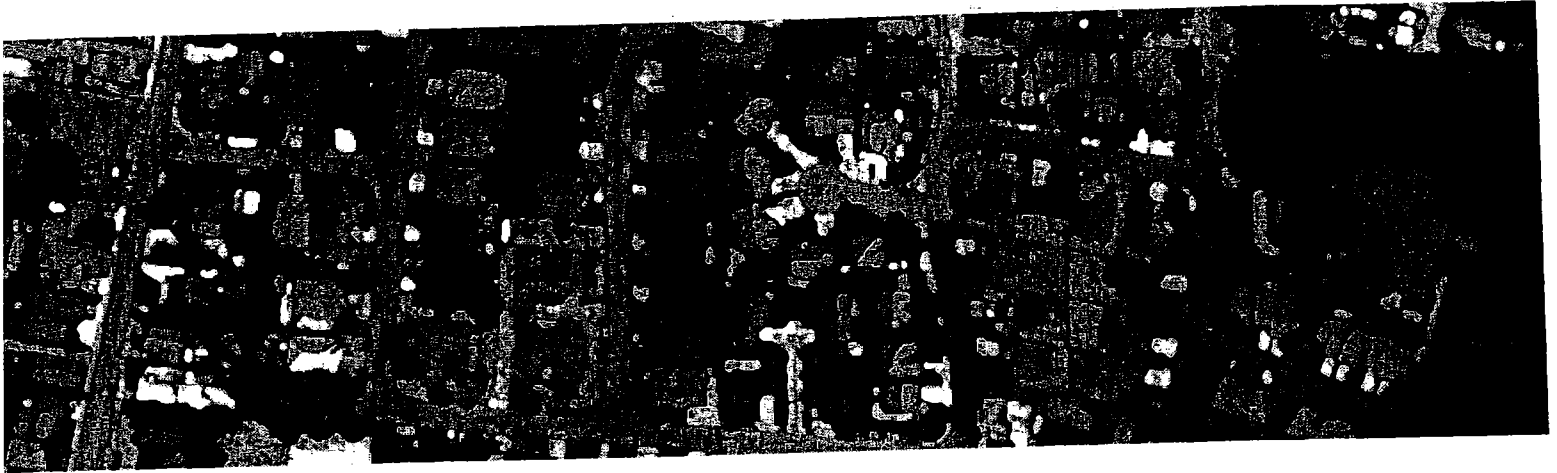


Chapter 4

HOUSING

Note: The following section only contains the "Housing Goals, Policies, Programs and Objectives" of the Housing Element. The entire Housing Element is an Appendix to the General Plan/LCP and is available as a separate document.

County of Santa Cruz General Plan **Housing Element**



Adopted by the
Board of Supervisors
January 12, 2010

Certified by HCD
May 5, 2010

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4.1: INTRODUCTION

With the exception of housing advocates, planners, policy-makers and State reviewers, few people read housing elements. By their nature, they are typically dry documents, filled with dense data summaries and obscure information required by State law. At the same time, housing elements establish important community priorities with regard to housing issues. Recognizing that housing issues are a significant challenge for the Santa Cruz County community, this document attempts to create a user-friendly Housing Element, with the goal of encouraging greater public access to and involvement in the development of important policy and programs that grow from the housing element process. This Section introduces the Housing Element, its purpose, its relevance, the overall document organization, and defines a few key terms.

PURPOSE OF A HOUSING ELEMENT

The Housing Element is one of seven required elements of the County's General Plan -- the document that guides land use planning and development activities in the unincorporated area. However, it is the only General Plan element that requires regular updates (typically every seven years) and review and certification by a State agency.

State law regarding housing elements states that local and state governments have a responsibility to facilitate housing development and to make "adequate provision for the housing needs of all economic segments of the community", while considering "economic, environmental, and fiscal factors and community goals set forth in the general plan." It further requires the Housing Element to be consistent and compatible with other General Plan Elements. Additionally, Housing Elements must provide clear policy for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. State law mandates the contents of the housing element, including:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs;
- A statement of the community's goals, quantified objectives, and policies relevant to the maintenance, improvement and development of housing; and
- A program that sets forth a multi-year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

A critical component of the document is identifying adequate residential sites available for a variety of housing types for all income levels, particularly focusing on the needs of low- and moderate-income households. As well, the Element must address governmental constraints to housing maintenance, improvement, and development. Additionally, it needs to address conserving and improving the condition of the existing affordable housing stock, and promoting housing opportunities for all persons.

Policies and programs contained in the Housing Element are the County's action plan to achieve the required state goal of "attaining decent housing and a suitable living environment for every California family", as well as a plan for addressing unique local housing goals that reflect the particular concerns of the community.

Finally, as required by law, the Housing Element contains a documentation of affordable housing in the coastal zone. That report is provided in Appendix 4.1-1.

General Plan Consistency

The County's General Plan serves as the legal framework or "constitution" for development in the unincorporated area of Santa Cruz County. As such, it describes policies upon which all future permitting decisions will be based. All development-related decisions in unincorporated areas must be consistent with the General Plan. If a development proposal is not consistent with the plan, it must be revised or the General Plan itself must be amended.

Additionally, State law requires a community's General Plan to be internally consistent. This means that the Housing Element must function as an integral part of the overall General Plan, and be consistent with each other element of the General Plan. This document has been reviewed and found consistent with the Land Use, Circulation, Conservation and Open Space, Public Safety and Noise, Parks, Recreation and Public Facilities, and Community Design elements. As well, Housing Element policies are designed to promote housing consistent with the various land use designations set forth in the Land Use Element.

RELEVANCE OF A HOUSING ELEMENT – WHAT HAPPENED AS A RESULT OF THE LAST ELEMENT?

In addition to addressing a series of State legal requirements, a housing element can result in tangible changes that affect the context for housing production and housing efforts in the community. While the 2006 Housing Element took years of hearings and negotiations with the State in order to achieve certification, it resulted in a number of significant outcomes. Appendix 4.1-2 provides a comprehensive review of the program goals for that 2006 Element, with key highlights summarized below:

- Rezoning program of six sites (30.5 acres total) for higher density housing to address the needs for housing for lower income residents. These sites will provide development potential for 610 units of new housing in the community over the years, with a high proportion protected with permanently affordability restrictions (for both rental or ownership units).
- Committing a minimum of \$15 million of Redevelopment Agency housing funds to assist in the development of the newly rezoned higher density sites.
- Modifying the County's inclusionary housing policies to require broader financial contributions from developers to assist in affordable housing activities.

- Creating minimum density standards for urban infill sites to ensure that these sites are utilized at the proper densities for housing production.
- Streamlining regulations related to the construction of second units on properties. These changes have resulted in an increase of these smaller units that generally serve as more affordable rental units, serving the needs of smaller households.

These and other policies and programs contained in the 2006 Housing Element had a significant impact in terms of addressing the needs for affordable housing in the community. In order to accomplish similar outcomes for this document, it is important to clearly identify both state-required and locally-defined housing needs and develop programs that effectively address those needs.

PUBLIC PARTICIPATION

Given the importance of the Housing Element in addressing the housing needs of the local community, a key component to developing an effective housing element is public participation. Not only should the public be involved in developing the initial goals that guide the document preparation, but formal public hearings should be conducted to review the draft document.

Appendix 4.1-3 provides more details on the public participation process, which includes:

- Appendix 4.1-3 provides a list of the commissions, committees and non-profit organizations that were contacted about the Housing Element preparation process and public workshops and will continue to be contacted about the Housing Element adoption and implementation processes. These organizations represent the variety of interested stakeholders in housing issues—from extremely low-income households to real estate professionals.
- Three public workshops, conducted in conjunction with the County's Housing Advisory Commission, were held before development of this document to solicit initial public ideas and concerns. Those workshops took place in the south, central and north county areas at convenient evening hours. Appendix 4.1-3 provides a summary of the input received at those workshops and a summary of policy ideas adopted by the Housing Advisory Commission at the conclusion of those workshops.
- The Housing Advisory Commission, Planning Commission, and Board of Supervisors will conduct public hearings prior to taking action on the Draft Housing Element.
- Additional public input will be solicited in developing programs to implement the Housing Element's recommended activities.

ORGANIZATION OF THE HOUSING ELEMENT

One key goal of this Housing Element is to provide a user-friendly format for use by the general public. In order to address State legal requirements, past housing elements have tended to be loaded with highly technical information, distracting the reader from the larger context of our local housing challenges. Therefore, whenever possible, technical information has been summarized in the document, with the more detailed backup information provided in the appendices. As well, the sections have been reorganized to provide a more logical flow of information, leading up to the critical objectives, goals, policies and programs that will guide the community's housing efforts over the next five years.

Therefore, this document, which is included in the County General Plan as Chapter 4, is organized into nine sections, as follows:

- Section 4.1 – this Section -- serves as the introduction.
- Section 4.2 – Community Profile -- provides background on population, employment, and housing trends in Santa Cruz County.
- Section 4.3 – Housing Needs -- presents the County's housing needs, both as defined by the State and to meet local needs. This Section also explores the housing needs of special needs populations and the importance of protecting existing affordable housing resources.
- Section 4.4 – Housing Constraints -- describes the governmental and non-governmental constraints to affordable housing provision and outside factors that impact our housing market.
- Section 4.5 – Opportunities for Energy Conservation -- addresses State requirements with regard to integrating energy-efficiency and global warming concerns into the land use planning and housing development process.
- Section 4.6 – Housing Sites Inventory -- presents a detailed inventory of potential housing development that is possible under the current General Plan, zoning and other policies.
- Section 4.7 – Quantified Housing Objectives, Goals, Policies & Programs -- establishes quantified housing objectives (to meet both State and locally-identified needs), housing goals, and policies and programs to address the needs identified in the earlier sections of the Housing Element.
- Section 4.8 – Conclusion
- Appendices – Background and technical materials.

DEFINITION OF TERMS

The world of affordable housing, like so many others, contains its own vocabulary. As a result, regardless of efforts to minimize the use of technical terminology, one cannot discuss the topic of housing affordability without learning some new terms. This

document attempts to define those terms as they are introduced, but there are a few key terms that are fundamental to understanding a housing element. Those are introduced here:

- *"Affordable Housing"* is a term that is used loosely in many quarters meaning different things. For the purpose of this document, the term literally means housing that costs no more than 30 percent of a household's gross monthly income. (For rental housing, the residents can pay up to 30 percent of gross income on full-service rent, including utilities, or the combination of rent and separate utility costs. For homeownership, residents can pay up to 30 percent on the combination of mortgage payments, property taxes, homeowners insurance, and utility costs.) Given the primary focus of this document -- addressing the housing needs of those with lower incomes -- the focus is on those with incomes below median income.
- *"Area Median Income (AMI)"* is the income figure representing the middle point of all Santa Cruz County household incomes. Half of all households earn more than or equal to this figure and half earn less than or equal to this figure. The AMI is set by the State annually and varies according to the size of the household. For the year 2009, the AMI for a four-person household in Santa Cruz County is \$83,800, and for a one-person household, the AMI is \$58,666. In general, the four-person AMI is used as the standard. Figure 4.3.2 shows the 2009 income range for households in each of the income categories.
- *"Above Moderate Income Households"* are households earning more than 120 percent of the Santa Cruz County AMI. In spite of the difficulty that many households in this income category have in purchasing housing in our area, these households are not eligible to participate, by State law, in traditional affordable housing assistance programs.
- *"Moderate Income Households"* are households earning between 80 and 120 percent of the Santa Cruz County AMI. These households typically are eligible for programs that assist in the purchase of homes.
- *"Low Income Households"* are households earning between 50 and 80 percent of the Santa Cruz County AMI. Programs that serve the needs of these households typically focus on subsidized rental units.
- *"Very Low Income Households"* are households earning between 30 and 50 percent of the Santa Cruz County AMI. Programs that serve the needs of these households typically focus on subsidized rental units.
- *"Extremely Low Income Households"* are households earning below 30 percent of the Santa Cruz County AMI. Generally, households in this income category qualify for special programs for special populations (farmworkers, homeless, etc.)
- *"RHNA"* is the Regional Housing Needs Assessment process that assigns numeric housing goals for the County to accommodate in the Housing Element

for the current planning period (2007-14). This will be discussed in more detail in Section 4.3 of the Housing Element.

APPENDICES FOR THIS SECTION

- 4.1-4 Affordable Housing in the Coastal Zone
- 4.1-5 2006 Housing Element Status
- 4.1-6 Public Participation Details

4.2: COMMUNITY PROFILE

State law requires the Housing Element to provide a comprehensive analysis of issues that impact housing and housing affordability in the unincorporated area of Santa Cruz County. This Section of the County's Housing Element presents and analyzes some of the basic characteristics of households in the County as a whole and the unincorporated area in particular, including the number of households, household income and size, employment, and population trends. It also analyzes information relating to the quality, availability and cost of a variety of housing types in the County, including the costs to rent or purchase, the availability of different types of housing units and the age of the housing stock. By analyzing household characteristics and trends in relation to the quality and availability of housing, it is possible to more precisely understand the greatest needs in the community related to housing, and to anticipate future needs¹.

In order to provide the widest exploration of these issues, this Section relies on data from a number of sources. Much of the data comes from the most recent census – conducted in 2000. As a result, some data trends do not reflect current circumstances. The current economic downturn that began in 2008, and the “dot.com” bust of 2000-01 have had dramatic impacts on many issues, including employment and housing prices, both of which took place after the 2000 Census. At this time it is premature to speculate whether the impacts of the current economic conditions will dramatically alter the trends from the long-term data, or will prove to be a short-term anomaly.

OVERVIEW AND SUMMARY

The data provided in this Section can be a bit overwhelming, with numerous charts and tables displaying a range of data — including population changes, ethnicity breakdowns, age distributions, etc. For those readers not wishing to weigh into the technical details, the following paragraphs provide a brief overview of what all that data means.

Santa Cruz County's population has grown at a modest rate over the years, a rate that has steadily decreased over time. In terms of ethnicity, the community is mostly Non-Hispanic White, but the Hispanic/Latino population has become a significant and growing segment of the population. In spite of that, the community remains less ethnically diverse than the State as a whole. Not surprisingly, the over-40 segment of the population has grown at the fastest rate, reflecting the aging of the baby boomer population. The Association of Monterey Bay Area Governments (AMBAG) projects that the County will continue to age in the coming decades.

