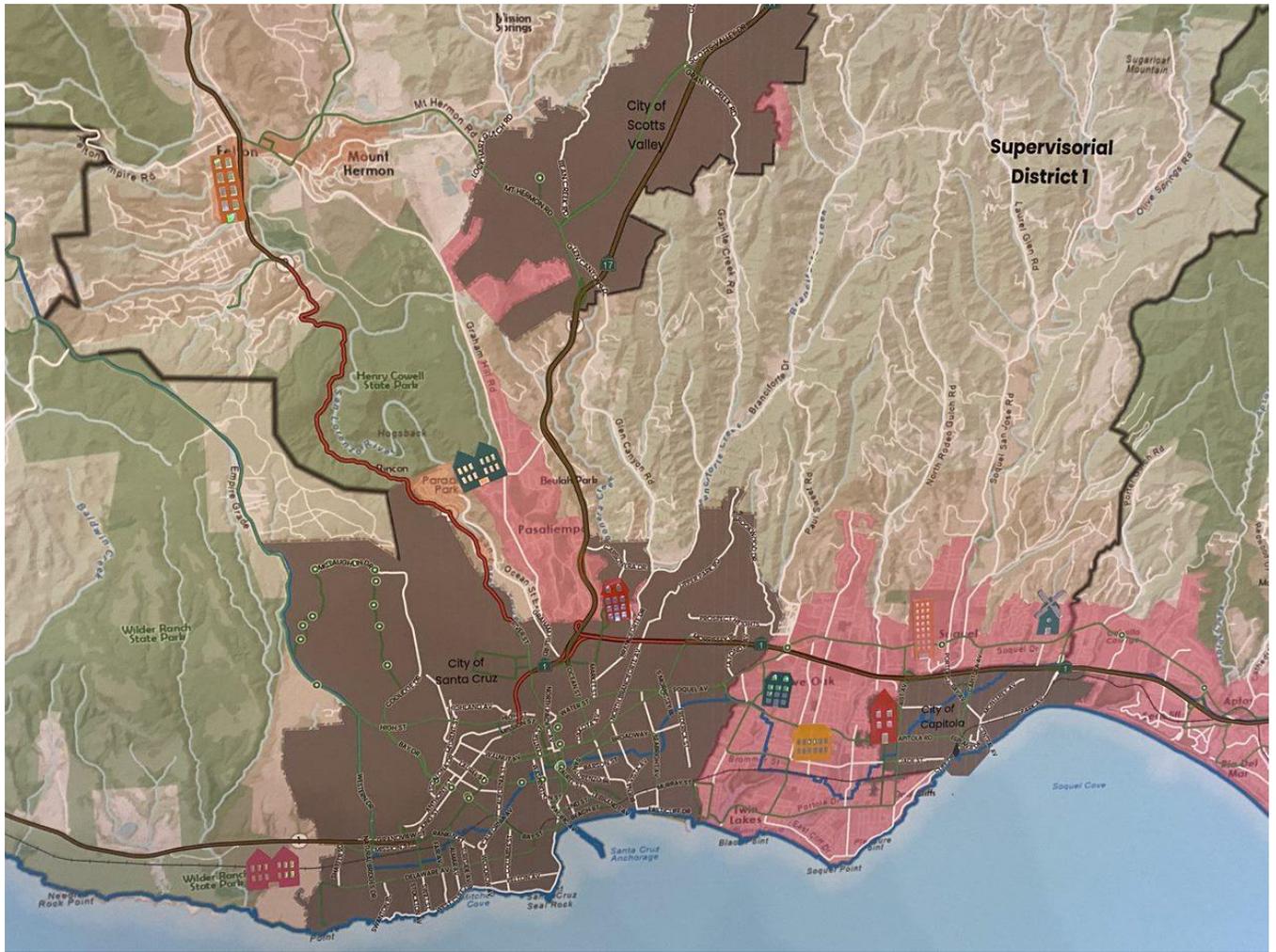


- North of Davenport near the CEMEX plant - one Urban High up to 4 stories

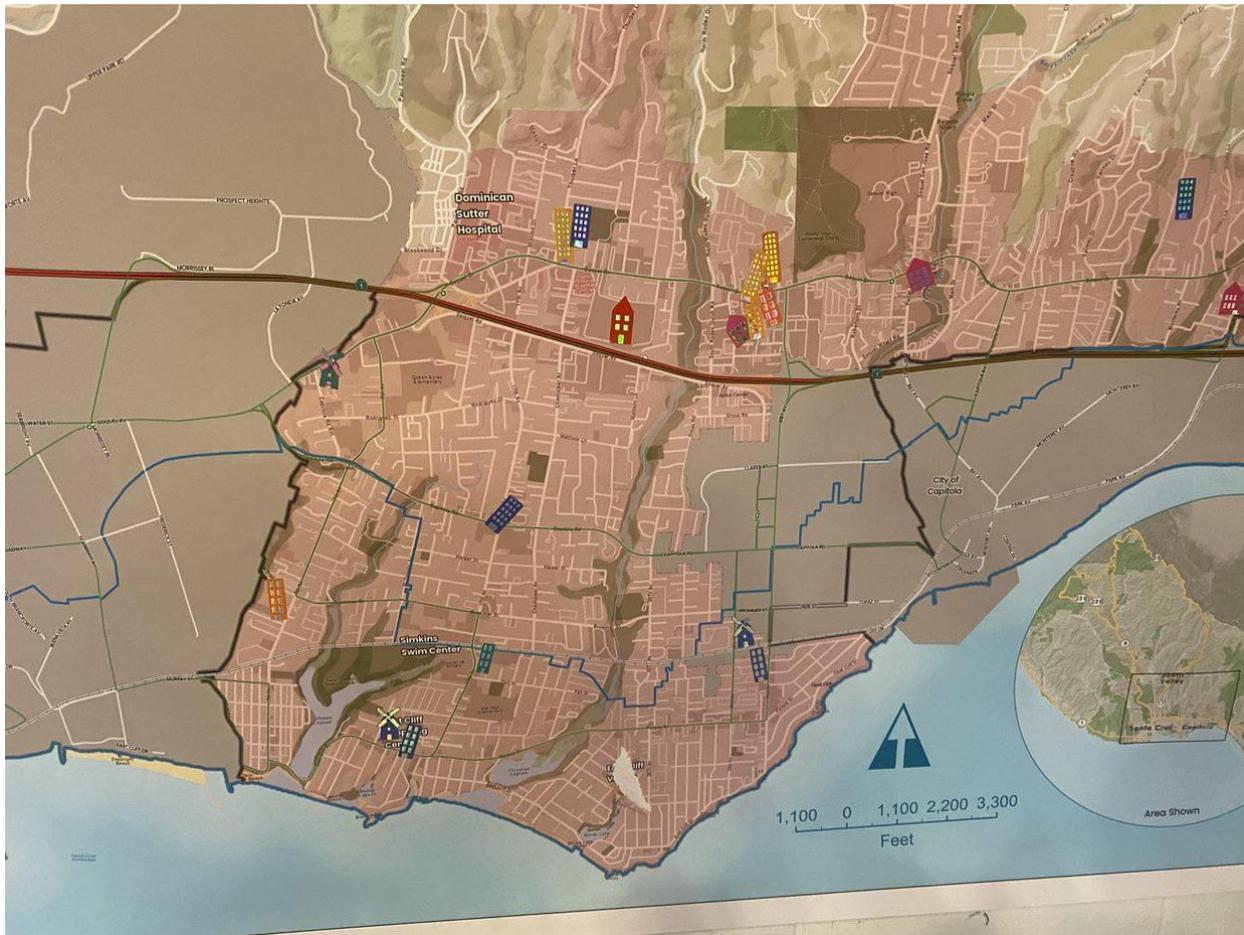
MAY 15, 2023 MAP EXERCISE (public meeting)

LEGEND





- Felton – one Mixed-use over 4 stories (note – this is the only sticker placed within Area 7)
- Paradise Park – one Mixed-use up to 4 stories
- Wilder Ranch area – one Mixed-use up to 4 stories
- Branciforte neighborhood – one Urban High
- Brommer and 17th area – one Urban Medium / two stories
- Live Oak – one Urban High up to 4 stories
- Capitola - ? – not relevant to County jurisdiction
- Soquel Drive - one Mixed-use over 4 stories



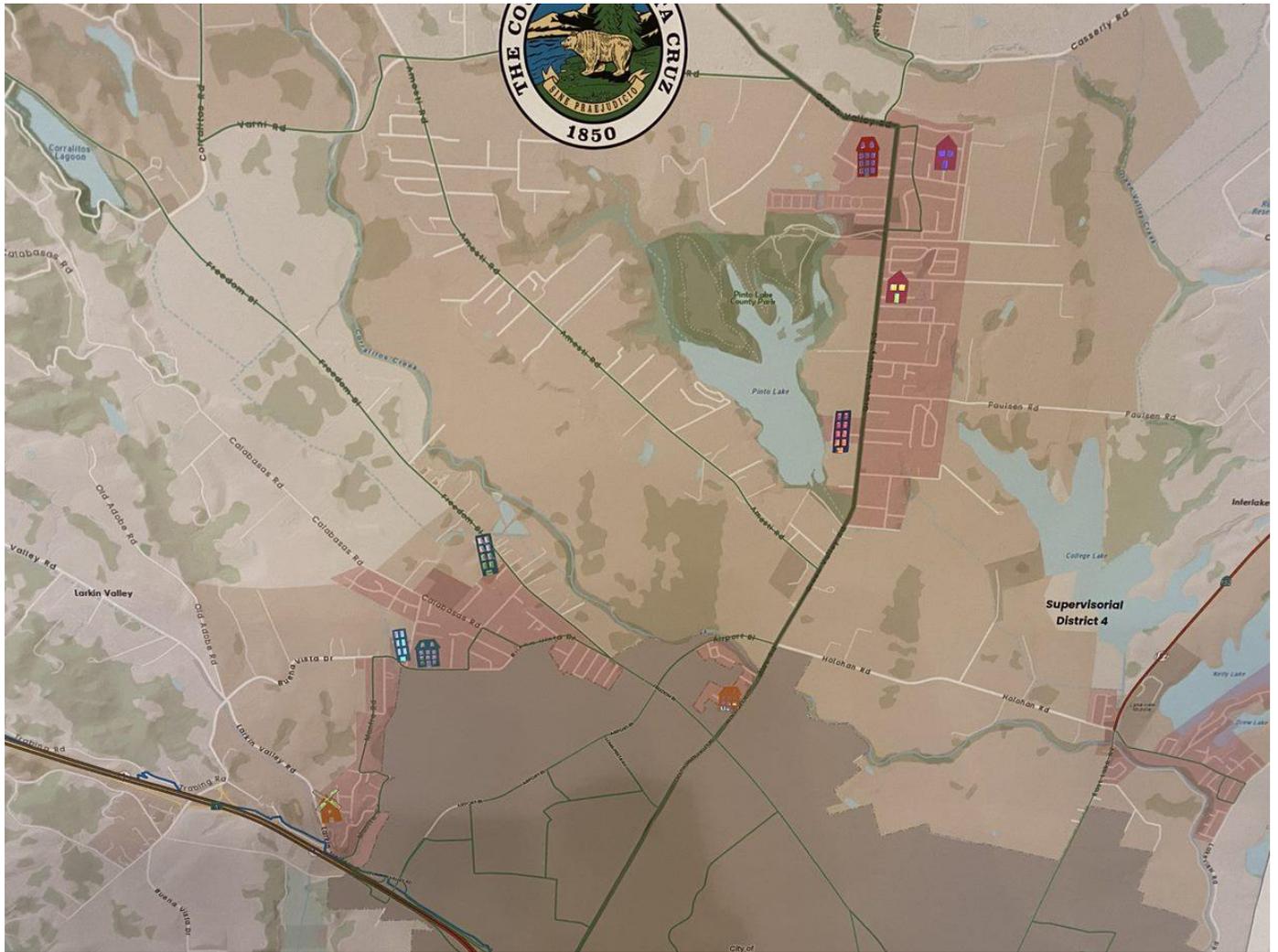
- Seacliff Shopping Center – one Residential Flex up to 4 stories
- Seacliff Shopping Center – one Residential Flex over 4 stories
- 7th and Brommer / County lands - one Mixed-use over 4 stories
- 17th at Rail trail – one Residential Flex up to 4 stories
- 17th at Capitola – one Residential Flex over 4 stories
- 41st at Rail trail – one Residential Flex up to 4 stories
- 41st at Rail trail – one Residential Flex over 4 stories
- Soquel Avenue @ Capitola Rd. Extension – one Residential Flex over 4 stories
- Soquel Drive @ Thurber – two Mixed-use over 4 stories
- Soquel Drive between Research Park Drive and 41st – four Mixed-use over 4 stories and one Urban High up to 4 stories
- Soquel Drive @ Porter St. – one Urban High 2 to 3 stories
- Between Chanticleer Avenue and Mattison Lane (diocese?) – one Mixed-use up to 4 stories
- Cunnison Lane – one Mixed-use over 4 stories [note – the sticker shows six stories and may have been selected by the participant to convey high density housing without a commercial component. Unfortunately, the stickers classify all options for more than 4 stories to be associated with mixed-use.]