Over 65% of the households in the County are comprised of families, mostly of 2-3 persons. Not surprisingly, homeowners tend to be older and Non-Hispanic White, while renters are often younger and more ethnically diverse.

¹ Note: Data used in this section is the entire Santa Cruz County population, including the four cities of Capitola, Santa Cruz, Scotts Valley and Watsonville, unless otherwise noted.

Over 60% of the housing stock is comprised of single-family detached homes, a trend that has not changed much over the past 20 years. But over 50% of the housing units were built almost 40 years ago, suggesting that much of our housing stock either has been substantially remodeled or is in need of rehabilitation. As one would expect, most residential units are 3-bedrooms or smaller. Most likely because of high housing costs, many units are overcrowded (have too many resident for the number of bedrooms). Over the past decade, there has been a significant trend toward second homes in the County, which has resulted in fewer units being available for local households. Vacancy rates for local housing units (i.e., not including vacation homes) are generally low, but ownership-housing vacancies have increased recently due to increased foreclosure activity.

Incomes of households in the County have changed over time, with the percentage of lower income households dropping and the percentage of higher income households increasing. In fact, the greatest percentage growth in the 1990-2000 decade was for households with incomes over \$150,000. Those with lower and higher incomes tend to be concentrated in particular areas of the County, with lower income households concentrated in the Live Oak and South County areas, and higher income households concentrated in the Aptos/Corralitos and Scotts Valley areas. Finally, because of the nature of the economy in Santa Cruz County, which depends greatly on tourism and agriculture, the vast majority of local jobs pay at levels that do not adequately cover typical housing costs.

Over recent decades, the community has experienced interesting educational outcomes, with the percentage of high school graduates dropping, but the percentage of college graduates increasing. This presents both a challenge and opportunity for the area, with a supply of well-educated residents ready to enter the workforce, but also a growing rank of undereducated workers in a time when low-skilled jobs are leaving the community.

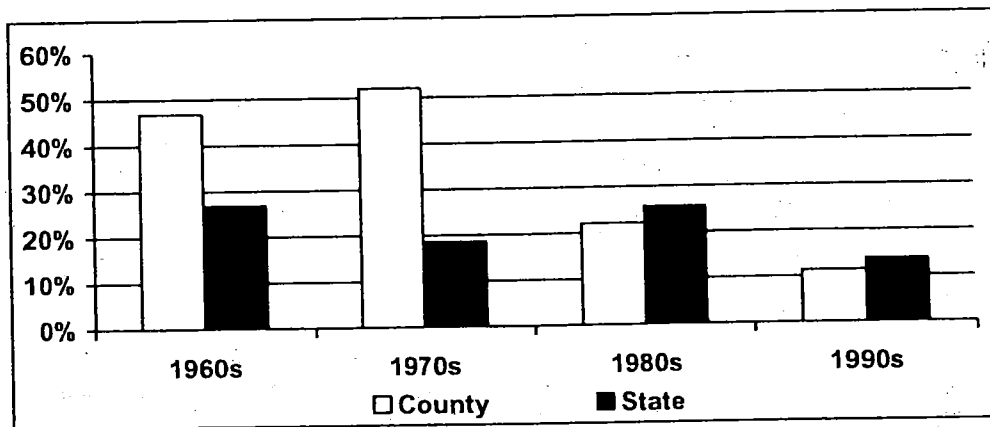
There has been a growing gap between housing prices and what people working in local jobs can afford over the years. This is true for both ownership and rental housing in the County, with those gaps growing dramatically in the 1990's and early 2000's. However, since 2008 the affordability gap for ownership units has decreased considerably. Unfortunately, the recent changes in the economy have put even greater pressures on the rental market, as ownership units have faced foreclosure. In general, over time households have been paying larger percentages of their incomes to address housing costs. This presents an even greater challenge to the County's Hispanic/Latino residents, as they comprise a higher percentage of renters.

In summary, the combination of the County's economy, demographics and housing stock present many challenges for local residents. The rest of this Section provides a more detailed discussion of these issues that shape our local housing market

POPULATION TRENDS

The population of Santa Cruz County, including its four cities, grew by over 11 percent between 1990 and 2000. This growth rate represents a significant decline from prior decades, which experienced decade growth rates of up to 52% per decade (see Figure 4.2.1 below). (More detailed data is provided in Appendix 4.2-1.) The Association of Monterey Bay Area Governments (AMBAG) projects that the County's rate of growth will continue at a lower level, and will grow by 4.5% between 2000 and 2010, representing an increase of 11,439 persons who will need to be housed in the County's four cities and its unincorporated area between 2000 and 2010.

Figure 4.2.1: 10-Year Population Growth Rates in Santa Cruz County vs. State



Source: US Census Bureau

RACIAL/ETHNIC COMPOSITION OF SANTA CRUZ COUNTY AND THE STATE OF CALIFORNIA

Compared to 1990, in 2000 there were fewer self-identified White residents in the County and more residents who did not identify with any of the described racial categories, but instead identified themselves as "other", mostly because the Hispanic/Latino category is considered by the Census to be an ethnicity, not a race, and most Latinos therefore identified themselves as "other" in the race category.

As shown in Figure 4.2.2, the 2000 Census reported that Santa Cruz County residents were predominately White (75%), with small percentages of the population identified as from other racial groups. That Figure also shows the changes between 1990 and 2000 in racial identification for the County and State.

Figure 4.2.2: County and State Population by Race 1990 and 2000

Race	1990		2000	
	Santa Cruz	California	Santa Cruz	California
White	83.9%	69.0%	75.0%	59.5%
Black	1.1%	7.4%	1.0%	6.7%
American Indian and Alaska Native	0.8%	0.8%	1.0%	1.0%
Asian	3.7%	9.6%	3.4%	10.9%
Native Hawaiian and Pacific Islander	Included as part of Asian Race		0.1%	0.3%
Other	10.4%	13.2%	15.0%	16.8%
Two or more races	Not included in Census		4.4%	4.7%
Total	100%	100%	100%	100%

Source: US Census Bureau

As Figure 4.2.3 indicates, compared to the racial makeup of California as a whole, Santa Cruz County has significantly more self-identified "White" residents (15% more than the State), and a smaller proportion of people in the Black/African American, Asian or "other race" categories.

Figure 4.2.3: Comparison of Hispanic/Latino Ethnicity by County and State Population

	1990		2000	
	Santa Cruz County	California	Santa Cruz County	California
Hispanic/Latino (of any race)	20.4%	25.8%	26.8%	32.4%
Not Hispanic/Latino (of any race)	79.6%	74.2%	73.2%	67.6%
Total	100.0%	100.0%	100.0%	100.0%

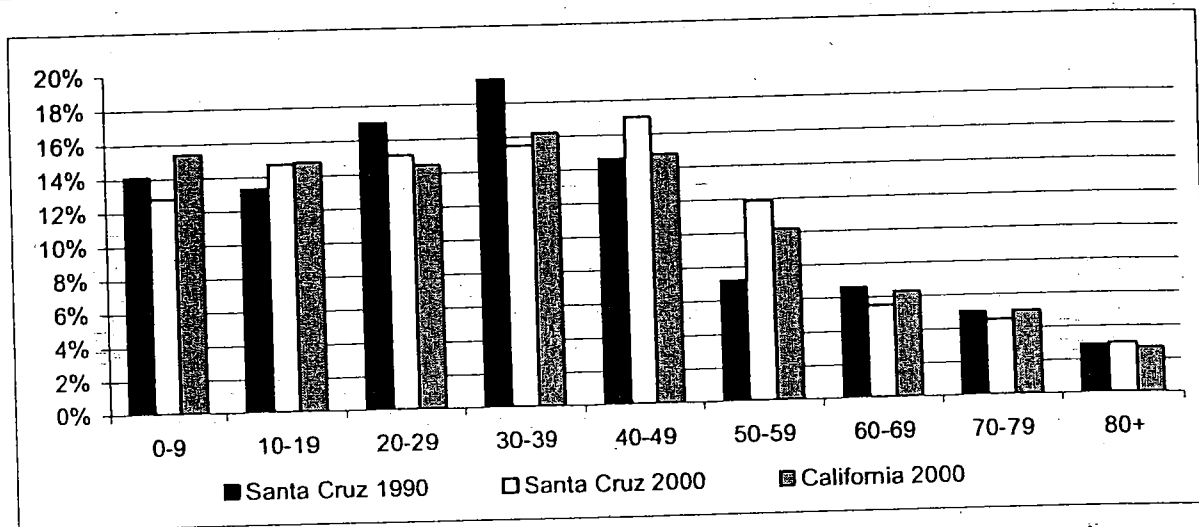
Source: US Census Bureau

It should be noted that the US Census Bureau considers "Hispanic/Latino" to be an ethnicity, not a race. This is because persons of Hispanic/Latino ethnicity can be of any race. Figure 4.2.3 shows that approximately 27% of Santa Cruz County residents classified themselves as Hispanic/Latino in 2000, compared to only 20.4% in 1990. However, the County's 2000 Hispanic/Latino percentage is lower than the statewide percentage of 32.4%. Similar to the State, the overall percentage of Hispanic/Latinos grew in Santa Cruz County during the 1990's, and likely has continued to do so since 2000.

AGE DISTRIBUTION

Figure 4.2.4 depicts the age distribution in Santa Cruz County in 1990 and 2000 compared to the State of California. The number of residents aged 50-59 increased 84% between 1990 and 2000. The 40-49 age group also experienced a substantial increase (up 27%) between 1990 and 2000. This trend is most likely explained by the increasing age of the large "baby boomer" population.

Figure 4.2.4: Age Distribution of County and State in 1990 and 2000 as a Percentage of the Population



Source: US Census Bureau

Conversely, Santa Cruz County's population experienced a relative decrease in the proportion of individuals in the 20-29 and 30-39 age groups during the 1990's. This decrease may reflect that this generation is comprised largely of young, mobile individuals and families that have difficulty living in Santa Cruz due to the high cost of living and relative lack of sufficiently high paying jobs, or simply illustrate the aging of the baby-boomer generation.

NUMBER AND SIZE OF HOUSEHOLDS

The number of households (i.e., occupied housing units) in Santa Cruz County increased by 8.3% between 1990 and 2000 (Figure 4.2.5). One would expect average household size to increase substantially in high cost housing markets as more people crowd into smaller housing units in order to share the high costs. However, in Santa Cruz County, the household size remained relatively stable between 1990 and 2000 (a 1.9% increase), closely paralleling the average household size for the State of California (2.87 persons per household).

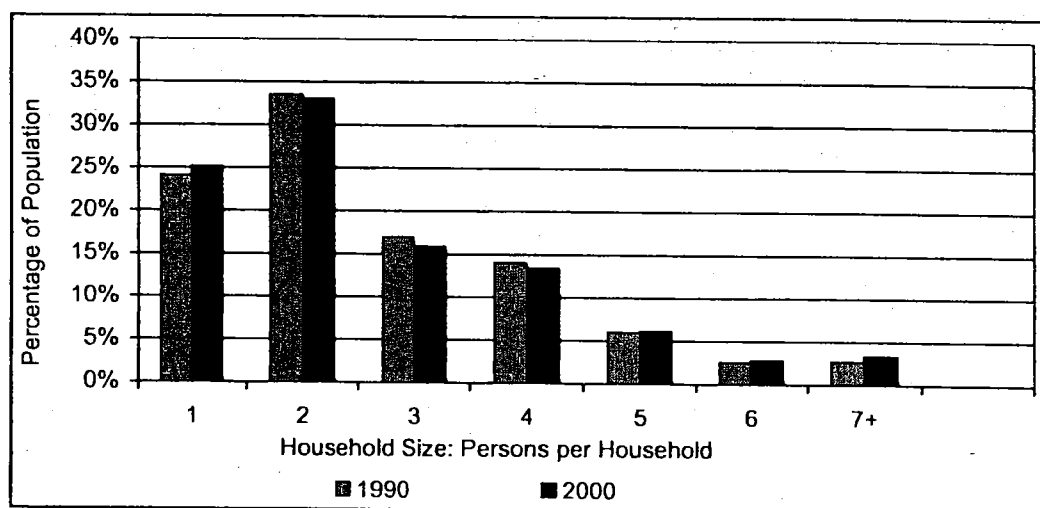
Figure 4.2.5 Estimated Number and Size of Households for Santa Cruz County and the State of California

	County (1990)	County (2000)	% Growth	California (1990)	California (2000)	% Growth
Households	83,566	91,139	8.3%	10,381,206	11,502,870	9.8%
Persons per Household	2.66	2.71	1.9%	2.80	2.87	2.5%

Source: US Census Bureau

In 1990, most households in the County contained two or three members. While large households (5+ persons) comprised only about 12% all households in 2000, there was a slight increase in the proportion of larger households between 1990 and 2000 (Figure 4.2.6). (Detailed data is provided in Appendix 4.2-3.)

Figure 4.2.6: Household Sizes in County, 1990 & 2000



Source: US Census Bureau

HOUSEHOLD COMPOSITION

Figure 4.2.7 illustrates changes in household composition between the 1990 Census and 2000 Census. Although Santa Cruz County was once described as a retirement community, the number and proportion of households comprised of elderly persons in the County has decreased over the past several decades. (However, the latest AMBAG forecast indicates that this trend will reverse in coming decades as the baby-boomer generation ages.) Contrary to what would be expected in communities with high rental rates, the percentage of people living alone remained stable. Other categories, such as persons living in group quarters, institutionalized, and families with children remained relatively constant with only a slight decrease between 1990 and 2000.

Figure 4.2.7: Household Composition by Type in Santa Cruz County

Households	1990		2000	
	Number of Households	% of Total	Number of Households	% of Total
Family households	53,752	64.3%	57,132	62.7%
Non-family households	29,814	35.7%	34,007	37.3%
Elderly (65+) Households	18,475	22.1%	18,173	19.9%
People Living Alone	20,137	24.1%	22,905	25.1%
Families With Children	27,744	33.2%	29,111	31.9%

Source: US Census Bureau

HOUSING STOCK

According to the US Census Bureau, in 2000 the majority of housing units in Santa Cruz County were single-family homes (63% of the housing stock in 2000) (Figure 4.2.8). Overall, there was very little change in the proportion of multi-family and other types of homes between 1990 and 2000. However, according to the Census Bureau, there was a slight decrease in the number of mobile homes within Santa Cruz County between 1990 and 2000.

Figure 4.2.8: Housing Units by Number in Structure

Units in Structure	1990		2000	
	# of Units	%	# of Units	%
1-Unit Detached	58,316	63.5%	62,706	63.4%
1-Unit Attached	7,376	8.0%	8,750	8.8%
2 Units	3,050	3.3%	3,181	3.2%
3 or 4 Units	4,608	5.0%	5,187	5.2%
5 to 9 Units	3,181	3.5%	3,622	3.7%
10 to 19 Units	2,782	3.0%	2,560	2.6%
20 or More Units	3,933	4.3%	5,604	5.7%
Mobile Home	7,157	7.8%	6,916	7.0%
Boat, RV, Van, etc.	1,475	1.6%	347	0.4%
Total	91,878	100%	98,873	100%

Source: US Census Bureau, Census 1990 and 2000

* 1-unit attached include zero lot-line unit, attached garage units, etc.

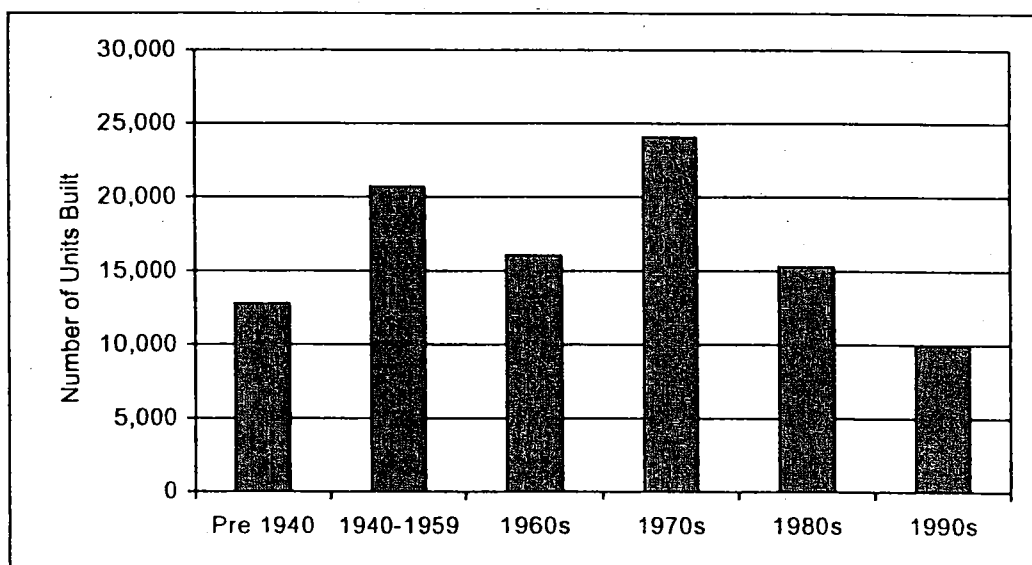
**The categories for "Mobile Home" and "Boat, RV, Van, etc." do not correspond in the 1990 and 2000 Census data.

AGE AND CONDITION OF HOUSING STOCK

The age and condition of the housing stock is an additional factor in housing adequacy and availability in many communities. Although age does not always correlate with substandard housing conditions, neighborhoods with a prevalence of homes more than 40 years old are more likely than newer neighborhoods to have a concentration of housing problems related to deferred maintenance, inadequate landscaping, outdated utilities or interior amenities. Therefore, it is useful to look at the age of the housing stock to determine where inadequacies may lie, or why certain units remain vacant.

Figure 4.2.9 shows that more housing units in the County were built between 1970-1979 than during any other decade. However, the data indicates that over 50% of the housing stock in Santa Cruz County was built prior to 1970 (i.e., almost 40 years ago). Given the age of the housing stock, it is likely that many units in Santa Cruz County have been upgraded or are in need of rehabilitation. Permit records, Building and Code Enforcement records indicate that substantial work is taking place on these older structures. In particular, neighborhoods in the Live Oak Planning Area and the San Lorenzo Valley Planning Area are in need of rehabilitation and updating, particularly in structures built before 1960. While many of these structures are now receiving the care and maintenance they require, these two planning areas have additional needs for rehabilitation. According to field staff in the Building and Code Enforcement sections, in most cases, full-scale replacement of housing units has not been necessary, and the majority of the County's housing stock will continue to be viable, with maintenance and some renovation, for the duration of the planning period. The County continues to work on simplifying the renovation and maintenance permits for existing housing, in an effort to ensure this work remains affordable.

Figure 4.2.9: Housing Units by Decade Built

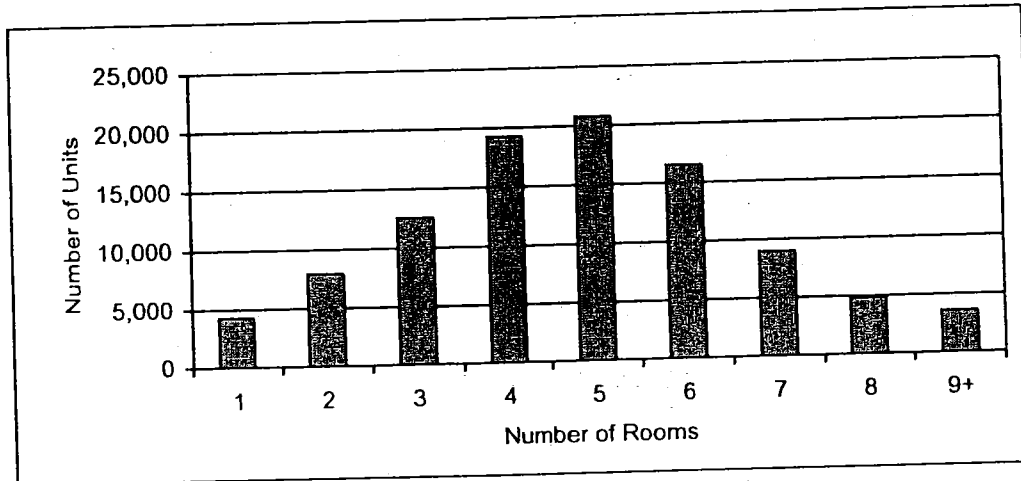


Source: 2000 Census

NUMBER OF ROOMS PER UNIT

The US Census Bureau defines "room" as including living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodger's rooms. Nearly 60% of the housing units in the County have between 4 and 6 rooms as shown in Figure 4.2.10.

Figure 4.2.10: Rooms per Housing Unit



Source: 2000 Census

From this data it can be inferred that most of the housing units within the County have 2 or 3 bedrooms. The trend in California, as in the nation, has been a shrinking average family size. However, housing stock with few rooms make it difficult for larger families to find adequate housing. In addition, larger units tend to be built for ownership by wealthier households.

OVERCROWDING

The US Census Bureau defines overcrowding as more than one person per room, and extreme overcrowding as more than 1.5 persons per room. Overcrowding typically results when either the cost of larger units available for sale or rent is more than the families can afford, or unrelated individuals (such as students or low-wage single adult workers) share dwelling units due to high housing costs. This can lead to overcrowded housing conditions.

Overcrowding can result in deterioration of the quality of life within a community. Figure 4.2.11 summarizes the overcrowding status in the County as a whole, where over 4% of the County's occupied housing units were overcrowded, and over 6% are extremely overcrowded according to the 2000 Census. With a rental vacancy rate of only 2.8%² and an above average cost of living, it is likely that a significant number of households in Santa Cruz County suffer from overcrowded conditions. The 2000 Census data

² 2000 Census

indicates that there were a significant number of housing units in the unincorporated area that were overcrowded, including 13% of renter households and 5% of ownership households.

Figure 4.2.11: Persons per Room in All Occupied Housing Units in Santa Cruz County

Persons	Number		%	
	1990	2000	1990	2000
1.00 or less	76,064	91,139	91.0%	89.1%
1.01 to 1.50 (overcrowded)	3,169	3,892	3.8%	4.3%
1.51 or more (severely overcrowded)	4,333	6,014	5.2%	6.6%
Total	83,566	101,045	100%	100%

Source: US Census Bureau

VACANCY RATES IN SANTA CRUZ COUNTY

Vacancy rates are the most straightforward indicator of existing housing need. Vacancy rates of at least 5% for rental housing and 2% for for-sale housing are considered necessary to facilitate reasonable mobility within the community. When vacancy rates fall below these levels, residents typically have a difficult time finding appropriate units and competition for available units can drive up housing prices. The combined rental and for-sale vacancy rate, excluding units that were for seasonal or occasional use, was 2.7% in unincorporated Santa Cruz County in 2000.

This rate was well below the optimum threshold, indicating that there was a need for additional new rental and for sale housing units in 2000 (see Figure 4.2.12). However, in the past year or so the County has experienced a decline in the real estate market. This has resulted in even greater pressures on the rental stock, with an increase in vacant ownership units (i.e., partly due to an increase in foreclosures).

Figure 4.2.12: Total Vacant Units and Vacancy Rate in Unincorporated Santa Cruz County in 2000

	Number of Units	Percent of Total Units
All Vacant Housing Units	5,591	9.9%
Vacant Housing Units held for Seasonal or Occasional Use	4,033	7.2%
Vacant housing units, excluding units for seasonal or occasional use	1,558	2.7%

Source: US Census Bureau – for unincorporated area only

Figure 4.2.13 shows an interesting trend in the types of vacant units Countywide. Between 1990 and 2000 the percentage of vacant for-rent and for-sale only units decreased significantly, whereas the percent of seasonal, recreational or occasional use units increased. While the County does not specifically track the location of vacation

rental homes, the neighborhoods that seem to be the most impacted by this use are the beach neighborhoods. Given the County's environment and proximity to urban areas with higher incomes, it is no surprise that the incidence of second home ownership has increased over the years. With the number of available units growing slowly over time, the competition for ownership and rental housing has generally increased over the years. That trend, at least for ownership housing, has tempered since 2008, with the downturn of the national economy.

Figure 4.2.13: Type of Vacant Units in Santa Cruz County

Unit	Number of Vacant Units in Santa Cruz County		Percent of Vacant Units in Santa Cruz County	
	1990	2000	1990	2000
For Rent	1,516	934	18.2%	12.0%
For Sale Only	1,243	424	15.0%	5.5%
Rented Or Sold, Not Occupied	601	474	7.2%	6.1%
For Seasonal, Recreational or Occasional Use	3,659	5,051 ³	44.0%	65.4%
For Migrant Workers	16	24	0.19%	0.31%
Other Vacant	1,277	827	15.4%	10.7%
Total	8,312	7,734	100%	100%

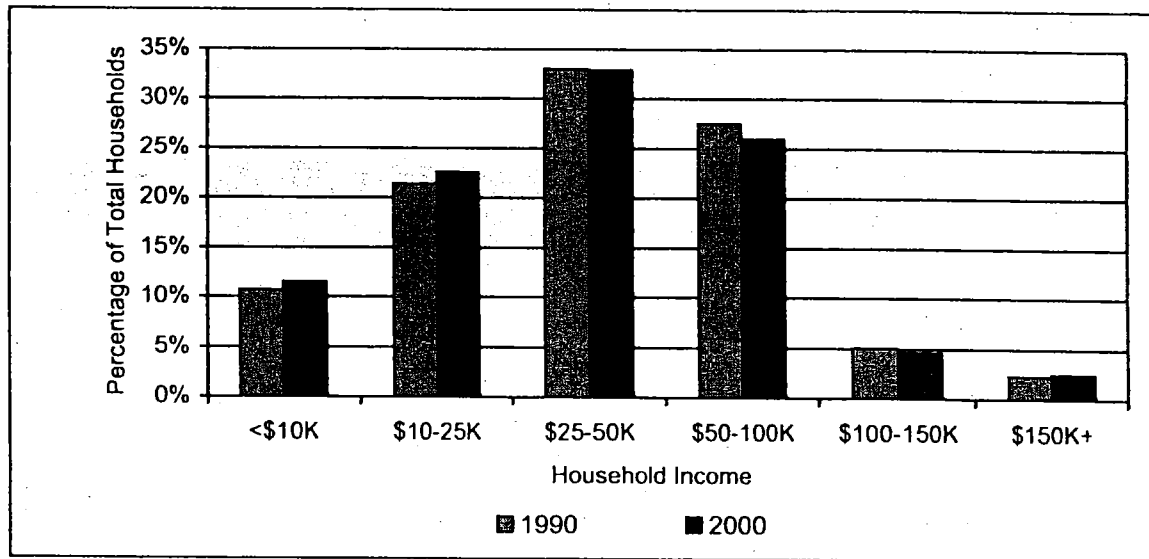
Source: US Census Bureau – for entire County

INCOME CHARACTERISTICS

Household income distribution in Santa Cruz County changed only slightly between 1990 and 2000, as illustrated in Figure 4.2.14. The percentage of households with incomes below \$50,000 per year increased, while those with incomes between \$50-100,000 decreased. Interestingly, those with incomes over \$150,000 grew. While some of this shift can probably be attributed to inflation, this trend suggests that Santa Cruz has been attracting residents with incomes high enough to afford homes or rent in Santa Cruz while many, including the elderly and younger residents (and many entry-level workers), may be unable to afford the relatively high housing costs in the County. (Detailed data are provided in Appendix 4.2-3.)

³ The difference from 1990 to 2000 includes pre-existing units that were converted to seasonal use as well as new units constructed for that purpose; the difference is not solely from new construction.

Figure 4.2.14: 1990 vs. 2000 Household Income
(Note: Not Adjusted for Inflation)



Source: US Census Bureau

Figure 4.2.15 displays the ranking of household income by geographic sub-area of the County (i.e., Census Designated Places or CDPs) and indicates that there is some concentration of poorer and wealthier areas of the County. According to this data, the Aptos/Corralitos area and Scotts Valley have the greatest concentrations of higher income households, while Live Oak and Watsonville have the greatest concentrations of lower income households.