- Park Avenue - one Mixed-use / up to 4 stories
- Porter Gulch at Hwy 1 - one Mixed-use / up to 4 stories
- Fife Lane at Soquel Drive – one Mixed-use / up to 4 stories
- Cabrillo College Dr. @ Hwy 1 – one Urban Medium
- Soquel Dr. / Cabrillo College – one Mixed-use over 4 stories
- New Brighton State Beach – two Mixed-use over 4 stories
- Par 3 – one Residential Flex over 4 stories
- Par 3 – one Mixed-use over 4 stories
- Seacliff – one Residential Flex over 4 stories
- Seacliff – one Urban High 2-3 stories



- Aptos Village – one Mixed-use over 4 stories
- Soquel Drive @ Rail Trail - one Mixed-use up to 4 stories
- Deer Park Marketplace – one Mixed-use up to 4 stories
- Rio del Mar @ Bonita Dr. – one Mixed-use up to 4 stories
- Trout Gulch Rd. - one Residential Flex up to 4 stories
- Soquel Dr. (tween Rio del Mar and Freedom Blvd. – one Mixed-use up to 4 stories
- Freedom Blvd. - one Mixed-use up to 4 stories



- Larkin Valley Rd. – one Residential Flex over 4 stories
- Buena Vista Drive at Bradford – two Urban High up to 4 stories
- Freedom Blvd. @ Klinsky Lane – one Mixed-use up to 4 stories
- Green Valley Road @ Stewart Ave. – one Urban High up to 4 stories
- Green Valley Road ‘tween Mello View Lane and Devon Lane - one Urban High up to 4 stories
- Green Valley Road @ Melody Lane - one Urban Medium
- Green Valley Road @ Mesa Verde - one Urban Medium and one Urban High up to 4 stories

EXHIBIT B

Top Priority Programs & Policies

The following projects were designated as top priorities by the Stakeholder Panel and Community Group:

- The most popular policy suggestion is to **aggressively increase densities**, both in terms of units per acre and the capacity of units. This also was expressed as a separate top priority policy for a “density bonus” to encourage the construction of **housing that will support larger families**.
- Reducing the administrative overhead and cost to add housing, especially 1) **fast tracking the approvals** of affordable housing; 2) **reducing permit fees** for new construction; and 3) connecting homeowners with **support for constructing ADUs**.
- Using underutilized land for new housing developments that might support higher densities and be located in proximity to transit. Specifically: **underutilized commercial tracks** and **new housing along the old rail line**.
- Creating policies and programs that **support affordable-housing-only developments** (rather than only allocating a percentage of a new development as affordable housing).
- **More support for those living in cars and camps**.
- Encourage full use of existing housing stock by **increasing taxes on vacant units and second homes**.
- Educating people about how to access housing, specifically creating an easy to use **one-stop-shop for information** and services/programs related to affordable housing.

Top Program or Policy Proposals

Stakeholder Panel & Community Group Input for Santa Cruz County 6th Housing Element