Figure 4.2.15: Ranking of the 2000 Median Income of Census Designated Place (CDP) areas within Santa Cruz County

1	Rio Del Mar	\$75,282
2	City of Scotts Valley	\$72,449
3	Day Valley	\$72,437
4	Corralitos	\$70,781
5	Aplos Hills-Larkin Valley	\$70,417
6	Aplos	\$61,843
7	Boulder Creek	\$60,455
8	Ben Lomond	\$57,241
9	Soquel	\$55,230
	County Median (Year 2000)	\$53,998
10	Interlaken	\$53,875
11	City of Santa Cruz	\$50,605
12	Felton	\$48,102
13	Live Oak	\$47,949
14	City of Capitola	\$46,048
15	Arresti	\$45,558
16	Opal Cliffs	\$42,673
17	Freedom	\$40,600
18	Twin Lakes	\$39,057
19	City of Watsonville	\$37,617
20	Santa Cruz County Total	\$53,998

Source: 2000 Census

In evaluating household income levels, five standard income level categories are required for the Housing Element, based on what percentage a household earns of the County median income for that household size:

1. **Extremely Low-Income** (households earning less than 30% of the County median),
2. **Very Low-Income** (households earning between 30% and 50% of the County median),
3. **Lower-Income** (households earning between 50% and 80% of the County median),
4. **Moderate-Income** (households earning between 80% and 120% of the County median), and
5. **Above Moderate-Income** (households earning more than 120% of the County median).

Santa Cruz County has a very wide range in income distribution due to a large agricultural sector with many workers who earn very low wages, and a wide range of highly paid technical and management workers. These five income categories are expressed as a percentage of the County median income and are adjusted for household size. Figure 4.2.16 shows the shift of incomes associated with the five Housing Element income categories, as they have been adjusted to median income increases over time.

Figure 4.2.16: Increase in Santa Cruz County Household Income Range by Income Category (for a four person household)

Income Category	Income Range 2006	Income Range 2007	Income Range 2008	Income Range 2009
Extremely Low Income	\$0-\$23,550	\$0-\$24,390	\$0-\$26,100	\$0-\$27,810
Very Low Income	\$23,550-\$39,250	\$24,390-\$40,650	\$26,100-\$43,500	\$27,810-\$46,350
Low Income	\$39,250-\$62,800	\$40,650-\$63,350	\$43,500-\$69,600	\$46,350-\$74,150
Moderate Income	\$62,800-\$90,400	\$63,350-\$97,600	\$69,600-\$97,600	\$74,150-\$100,550
Above Moderate Income	\$90,400+	\$97,600+	\$97,600+	\$100,550+

Source: State Department of Housing and Community Development (HCD)

The State Department of Housing and Community Development (HCD) publishes estimates of household income each year for the County, based on household size and income categories (for a typical family size of four persons). These estimates are used in many jurisdictions to determine eligibility for various housing programs. The income guidelines are adjusted for household size. For a family of four, the median income was estimated to be \$83,800 in Santa Cruz County in 2009.

Income limits for different household sizes are modified annually, based on information provided to the County by the State Department of Finance. The 2009 incomes are shown in Figure 4.2.17.

Figure 4.2.17: Santa Cruz County Income Upper Limits by Category in 2009

Household Size	Extremely Low Income (< 30% of Median)	Very Low Income (30-50% of Median)	Lower Income (50-80% of Median)	Moderate Income (80-120% of Median)	Above Moderate Income (> 120% of Median)
1 Person	\$19,470	\$32,450	\$51,900	\$70,400	\$70,400+
2 Persons	\$22,260	\$37,100	\$59,300	\$80,450	\$80,450+
3 Persons	\$25,020	\$41,700	\$66,750	\$90,500	\$90,500+
4 Persons	\$27,810	\$46,350	\$74,150	\$100,550	\$100,550+
5 Persons	\$30,030	\$50,050	\$80,100	\$108,600	\$108,600+
6 Persons	\$32,250	\$53,750	\$86,000	\$116,650	\$116,650+
7 Persons	\$34,470	\$57,450	\$91,950	\$124,700	\$124,700+
8 Persons	\$36,720	\$61,200	\$97,900	\$132,750	\$132,750+

Source: HCD 2009 Income Limits

EMPLOYMENT AND WAGE CHARACTERISTICS

There were approximately 141,000 County residents in the civilian labor force in 2000. Figure 4.2.18 lists some of the average hourly and annual earnings of various professions in Santa Cruz County, taken from the 2000 Occupational Employment Statistics Survey. In 2000, services, retail trade, and government jobs dominated Santa Cruz employment, accounting for 67% of the total employment in the County. With regard to wages, only two of the random jobs listed in Table 4.2.18 pays enough to afford current rental prices (fair market rent for a 2 bedroom unit = \$30.58 in 2008), assuming a single wage earner per household.

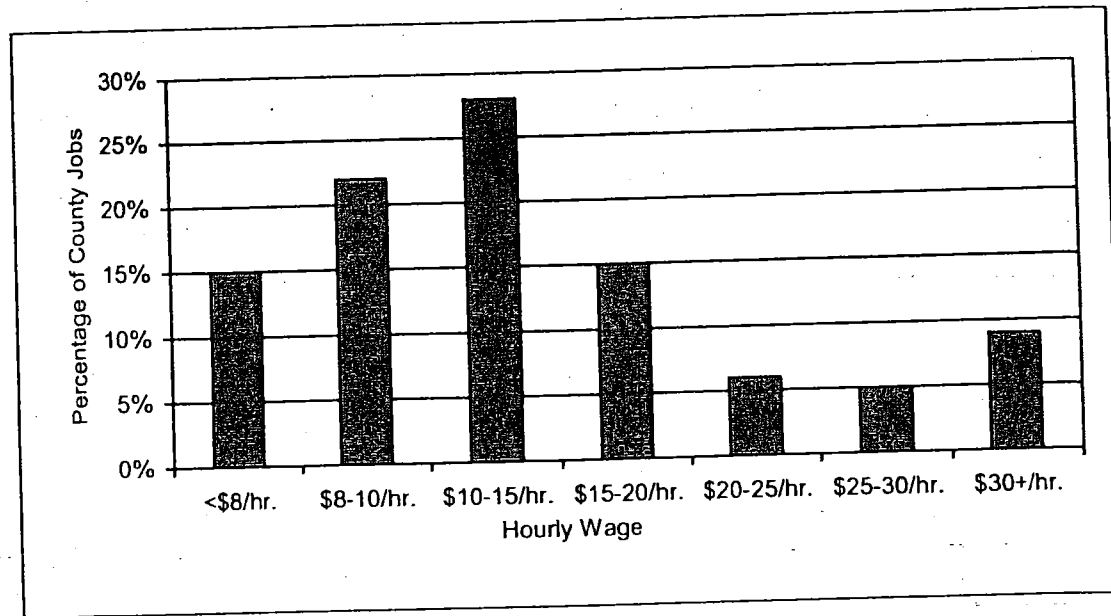
Figure 4.2.18: Occupational Employment and Wage Data for Santa Cruz County in 2000-01

Job Type	Mean Hourly Wage	Mean Annual Earnings
Salesperson, Retail	\$9.84	\$20,482
Cashier	\$9.34	\$19,438
Waiter & Waitress	\$9.75	\$20,282
Food Preparation & Svcs	\$8.81	\$18,306
General Manager	\$38.98	\$81,087
Landscaping/Grounds-keeping	\$10.94	\$22,741
Teachers/Second. School	n/a	\$48,024
Receptionist and Information Clerks	\$12.47	\$25,924
Carpenter	\$23.18	\$48,215
Farmworkers and Laborers	\$6.88	\$14,309
Bus Drivers, School	\$12.35	\$25,699
Social Workers	\$21.16	\$44,001
Registered Nurses	\$28.28	\$58,817
Fire Fighters	\$22.54	\$46,879
Hourly wage needed to pay fair market rent for a 2 bedroom rental unit in 2001: \$24.96*		
Source: Occupational Employment (2000) and Wage (2001) Data from the Occupational Employment Statistics (OES) Survey		
* Hourly wage needed to pay fair market rent for a 2-bedroom rental unit in 2008: \$30.58		

The detrimental impact of these relatively low wages becomes more significant when considered in the context of the wage distribution for jobs existing in the community (see Figure 4.2.19). Only about 20% of jobs pay wages that would enable single wage earners to reasonably cover housing costs for a typical family with a single income renting a modest apartment in Santa Cruz County.

Santa Cruz County's 2000 unemployment rate of 5.6% was higher than the State of California's rate of 4.9%. This figure decreased in the early part of the decade, but has since increased in response to the economic downturn starting in 2008.

Figure 4.2.19: County Wage Distribution in 1999



Source: 2000 Census

EDUCATION

Figure 4.2.20 illustrates the educational attainment levels of Santa Cruz County residents in 1990 and 2000. The table shows that in 2000 over 66% of the adult residents of Santa Cruz County attained additional education after high school, and less than 17% of adults had not completed high school. The percentage of the population completing high school increased slightly from 1990 to 2000, and the most recent data from the Santa Cruz Office of Education shows that the countywide, 4-year derived dropout rate is now in the neighborhood of 14%⁴.

However, the percentage of the population that completed college increased over this time period. Moreover, the general trend of Santa Cruz County residents tending to have a higher education level than residents of the State as a whole continued through the decade. This indicates that there is a large base of educated people to fill job vacancies in the County.

⁴ The 4-year derived dropout rate is an estimate of the percent of students who would drop out in a four-year period based on data collected for a single year.

Figure 4.2.20: California and Santa Cruz County Educational Attainment in 1990 and 2000 of Persons more than 25 Years Old

Educational Level	% of California State Population (1990)	% of Santa Cruz County Population (1990)	% of California State Population (2000)	% of Santa Cruz County Population (2000)
Less than 9 th Grade	9.4%	9.1%	11.5%	9.7%
9 th to 12 th Grade No Diploma	8.7%	9.5%	11.7%	7.1%
High School Graduate (or GED)	19.0%	19.3%	20.1%	16.6%
Some College No Degree	24.6%	27.9%	22.9%	25.1%
Associate Degree	8.5%	7.9%	7.1%	7.3%
Bachelor's Degree	19.3%	17.3%	17.1%	21.7%
Graduate or Professional Degree	10.4%	8.8%	9.5%	12.5%
Total	100%	100%	100%	100%

Source: US Census Bureau

HOUSING COSTS

The County of Santa Cruz vacancy rate averaged 2.7% in 2000 (not including vacation homes), which is considered to be quite low. Figure 4.2.21 shows that typical monthly rents in Santa Cruz County are extremely high, even by California standards. Due to the shortage of decent rental units, rents have increased, as more people compete for a fixed number of units. As a result, many households pay more than 30% of their income on rent, or more people are sharing living quarters. This cycle puts considerable strain on lower priced, affordable rental housing.

Figure 4.2.21: Typical Rents for Average Rental Units in Santa Cruz County in 2008

Type	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
Apartment	\$1,100-1,520	\$1,350-2,200	(uncommon) \$1,900-2,600	Rare
House	\$1,050-\$1,400	\$1,400-\$1,850	\$1,800-\$2,600	\$2,200-\$3,200+
Condominium	(uncommon) \$950-\$1,300	\$1,500-\$1,700	\$1,900-\$2,450	Rare
Average Range For all Types				
Studio	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
\$600-\$800	\$875-\$1,400	\$1,075-1,850	\$1,500-2,600	\$2,200+

Source: 2008 Planning Department Survey of Santa Cruz County Rental Properties Listed on Craigslist.

The average current rental rate in Santa Cruz County exceeds the "Fair Market Rents", which are rent levels established by the federal government for eligibility for various

rental subsidy programs. Figure 4.2.22 compares the Fair Market Rents for different sized housing units in the County with the necessary hourly wage and annual income to afford these residences.

Figure 4.2.22: 2008 Fair Market Rents for Existing Housing in Santa Cruz County					
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
2008 Fair Market Rents (FMR)	\$970	\$1,145	\$1,493	\$2,148	\$2,214
Hourly Wage Needed to Afford FMR @ 40hr/wk	\$16.59	\$18.81	\$25.17	\$32.81	\$37.77
Annual Income Needed to Afford FMR	\$34,500	\$39,120	\$52,350	\$68,240	\$78,560
Source: National Low Income Housing Coalition					

Figure 4.2.23 lists the average monthly gross rent by sub-area of the County in 2000 (by Census Designated Place or CDP).

Figure 4.2.23: Median Gross Rent in Dollars per Month for CDP Areas in Santa Cruz County in 2000		
1	Rio Del Mar	\$1,375
2	City of Scotts Valley	\$1,177
3	Soquel	\$1,147
4	Aptos	\$1,091
5	Opal Cliffs	\$1,035
6	Twin Lakes	\$998
7	Live Oak	\$979
8	City of Capitola	\$973
9	Aptos Hills-Larkin Valley	\$950
10	Boulder Creek	\$949
11	Ben Lomond	\$946
12	City of Santa Cruz	\$941
13	Interlaken	\$929
	County Median	\$924
14	Felton	\$839
15	City of Watsonville	\$742
16	Amesli	\$733
17	Corralitos	\$713
18	Freedom	\$663
19	Day Valley	\$598
Source: US Census Bureau		

In contrast, Figure 4.2.24 displays the median owner-estimated home values within Census Designated Places (CDPs) in 2000. Between the years 1990 (June-December) and 2002 (January-June), the median sale price of a single-family home in the County rose dramatically, from \$271,000 to \$499,933⁵. This represents an 84.5% increase in the median home sale price in 11.5 years. In the years since 2002 County housing prices continued their steep increase, topping out at median sales price of nearly \$750,000 in 2007 before the recent bursting of the real estate "bubble" (as illustrated in the Fig. 4.2.25 below). By 2008 the median price had fallen to \$682,000, and so far in 2009 it has precipitously dropped to near 1999 levels with a \$380,000 median price Countywide (probably due to the large number of foreclosed properties now on the market).

Figure 4.2.24: Median Owner-Estimated Home Values within CDP Areas in Santa Cruz County in 2000

1	Aptos Hills-Larkin Valley	\$570,000
2	Day Valley	\$467,400
3	Rio Del Mar	\$448,100
4	Scotts Valley City	\$447,900
5	Twin Lakes	\$435,800
6	Opal Cliffs	\$419,600
7	City of Santa Cruz	\$411,900
8	Corralitos	\$408,000
9	Aptos	\$403,400
10	Capitola City	\$397,600
	County Median	\$377,500
11	Soquel	\$357,400
12	Live Oak	\$345,500
13	Felton	\$325,900
14	Amesti	\$307,200
15	Ben Lomond	\$289,300
16	Boulder Creek	\$279,100
17	Interlaken	\$254,800
18	Freedom	\$226,400
19	City of Watsonville	\$224,700

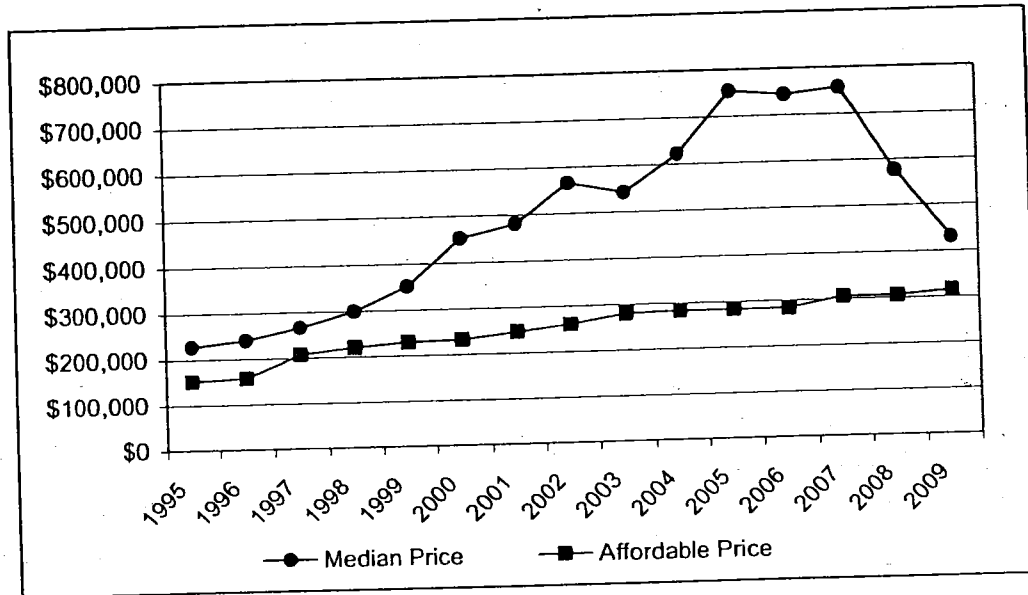
Source: 2000 Census

Figure 4.2.25 depicts the trends in the median sale price of a single-family home since 1995. This graph dramatically illustrates the recent downturn in home prices that has resulted from the economic challenges that began in 2008. Note that the rapid decline in 2008 is most likely due to the recent rise in foreclosures and does not accurately depict

⁵ Santa Cruz County Board of Realtors

the price levels of the non-foreclosure housing market. Although the median home price in 2009 is approaching a more affordable price, it is unlikely that this downward price trend will continue.

Figure 4.2.25: Median Sales vs. Affordable Home Prices, 1995-2009
(Single Family Dwellings)



Sources:

Median Price: Santa Cruz Association of Realtors

Affordable Price: County Planning Department, assumes 100% AMI for 4-person household, 20% downpayment, 7% interest rate

OVERPAYMENT

When rental rates and home ownership costs are high, many people are required to spend more of their income on housing related costs, which reduces the amount of money available for other living costs and saving for future needs. The US Department of Housing and Urban Development (HUD) defines households that pay more than 30% of their gross monthly income for housing costs, rent or mortgage and additional housing costs, as overpaying for housing. Overpayment can result in a reduction in the overall quality of life for members of the affected household. Figure 4.2.26 reflects the distribution of persons in Santa Cruz who were overpaying for housing in 2000, by income bracket.

Figure 4.2.26 shows that there is a high percentage of homeowners exceeding the 30% threshold, although the percentage drops significantly as incomes increase. For renters, the percentage exceeding 30% grows dramatically as household incomes decrease.

Figure 4.2.26: Percentage of Households Paying Over 30% of Income on Housing in 2000 (entire County)			
Income	Owners	Renters	Total number of households overpaying
Extremely Low Income*	51.5%	88.1%	9,559
Very Low Income*	54.9%	70.6%	7,604
Low Income*	56.6%	41.2%	5,323
Moderate Income*	45.7%	15.6%	5,080
Above Moderate* Income	15.2%	3.7%	3,566
*Categories are adjusted to fit Census income categories for households overpaying for housing costs			
Source: US Census Bureau, out of 77,508 computed households			

Finally, Figure 4.2.27 illustrates the percentage of income paid for housing costs by area of the County. This table indicates that in the South County there is a significantly higher proportion of households paying over 30% of household income for housing costs. While the level of overpayment for housing is considerable throughout the County, it is particularly acute in the South County areas in and around Watsonville.

Figure 4.2.27: 2007 Percent of Income Spent on Housing in Santa Cruz County			
Region	Percent of Households Spending 30% or Less	Percent of Households Spending 30%-50%	Percent of Households Spending Over 50%
North/Mid-County	59.4%	22.3%	18.3%
South County	38.0%	29.4%	32.5%
San Lorenzo Valley	51.1%	24.1%	24.8%
Source: 2008 Community Assessment Project			

HOUSING TENURE

Housing tenure is a way of describing how housing units are being utilized. Figure 4.2.28 illustrates the number of housing units occupied by renters vs. owners (tenure) and vacant units in 2000, in both the unincorporated area and the County as a whole. It indicates that the unincorporated area had a slightly higher home ownership rate than the County as a whole in 2000.

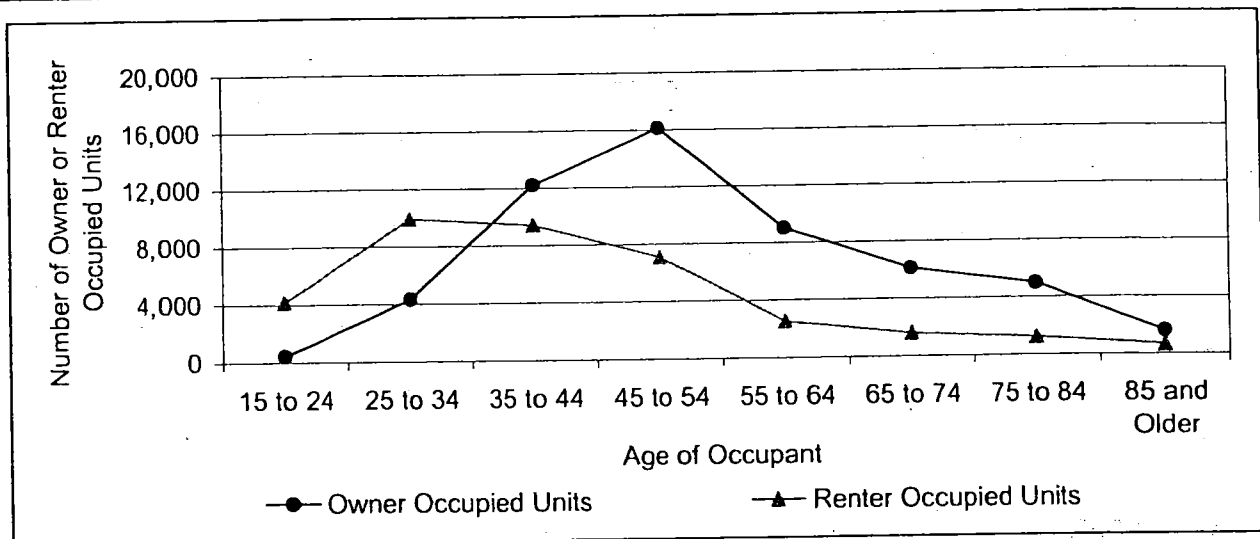
Figure 4.2.28: Housing Tenure in 2000

	Owner	Renter	Vacant	Total
Housing Units - Countywide	54,681 (55%)	36,458 (37%)	7,734 (7.8%)	98,873 (100%)
Housing Units - Unincorporated Area	34,283 (61%)	16,068 (29%)	5,591 (10%)	55,942 (100%)

Source: US Census Bureau

Overall, 55% of all Santa Cruz County residents owned their home in 2000. Of these, 25% of residents under 35, and 69% of residents over the age of 35, owned their homes in 2000. For Extremely Low Income Households these numbers were much lower. According to the 2000 Census, there were 2,038 renter households and 1,625 owner households earning less than 30% of the AMI, showing that only 44% of these households owned their homes.

Figure 4.2.29 below shows tenure by age of householder in the County, and reveals, not surprisingly, that adults aged 45 and over tended more to own their own housing units rather than rent, while younger adults mostly rented their homes.

Figure 4.2.29: Housing Tenure by Age of Homeowner in Santa Cruz County, 2000

Source: US Census Bureau

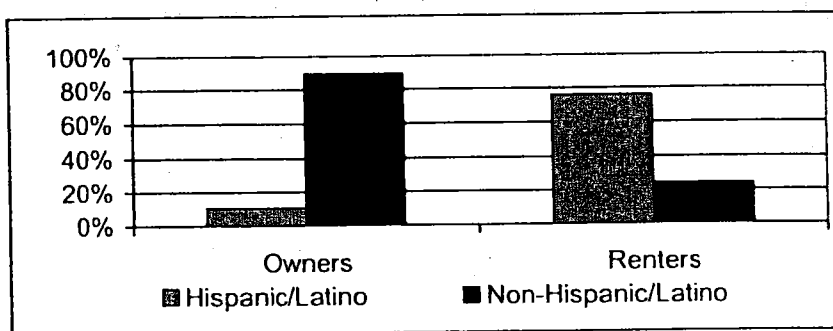
Analysis of tenure by race reveals that individuals who are White were more likely to own their own home than rent in 2000 (Figure 4.2.30). Homeownership among White households far exceeded that of minority households in the County in 2000, continuing a historic trend.

Figure 4.2.30: Housing Tenure by Race of Homeowner in Santa Cruz County in 2000 (from 2000 Census)

Race	Percentage of Owner Occupied Units	Percentage of Renter Occupied Units
White	88%	76%
Black or African American alone	<1%	1%
Native American and Alaska Native alone	1%	1%
Asian alone	3%	3%
Native Hawaiian and Other Pacific Islander alone	<1%	<1%
Some Other Race alone	5%	14%
Two or More Races	2%	5%

Finally, homeownership by Hispanic or Latino households was 13.6% lower than homeownership by non-Hispanic/Latino households in 2000, as shown in Figure 4.2.31.

Figure 4.2.31: Tenure by Ethnicity



Source: 2000 Census

CONCLUSION

This Section of the Housing Element has presented a broad picture of households in the community, and relates this information to existing housing conditions. The next Section (4.3) addresses housing needs of the general population and special population groups in the County, and also identifies existing affordable housing units that are vulnerable to losing resale/rent restrictions in the community. With this background information, upcoming sections develop policies and programs to address these needs.

APPENDICES FOR THIS SECTION

- 4.2-4 Population Growth in Santa Cruz County and the State of California (1960-2030)
- 4.2-5 Household Sizes in Santa Cruz County
- 4.2-6 Santa Cruz County and State of California Household Income

4.3: HOUSING NEEDS

Housing in Santa Cruz is an issue that is challenging for people across all socio-economic sectors and one that is discussed in newspapers, coffee shops and boardrooms across the community. The problems created by the cost of housing are well known—the very visible homeless population; the challenges of schools meeting the needs of children living in unstable, overpriced or substandard conditions; and the difficulty of hospitals recruiting health care professionals or local government attracting and retaining law enforcement officers. It is safe to say that the entire community is affected by the high cost of housing.

The challenge for the County is to address the housing need across the spectrum with planning and zoning policies and with targeted programs that do their best to address the housing needs of the community. This includes housing for those who have incomes that do not limit their housing choices, the housing needs of the community's diverse workforce, and housing for the most challenged in the community.

The Housing Element is required to set forth a "schedule of actions for the planning period" for meeting its housing needs and this section will lay the ground work for those actions by defining the housing needs of the population divided by income groups, and exploring the unique housing needs of special targeted populations.

The income groups used in this section to discuss housing needs are based on the median income. Across the country, Area Median Income (AMI) is established each year by the US Department of Housing and Urban Development (HUD). Median Income is adjusted for family size and is used as a standard for comparing housing cost and affordability in different communities.

As was discussed in previous sections of the Housing Element, housing issues are typically discussed in the context of five income categories:

- **Extremely Low-Income Households** (those earning less than 30% of the County median income);
- **Very Low-Income Households** (those earning between 30% and 50% of the County median);
- **Low-Income Households** (those earning between 50% and 80% of the County median);
- **Moderate-Income Households** (those earning between 80% and 120% of the County median); and
- **Above Moderate-Income Households** (those earning over 120% of the County median).

But, in addition to income, Housing Elements also are required to address the unique housing challenges for certain groups, including those are homeless, disabled, or

elderly, and who live in female headed households, large families and farmworker households.

WHAT DO WE MEAN BY AFFORDABLE HOUSING?

The term "affordable housing" is used in a variety of fashions, but for the Housing Element it means housing with monthly costs that do not exceed 30 percent of a household's gross monthly income. For home-ownership housing, this 30 percent proportion includes mortgage payments, property taxes, insurance, and homeowner's association dues, if applicable. For rental units, the affordable price includes both rent and utility costs.

Ability to Pay by Income Category

In order to discuss affordability by income types, the Area Median Income (AMI) standard is used. AMI as adjusted for family size provides a means of defining affordability of housing and comparing the income and affordability of housing across communities. A family of four is considered typical and, simply stated, median income means that of the households of four people in Santa Cruz County, half have incomes over the median income and half have incomes below the median.

Figure 4.3.1 shows the 2009 Santa Cruz median income adjusted for family size; it is the basis of the discussion of housing affordability that will follow:

Figure 4.3.1: 2009 Median Income Adjusted for Family Size								
Number of people in household	1	2	3	4	5	6	7	8
Median Annual Income	58,650	67,050	75,400	83,800	90,500	97,200	103,900	110,600
Source: California Department of Housing and Community Development (HCD)								

As stated at the start of this section, a "Moderate Income Household" is one with a total household income that is between 80% and 120% of the County median, meaning a household of four in the moderate-income range will have an income from \$74,150 to \$100,550. The following table illustrates affordable homeownership for a four-person household. The calculations assume a 20% down payment, a mortgage with an interest rate of 7.0% and a payment period of 30 years with total housing costs reflecting customary lending practices, i.e. 35% of gross monthly income (includes mortgage payments, taxes, insurance and \$200/mo. HOA costs). Using these assumptions Moderate Income Household will be able to afford to purchase a home priced between \$299,000- \$415,000. (It is worth noting that the 20% downpayment requirement assumes that households have between \$60,000 - \$83,000 available for a downpayment.) Figure 4.3.2 illustrates the affordability of for sale housing in each income category.

Figure 4.3.2: Affordable Housing Price Estimate for Home Purchase

Assumes four person household

Income Category	Household Income Range	Affordable Sale Price Range
Moderate (81% to 120% of Median)	\$74,151-\$100,550	\$298,767-\$414,504
Low (51% to 80% of Median)	\$46,351-\$74,150	\$176,894-\$298,767
Very Low (0% to 50% of Median)	\$46,350 or less	\$176,893 or less
Extremely Low (<30% of Median)	\$25,140 or less	\$114,000 or less

Source: Planning Department

The affordable price for rental units assumes that a household pays 30% of total household income for rent including utilities. The range of affordable monthly rent for a moderate-income household of four, then, is between \$1,854 and \$2,514 as illustrated in the Figure 4.3.3.

Figure 4.3.3: Affordable Housing Price Estimate for Rental Units

Income Category	Household Income Range	Affordable Rent Range	Midpoint of Affordable Rent Range
Moderate (81% to 120% of Median)	\$74,151-\$100,550	\$1,854-\$2,514	\$2,184
Low (51% to 80% of Median)	\$46,351-\$74,150	\$1,159-\$1,854	\$1,507
Very Low (30% to 50% of Median)	\$25,140-\$46,350	\$629-\$1,159	\$894
Extremely Low (<30% of Median)	\$25,139 or less	\$628 or less	N/A

Source: Planning Department

Since 1980 the County's inclusionary ordinance, commonly known as Measure J, has been building affordable housing at a rate of approximately 15% of new housing projects. Nonetheless, over time there has been a significant gap between affordable home prices and market prices (see Figure 4.2.25) and the proportion of the overall housing stock priced at "affordable" levels is not adequate to meet local needs. And while Measure J enables rental projects that set aside 15% of the units for affordable rentals, rental projects have generally not been proposed. This dearth of rental housing is consistent with nationwide trends affected by years of gentrification and housing policy that has supported homeownership over rental housing.

Not unexpectedly, "Lower", "Very Low" and "Extremely low" income households have particular difficulty locating affordable rental housing absent affordability restrictions or

subsidies. As a result, many Santa Cruz County residents are paying more than 30 percent of gross income for housing costs. In fact, the 2008 Community Assessment Project finds, that almost 60% of low-income households in Santa Cruz County paid more than 30% of their incomes for housing.⁶ Again, consistent with nationwide trends, the National Low Income Housing Coalition identified a shortage of 2.8 million rental units affordable to very low-income households “before the housing bubble burst”.⁷

Meeting the housing needs of Extremely Low-Income (ELI) households is particularly challenging and the County recognizes that people and families with extremely low incomes have a range of housing needs, some of which include the need for supportive services linked with permanent housing. County strategies include the following, in addition to committing RDA funds to housing developments for seniors and to encouraging the development of smaller units:

- The County recognizes that the most important need for ELI households is affordable rental housing. Deed restricted affordable housing, which often targets a particular population is supported through the strategic commitment of Redevelopment Agency (RDA) Low and Moderate Income Housing Funds. These funds can leverage State and federal housing funds, many of which target identified ELI populations, including farmworker households, large families, and seniors.
- To encourage the creation of units affordable to ELI households in the private sector, regulatory barriers to second units have been reduced. The County is currently working to designate units of 500 square feet or less as one-half of a unit, a move intended to make the construction of these units feasible and attractive.
- The Planning Department has a Memorandum of Understanding with the Mental Health Department to effectively implement a housing strategy using housing funds provided through the Mental Health Services Act (MHSA). These funds are being used to develop permanent affordable housing resources for MHSA eligible individuals and families.
- Housing and services for people who are homeless are coordinated through the HUD mandated Continuum of Care process, locally called the Housing Action Partnership (HAP). The HAP is led by the County’s Human Services Department with staff provided by the Planning Department’s Housing Section. The HAP oversees emergency shelter, transitional housing and permanent housing for people who are homeless. It also works to develop programs and identify funding to prevent homelessness and rapidly re-house people who have become homeless. These efforts have recently resulted in the award of \$4 Million for three Santa Cruz County collaborations.

⁶ Community Assessment Project 2008; United Way of Santa Cruz County

⁷ “Out of Reach 2009”; National Low Income Housing Coalition

REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

State law requires that the Housing Element include *"documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels...[including] the locality's share of the regional housing need."* The California Department of Housing and Community Development (HCD) creates estimates for the overall housing unit demand for the two-county Monterey Bay region (i.e., Monterey and Santa Cruz Counties). This is known as the "Regional Housing Construction Need" and is expressed as the number of housing units that should be planned for over a 7.5 year period to accommodate the needs of households in each income category. The Association of Monterey Bay Area Government (AMBAG) then distributes that regional number to each of the local jurisdictions (i.e., cities and counties) in the region. This is the "Regional Housing Needs Allocation" (RHNA), in which each city and county is assigned its "fair-share" of HCD's projected overall housing need, broken down by the number of units needed in each of the four⁸ income categories, so that lower income households will be proportionately and fairly distributed throughout the region.

Figure 4.3.4 shows the AMBAG adopted RHNA estimates for housing demand in each jurisdiction within Santa Cruz County, and for the entire Monterey Bay region. AMBAG has projected a need for 1,289 total new housing units in the unincorporated area of the County during the 7.5 year planning period between January 1, 2007 and June 30, 2014. AMBAG's determination included the distribution of housing units by income category as established by HCD's regional allocation.

⁸ By State law, the "Very Low Income" figure has subsequently been split by the County into Very Low and Extremely Low income categories, resulting in five income categories.

Figure 4.3.4: AMBAG Regional Housing Needs Allocation for 2007-2014 Planning Period

Income Group	Total Housing Units Required	Above Moderate Income Units	Moderate Income Units	Low Income Units	Very Low Income Units
<i>Required Percentage</i>	100%	42%	19%	17%	22%
Regional Total	15,130	6,335	2,870	2,545	3,380
Monterey County	11,915	4,989+	2,260	2,004	2,662
Santa Cruz County	3,215	1,346	610	541	718
Unincorporated Santa Cruz County	1,289	539	245	217	288 ⁹
City of Capitola	143	60	27	24	32
City of Santa Cruz	672	282	127	113	150
City of Scotts Valley	188	78	36	32	42
City of Watsonville	923	387	175	155	206

RELATIONSHIP TO HISTORICAL HOUSING PRODUCTION

The Regional Housing Needs Allocation (RHNA) is required to be used as the basis for the Housing Element in each local jurisdiction's General Plan, thereby ensuring that cities and counties have established planning and zoning policies that *allow* for the development of an adequate number of housing units across income categories. But the State cannot require that the RHNA units actually be *built*, as actual housing production is a function of the market, the economy and many other factors.

While the current AMBAG RHNA projects that 1,289 new housing units will be needed during the 2007-14 Housing Element planning period (i.e., an average of 172 units per year), the production of such units will occur as private parties assemble the land and financing necessary to build them and only if the market will support that production. To put the RHNA number into perspective, 2,007 permits for new residential units were issued in Santa Cruz County over the last 10 years (an average of 201 units per year from Jan. 1999 through Nov. 2008).

However, as stated above, the actual development of housing is largely dependent on market forces and economic conditions. During 2008, the County experienced a significant decrease in the number of permits issued for new housing units. Given the economic conditions in 2008-2009, including foreclosures and the difficulty in obtaining financing, it remains to be seen to what extent economic forces will continue to affect the actual production of housing units over the course of the planning period.

⁹ Subsequent to AMBAG's determination, the County split the Very Low Income Goal into two categories: Very Low Income (144 units) and Extremely Low Income (144 units), as required by State law.

HOUSING NEEDS OF THE GENERAL POPULATION

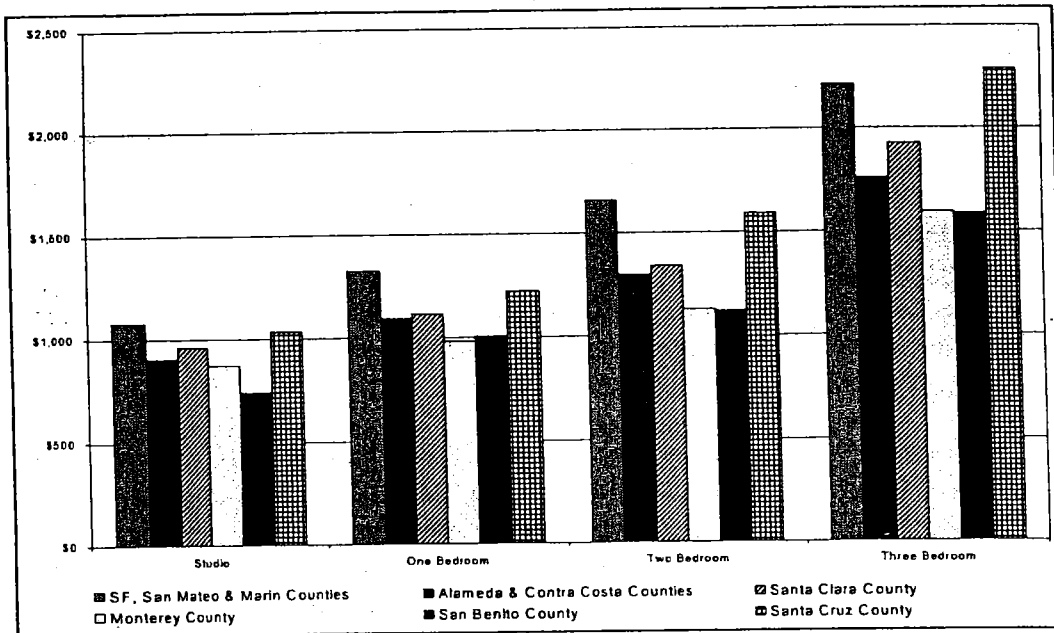
For the purposes of the Housing Element law, the income group that is at or above 120% of median income (i.e., the “above-moderate” income category) is assumed, for the most part, to have the resources to address its housing needs. While it is clear that these households are often challenged by the housing market in Santa Cruz County, the legal limits of funding for affordable housing generally do not provide assistance to households whose incomes are above 120% of median. The Housing Element is, however, required to consider the specific housing needs of people with physical disabilities and who are elderly, regardless of income. Otherwise, it is assumed that the housing needs of the above-moderate income category are being addressed through the general protections of planning and zoning policies that are in place to direct development in ways that enhance quality of life for the community, protect the environment and secure health and safety.

For those households making less than 120% of the County median -- the moderate, lower, very low and extremely low-income households — finding affordable housing can be a significant challenge. These households are eligible for a variety of housing assistance programs, as discussed in the Housing Element.

Housing affordability varies across the County, and the location, type, quality, and size of housing unit can have an effect on the price of housing. These factors are in play to create some housing units that are relatively affordable compared to others. Mobile home parks, for instance, have been an important source of relatively affordable housing for many years, with 67 parks in the unincorporated units containing 4,249 units. But the steep increase in housing prices of the past decade has rendered many of these units unaffordable to many in the community, bringing into focus the need to secure the affordability of a portion of the housing stock. Besides affordability, the pressures on the County’s housing market has resulted in housing quality that is substandard and overcrowded in too many cases.

Housing costs of available rentals are out of reach for many county residents. Compared to rents in neighboring counties and the nearby San Francisco Bay Area, rents in Santa Cruz County are relatively high with only the San Francisco/San Mateo/Marin County area comparable or higher (see Figure 4.3.5 below).

Figure 4.3.5: Comparison of Fair Market Rents by Number of Bedrooms



Source: HUD 2009

According to the National Low Income Housing Coalition, a household of wage earners would need to earn \$30.58 per hour in order to rent a two-bedroom apartment in Santa Cruz County.¹⁰

Further, the primary vehicle for housing subsidy in Santa Cruz County is the Housing Choice Voucher program (sometimes called Section 8 Vouchers) administered by the Housing Authority of Santa Cruz County in which residents pay 30% of their income for rent and the balance is paid by a federal subsidy. According to the Housing Authority, with 5,557 Santa Cruz County households on the Section 8 waiting list as of December 2008, the supply of publicly subsidized housing is not available in sufficient to meet demand. This situation is documented in Figure 4.3.6. The Housing Authority currently administers 3,735 vouchers, and 167 new families received vouchers in 2009.

¹⁰ National Low Income Housing Coalition "Out of Reach"; 2008

Figure 4.3.6: Section 8 Housing Waiting List
(as of Dec. 2008)

Persons in Household	1	2	3	4	5	6	7	8+	Total
West Santa Cruz/North Coast/Bonny Doon/UCSC	613	253	147	57	30	9	4	5	1,118
San Lorenzo Valley/Scotts Valley	204	112	61	33	11	2	0	1	424
Upper Branciforte/Dominican area/Summit	54	30	24	8	6	3	1	1	127
Eastside Santa Cruz/Live Oak	341	205	131	70	30	13	6	2	798
Aptos/Soquel	286	165	115	45	22	7	3	2	645
Watsonville/South County	551	534	579	384	227	109	44	17	2,445
TOTAL	2,049	1,299	1,057	597	326	143	58	28	5,557
Source: Housing Authority									

Because the market does not produce enough housing of adequate quality that is affordable to the range of income groups living in the community, the County has created housing programs and projects to address that need. As mentioned above, Measure J, requires that housing developments of 5 or more units set aside 15% of the units as affordable housing, meaning they will be price-restricted and sold to qualifying households at an affordable price. The units are 'deed restricted' to ensure they will remain affordable into the future. To date, 550 units have been created under Measure J in the unincorporated area of the County.

The County's Redevelopment Agency has additional programs that have produced affordable homeownership opportunities for qualifying persons and households that includes a resale price restriction. These include the First Time Homebuyer Program, the Mobile Home Change Out Program, Corralitos Creek Townhomes and Pleasant Acres and Pacific Family Mobile Home Parks. The Redevelopment Agency has also participated in affordable rental projects, some for targeted populations. See Appendix 4.3-1 for a list of affordable housing projects and programs supported by the Agency.

HOUSING NEEDS OF SPECIAL POPULATION GROUPS

In addition to overall housing needs, the County must plan for housing that meets the special housing needs of certain groups, such as seniors, persons with disabilities, large families, farmworkers, female heads of households, and people who are homeless. These needs can be accommodated through a range of housing options, including independent living, supportive housing, group housing, transitional housing, Single-Room Occupancy (SRO) accommodations, and homeless shelters. However, many of these options are dependent on funding from State and Federal sources. Clearly, housing strategies should ensure that an appropriate proportion of the market rate and affordable new units constructed in the County are suitable for, and targeted, to special needs populations. Similarly, there should be strategies to encourage more existing

units to be converted to serve these populations. The population groups that warrant particular attention because the existing housing market has not adequately met their needs include:

- Seniors;
- People who are homeless;
- People with disabilities;
- Large households (5+ people);
- Female headed households; and
- Farm worker households

Seniors

For purposes of this discussion, "senior" indicates a person 60 years or older, unless otherwise noted. There were approximately 33,307 persons 60 years or older in the incorporated and unincorporated areas of Santa Cruz County (2000 US Census). These seniors represented approximately 13% of the total County population in 2000, a decrease from 15% in 1990. However, projections indicate an increase in the percentage of seniors in future years, in part attributed to the aging baby-boomers. Although the percentage of seniors relative to the entire population in the County decreased from 1990 to 2000, the actual number of seniors has remained relatively constant. In the unincorporated area of the County only there were 18,717 persons over the age of 60 according to 2000 Census data.

While the number of people who are at least 60 years of age remained relatively constant from 1990 to 2000, there was an increase in the number of persons who are 85 years of age or older. In 1990, there were 3,059 persons over the age of 85 years in the County (incorporated and unincorporated areas); by 2000, however, that figure had increased to an estimated 3,845 persons.

Existing Residential Opportunities for Seniors

The current range of housing options for seniors includes:

- Rental Housing
 - **Market Rate Rentals:** The 2008 RealFacts rental market overview data for Santa Cruz County indicates that one-bedroom apartments were renting for an average of \$1,506, while the average rent for studios was \$1,081 per month in 2008.
 - **Subsidized Rentals:** There are two main types of subsidized rental housing for seniors; the first is the Housing Choice Voucher program (sometimes called Section 8 Vouchers) administered by the Housing Authority of Santa Cruz County in which residents pay 30% of their income for rent and the balance is paid by a federal subsidy. As

mentioned above, these vouchers are limited and have a significant waiting list. To qualify for this assistance, the maximum annual income in 2009 for a one-person household is \$32,450 and for two persons was \$37,100. In addition to Housing Choice Vouchers, there are housing developments for seniors that are subsidized through Federal, State and/or local financing programs and provide affordable rents to qualifying households. Figure 4.3.7 lists subsidized rental developments for seniors that are located in the unincorporated areas of the County. Managers of all these housing developments report 100% occupancy and waiting lists of 1-2 years.

Figure 4.3.7: Subsidized Senior Rental Projects		
Elizabeth Oaks	1460 Jose Avenue, Live Oak	48 One Bedrooms
Pajaro Vista	1955 Pajaro Lane, Watsonville	106 One Bedrooms
Paloma Del Mar	2030 Pajaro Lane, Freedom	103 One Bedrooms 26 Two Bedrooms
Seaside Apartments	30 th Avenue, Live Oak	16 One Bedrooms
Sunny Meadows	220 Ross Avenue, Freedom	24 Studios 32 One Bedrooms 64 Two Bedrooms
Via Pacifica	1860 Via Pacifica, Aptos	20 Studios 60 One Bedrooms
Volunteers of America	1635 Tremont Street, Live Oak	19 Studios 55 One Bedrooms
Woodland Heights	3050 Dover Drive, Live Oak	12 Studios 56 One Bedrooms
TOTAL		75 Studio Units 482 One Bedroom Units 90 Two Bedroom Units 647 TOTAL UNITS
Source: Planning Department		
* Subsequently annexed into the City of Watsonville.		

- **Second Units:** Second units are another housing option available to seniors. These units are separate dwelling units added to an existing single-family property that are designed for one or two person households. They are limited to 640 square feet in the urban area and 1,200 square feet in the rural area. Second units are often called "granny units" and are a traditional housing form used to house seniors in many countries, including the US. As in many other California communities, second units in Santa Cruz County are gaining in popularity. The cost of construction and permitting make Second Units expensive for most property owners, but legislation passed in 2002 (AB 1866) required that

the County approve second units ministerially. This is resulting in reduced processing time and reduced fees associated with second unit permits.

- **Shared Housing:** Another option available to seniors is shared housing, in which senior households are matched with other senior or non-senior households to share a dwelling unit. For example, a single senior who lives in a two-bedroom house could rent out one of his/her bedrooms to another single senior household. The County of Santa Cruz contributes funding assistance to Senior Network Services to provide a shared housing counseling program that matches compatible households.
- **Owner Occupied Housing for Seniors**
 - **Single Family Dwellings:** 2000 US Census data indicate that 78.5%¹¹ of the County's seniors owned their own home compared to 59.1% for County residents aged 25-64 as a whole. It is assumed that many of these households purchased their homes years ago, and have since built up equity that could potentially be used for future living expenses.
 - **Affordable Home Ownership:** There are two ownership housing developments targeted to seniors that are deed restricted for permanent affordability under the Measure J program.

Figure 4.3.8: Subsidized Senior Homeownership Projects

Casa La Familia	2296 7 th Avenue, Live Oak	23 One Bedrooms
Vista Prieta	Vista Prieta Court, Live Oak	38 One Bedrooms 14 Two Bedrooms
TOTAL		66 One Bedroom Units 14 Two Bedroom Units 80 TOTAL UNITS

Source: Planning Department

- **Mobile Homes:** Mobile homes are an important housing resource for seniors. According to the County of Santa Cruz Planning Department, there are 4,249 mobile homes in the unincorporated County. The majority of these are located in mobile home parks. There are 15 mobile home parks that are restricted to occupancy by seniors age 55 years and older, totaling 1,217 units. Rules or regulations restricting the age of park residents must comply with the provisions of the federal Fair Housing Amendments Act of 1988 and implementing regulations. To ensure their continued use as mobile home parks, the County adopted Chapter 13.30 of the County Code (Mobile Home Park Conversions) and Section 13.10.455 (Mobile Home Park Combining District). The first restricts mobile home park owners from converting parks to other uses. The second requires that a rezoning be a part of any mobile home park conversion. Further, the County has had in place for decades a Mobile

¹¹ 25,934 County seniors owned their own home according to the 2000 US Census, while 7,103 seniors rented.

Home Rent Stabilization Ordinance, which regulates rent increases. One area of concern with mobile homes is to ensure that they are maintained and repaired when necessary.

- Supportive Housing for Seniors

- **Congregate and Independent Living Facilities:** In addition to "traditional" rental units, there are also congregate living and independent living facilities in Santa Cruz County. These facilities typically are "apartment-like," in that each household has a single living unit with a kitchen and bathroom facilities but there is also a common dining facility with at least one meal provided per day. In addition, there may be other amenities offered that include transportation for shopping and cultural events, crafts and entertainment facilities, and meeting rooms. There are currently 5 congregate and independent living facilities located throughout Santa Cruz County and its four cities. These facilities are comprised of a total 588 units. Dominican Oaks is the only congregate care facility that provides "affordable inclusionary units" based on rates established by the County of Santa Cruz as 30% of monthly income, and is also the only facility located in the unincorporated area of the County. Dominican Oaks provides a total of 156 congregate care living units, 52 of which are affordable.

Figure 4.3.9: Subsidized Congregate Care Projects

Dominican Oaks	3400 Paul Sweet Road	44 One Bedrooms 7 Two Bedrooms
Source: Planning Department		

- **Residential Care for the Elderly:** There are also residential care options available in Santa Cruz County. The term residential care refers to a system of custodial care that can be provided in a single-family residence, a retirement residence or in any appropriate care facility including a nursing home. Figure 4.3.10 summarizes the available local facilities. Appendix 3-1 provides a more detailed listing of all facilities. The three main types of residential care facilities are: Residential Care Facilities, Assisted Living Facilities, and Skilled Nursing Facilities.

Figure 4.3.10: Summary of Supportive Housing for the Elderly in Santa Cruz County

	Number of Units/Beds	Unit or Bed Cost per Month (unless indicated)
Residential Care and Assisted Living Facilities	644	\$812-\$5,000
Congregate/Independent Living	588	\$1,950-5,800
Skilled Nursing Facilities	748	Medicaid/Medicare/Medical or Social Security (or per diem)
Senior Apartments and Residential Hotels	1368	\$425-\$657 (or subsidized)
TOTAL Beds/Units for Elderly	3,348	
Source: Planning Department		

- *Residential Care Facilities:* Residential care facilities differ from other facilities in that they offer non-medical custodial care and are usually group living quarters with staff supervised meals, housekeeping and personal care.
- *Assisted Living:* Assisted Living facilities have comprehensive programs designed specifically for the elderly who cannot live on their own. Sometimes these facilities are conversions of retirement residences or small apartments into care centers. In some retirement residences a separate section will be dedicated to Assisted Living residents, but in other residences there is no segregation of those who need care and those who don't. Assisted Living Facilities differ from Residential Care Facilities because they are generally laid out apartment style with special amenities such as walk in showers, wide doors for wheelchair access, emergency call pull cords and are generally larger facilities.
- *Skilled Nursing Facilities:* Skilled Nursing Facilities are medical facilities and are allowed to provide services that cannot be provided in assisted living or residential care facilities. Typically these services involve managing complex and potentially serious medical problems such as infections, wound care, IV therapy, and coma care. They offer both short and long term care options for those with serious problems and disabilities such quadriplegics and others who are bedridden and require nursing care. Skilled nursing facilities differ from traditional residential care facilities because the cost of rent depends on the patient's Medicare and Medicaid supplements.

Housing Needs of Seniors

Senior households vary across the socio-economic spectrum and their housing needs reflect this:

- Seniors retiring without substantial assets or retirement funds, need rental housing that they can afford, within their community and providing access to services and transportation;
- Senior homeowners retiring have difficulty in finding suitable homes when desiring to downsize to a smaller house;
- As people live longer there is a need to provide a spectrum of housing types for seniors that include services for the “active” as well as the “frail” older person.
- Very low-income seniors in need of nursing care need facilities that accept MediCal and Medicare.

People Who Are Homeless

Homelessness has become an increasingly distressing problem for communities across the US, and Santa Cruz County is no exception. Much has been learned about the issues that lead to homelessness and how they differ for the various types of homeless persons. For example, youth aging out of the foster care system without the support in place to safely enter adulthood, children and families who are homeless due to loss of a job or a rental home, and people with profound challenges who have been homeless repeatedly and/or over a period of years, are among the types of people who are homeless in Santa Cruz County, each having their own set of challenges and needs.

During the winter of 2000, a group of people from the Santa Cruz community—volunteers and service providers who were teamed with people who were currently homeless or had been in the past—made an effort to find and count the people who are homeless in our community. Since then, this attempt to accurately quantify the homeless population through a point-in-time count has been repeated several times in Santa Cruz County and across the country, and HUD has refined the methodology for the survey. The census is intended to provide insight into the number of people who are homeless in our community, their needs and the causes of their homelessness. For more information review the 2009 Santa Cruz County Homeless Survey and Census conducted by Applied Survey Research (ASR). The following profile has been derived from that study.

The 2009 Santa Cruz County Homeless Survey and Census¹² identified an overall homeless population in Santa Cruz County of 2,265 people, a number that excludes 152 homeless individuals who were housed in jails, hospitals or rehabilitation facilities as they do not meet HUD’s homeless definition for the point-in-time count.

Of the identified homeless population, 1,536 were unsheltered, on the streets of Santa Cruz County. The HUD definition of an unsheltered homeless person is someone who is either living on the streets, or in a vehicle, encampment, abandoned building, garage, or any other place not normally used or meant for human habitation. In addition to those

¹² 2009 Santa Cruz County Homeless Census and Survey; Applied Survey Research, 2009

unsheltered, 729 sheltered homeless people were counted in emergency shelters, transitional housing facilities, and short term medically related voucher programs¹³.

Using a HUD-recommended formula, ASR estimates that 4,624 persons in Santa Cruz County will experience homelessness at some point in 2009. This annual estimate of homelessness represented approximately 1.8% of Santa Cruz County's total population of 250,877 people.¹⁴ This should be considered a conservative estimate since it is well known that even with the most thorough methodology, many homeless individuals stay in locations where they cannot be seen or counted by enumeration teams.

The following is a profile of homeless people in Santa Cruz County:

- 54% of survey respondents had been homeless for a year or more.
- 37% of survey respondents indicated that they had children.
- Whites/Caucasians comprised 50% of survey respondents, Hispanics/ Latinos comprised another 30%, Blacks/African Americans comprised 8%, and 5% identified as American Indian/ Alaskan Native.
- 48% of all respondents were between 31-50 years old.
- 73% of homeless respondents were male, 26% were female, and less than 1% identified as "other".
- 39% of all survey respondents had a high school diploma or GED as their highest level of education.
- A majority (62%) of respondents were living in Santa Cruz County when they most recently become homeless.

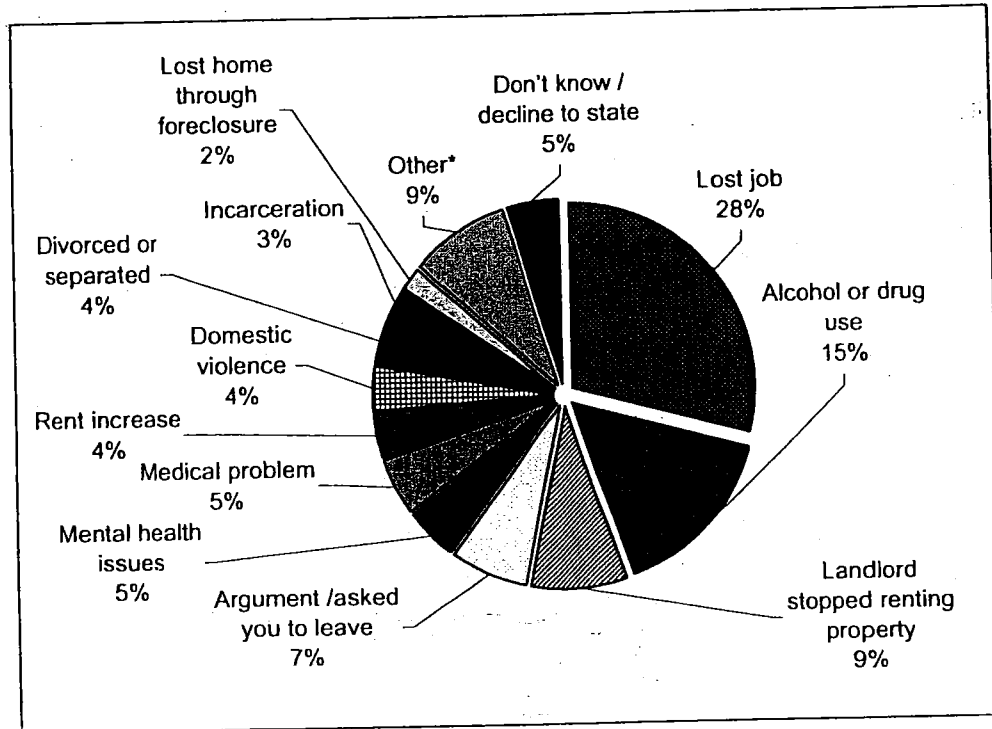
Between 2007 and 2009, the annual estimate of homeless persons in Santa Cruz County decreased 17% from 5,595 to 4,624. Also of note, compared with North County, South County had a higher proportion of homeless children who are younger (ages 2-10 years old). In South County, 75% of respondents' children are age 10 years and younger; in North County, the proportion is 47%.

Loss of a job was the most frequent reason cited for as the primary cause of homelessness in the 2009 report. Other significant causes of homelessness in 2007 and 2009 are stated in Figure 4.3.11.

¹³ The number of sheltered homeless people counted is considerably less than the total number of available shelter beds in the County. The survey is a snap shot of one day of the homeless population and may not reflect the fluctuating yearround need for shelter in the County.

¹⁴ US Census Bureau, 2005-2007 American Community Survey 3-Year Estimates, 2009.

Figure 4.3.11: Primary Reasons for Homelessness



Source: Applied Survey Research, Santa Cruz County Homeless Survey, 2009

* "Other causes of homelessness" includes hospitalization, natural disaster, death in family, aging out of foster care and as a result of being lesbian, gay, bisexual or transgender

For most of the last decade HUD has been paying particular attention to the population of people who are chronically homeless, and a profile of this population was obtained from the data gathered from the homeless survey. The reason for the focus on chronic homelessness, is that this sub-population has complex service needs that are met inadequately through the very expensive use of emergency services such as hospital emergency rooms, law enforcement interaction and homeless services. Failure to adequately address the needs of this population has a community wide impact by over-burdening social service systems. HUD defines a chronically homeless person as:

An unaccompanied individual with a disabling condition who has been:

- Continually homeless for one year or more; or
- Has experienced four or more episodes of homelessness within the past 3 years.

In Santa Cruz County approximately 42% of the population were chronically homeless, a much higher percentage compared to the national findings reported in the 2007 Annual Homeless Assessment Report (AHAR) to Congress, which compiled data from 2007 HUD applications of all the Continuums of Care. This report found that 18% of all

homeless people across the nation were chronically homeless.¹⁵ It is estimated that on any given night, Santa Cruz County had a chronically homeless population of approximately 842 persons. Since 2007, this represents a 27% decrease from 1,151 chronically homeless persons.

Key comparisons between the Homeless Census and Survey studies from 2000, 2005, 2007 and 2009 are presented in Appendix 4.3-3.

Existing Housing Opportunities for People who are Homeless

There are three main types of housing or shelter that target people who are homeless:

- Emergency Housing includes short-term shelter or a voucher payment designed to provide immediate shelter and is intended for people experiencing homelessness for the first time or facing a short term crisis such as domestic violence or medical crisis
- Transitional Housing is intended to assist people to achieve stability and may be in the form of housing subsidy in the rental market or housing in transitional facilities. Transitional housing programs include supportive services such as job training and placement services, substance abuse treatment, mental health services and/or independent living skills training and counseling, in addition to the shelter provided.
- Permanent Supportive Housing is intended for people with on-going complex service needs and may be in the form of subsidies or affordable rental projects that include relationships with supportive services providers.

Housing needs for homeless persons are discussed in the context of these three housing categories.

- **Emergency Shelter:** The County has approximately 301 emergency shelter beds available between April 16 and November 14 each year, and an additional 143 beds available between November 15 and April 15 when the temporary winter shelters open. The shelter facilities serving people who are homeless in Santa Cruz County are located in the cities of Watsonville and Santa Cruz. Some shelters serve special groups such as families, youth or adults with psychiatric disabilities, while others serve the general homeless population (and may set aside beds for particular subpopulations.) In addition, there are limited motel vouchers available through the Community Action Board or the Homeless Person's Health Project.
- **Transitional Housing:** Countywide, there are approximately 470 transitional housing beds available. These include both facilities such as Page Smith Community House and scattered site subsidies such as those provided by Families in Transition. Many of the transitional housing programs serve

¹⁵ US Department of Housing and Urban Development, Office of Community Planning and Development, *The Annual Homeless Assessment Report to Congress*, 2008.

targeted populations such as people with mental illness, substance abuse or histories of domestic violence.

- **Permanent Supportive Housing:** Housing that includes supportive services can greatly enhance the probability that a person with a history of homelessness and complex service needs will succeed in housing. Since 2001 housing and service providers in Santa Cruz County have been focusing on developing projects and programs using a "housing first" approach, with the goal of immediately housing people who are homeless and providing supportive services in place to help them stay in housing. Local examples include MATCH (Meaningful Answers to Chronic Homelessness), which provides scattered site permanent housing subsidy to people who have been chronically homeless and serial inebriates, and Nuevo Sol, an affordable housing project that targets people who have been homeless and have psychiatric disabilities. Figure 4.3.12 summarizes the existing housing and shelter capacity in Santa Cruz County

Figure 4.3.12: Summary of Housing and Shelter Capacity	
Shelter Type	Number of Beds
Emergency Vouchers	203
Winter Emergency Shelter	143
Year Round Emergency Shelter	285
Transitional Housing	434
Permanent Housing	454
TOTAL	1,519
Source: Applied Survey Research, Santa Cruz County Homeless Survey, 2009	

Housing Needs of People who are Homeless

The housing and shelter needs of people who are homeless vary widely:

- The majority of people who experience homelessness do so only once and need short term assistance as a result of a crisis that may stem from a medical problem, loss of a job, eviction or foreclosure. These people need access to affordable rental housing and supportive services that develop independence such as substance abuse treatment, money management training or education and employment support. They will also benefit from homeless prevention programs such as emergency rental assistance and security deposit programs.
- The relatively new County/City collaborative family shelter houses 27 families (and up to 90 family members) who need affordable rental housing to move into when their current needs are addressed. Family homelessness can be shortened with prevention and rapid rehousing programs.

- Permanent supportive housing with targeted supportive services is needed for people who have been homeless repeatedly and have complex needs such as mental illness, substance abuse and other disabilities.

People with Physical, Mental and/or Developmental Disabilities

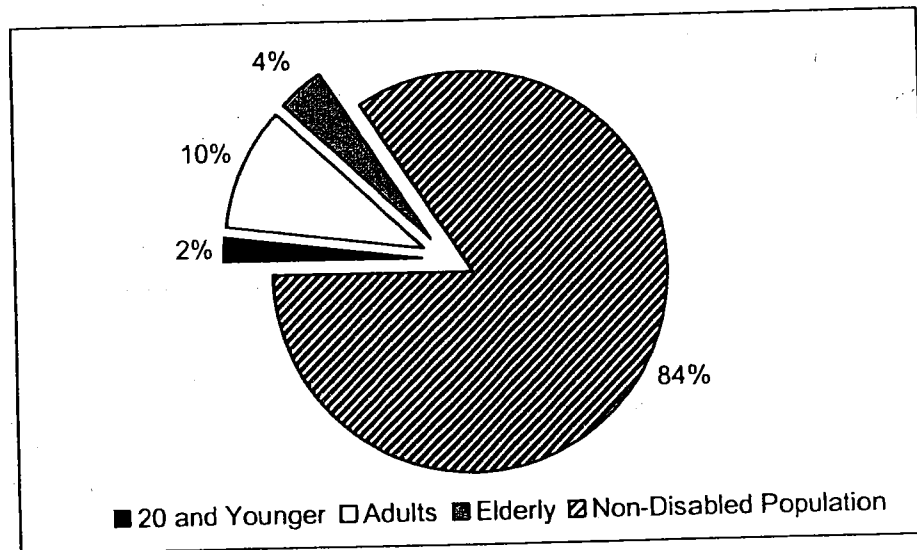
The Americans with Disabilities Act of 1990 describes a disability as a condition that limits a person's ability to function in major life activities, which includes communication, walking and self-care, and which is likely to continue indefinitely, resulting in the need for supportive services. General categories include cognitive, hearing, mental health, other health disabilities, physical disabilities, speech and visual disabilities. Most, but certainly not all, people with one or more of these disabilities are challenged by the cost of housing and are competing against the large pool of very low-income people for a limited number of affordable housing opportunities. For the majority of people with disabilities, affordable rental housing is the best housing option. Because they generally enter the housing market with fewer resources and more obstacles, their risk for becoming homeless is greater than for those without disabilities. Of the estimated 4,624 people who will experience homelessness in Santa Cruz County this year, almost half will have a physical or developmental disability.¹⁶

5,762 County residents received Supplemental Social Security Insurance (SSI) for disabilities in 2008 and an additional 6,215 persons received disability insurance under Old Age Survivor and Disability Insurance (SSD) in 2008 (SSI candidates may also be receiving disability insurance).¹⁷ According to the Social Security Administration, the maximum monthly payment one would receive from SSI would be \$1086 for someone living in a board and care facility; \$972 if an individual is blind, and \$907 for an individual who does not fall into the other two categories. Disability insurance is not an adequate source of income in Santa Cruz County for renters. In addition, if a person earns more than \$500 a month, he/she generally cannot receive SSD. This restriction can make it difficult for a person who has a disability to afford housing in Santa Cruz because an individual with income from disability insurance plus a monthly salary of less than \$500 would spend more than 63% of their household income for a studio apartment at fair market rent.

¹⁶ 2009 Homeless Census and Survey

¹⁷ US Social Security Administration

Figure 4.3.13: Ratio of Disabled Population by Age Group



Note: Non-Institutionalized Civilian Population Only

Source: US Census Bureau, Census 2000

Housing Needs of Persons with Disabilities:

The 2009 *Report on Services to County Residents with Disabilities*, prepared by the County Commission on Disabilities, recommended that the Board of Supervisors take actions to ensure there is effective intervention when people with significant disabilities are facing homelessness. This report also emphasized the importance of increasing the supply of affordable, disabled person-accessible housing.¹⁸ Many county residents with significant disabilities are challenged in meeting their basic needs for safety, security, health, mobility, and social interaction and self-expression. Significant disabilities may reduce self-sufficiency in personal care and management of life activities. Housing that includes supportive services/features can be greatly beneficial to this population.

- Housing Needs of People with Physical Disabilities:** Whether a person with a physical disability has a limited income or not, he or she is likely to require accessible housing in order to live independently, either adapted physical environments or assistance within their homes. Depending on their condition activities such as walking, climbing stairs, dressing, bathing, learning, or remembering may be difficult. Persons with physical disabilities require accessible housing with special design features, for example: the height of cabinets, the positioning of electrical outlets, the layout of fixtures and appliances, and the provision of wide interior spaces for wheelchair circulation. Few housing units are designed with these features. Disabilities can also impede a person from leaving home alone or from working. The

¹⁸ County of Santa Cruz Commission on Disabilities; Report on Services to County Residents with Disabilities, April 14, 2009

Americans with Disabilities Act along with changes in building codes have vastly improved the ability of people with disabilities to live independently through requirements for accessibility for public facilities, transportation and new housing. Affordable housing providers have been required to build both accessible units and units that can easily be adapted to be accessible. Increasingly, they are maintaining separate waiting lists for the accessible units to ensure that the units that are built to be accessible are housing people who need the adaptations.

- *Housing Needs of People with Psychiatric Disabilities:* In 1999 the Supreme Court in *Olmstead v. L.C.* ruled that unjustified segregation of individuals with disabilities in institutions is a form of segregation. This is interpreted to mean that people have a right to live in the least restrictive environment possible, making community integration the law of the land. The County has a system of care of people with psychiatric disabilities that includes emergency shelter, crisis residential facilities, transitional housing and treatment programs, board and care facilities as well as permanent affordable housing with supportive services. The majority of people with disabilities rent housing in the community. People with psychiatric disabilities are overwhelmingly extremely low income and live on SSI income. The primary housing need is affordable rental housing, either in housing developments targeting people with disabilities, in shared housing or scattered throughout the community.
- *Housing Needs of People with Developmental Disabilities:* Individuals with developmental disabilities include persons with Down's Syndrome and other conditions which cause a delay in mental development. The degree to which a person is affected by developmental disability can vary greatly. Some people with developmental disabilities require constant supervision throughout their adult life. People with developmental disabilities may live at home with their parents, but many wish to acquire their own housing when they reach adulthood or when they feel prepared for independent living. According to the San Andreas Regional Center, there are 953 individuals in Santa Cruz County with developmental disabilities, 480 of whom are adults and 473 are children. Of the adults in Santa Cruz County known to have developmental disabilities, 248 are living in their parents' home. In addition, 127 persons with developmental disabilities reside in group homes. Many developmentally disabled persons in Santa Cruz County also have difficulty walking or require a wheelchair.¹⁹
 - 14% of adults and 16% of children aged 12-18 require a wheelchair.
 - 6% of adults and 12% of children aged 12-18 are unable to climb stairs.
 - 20% of adults and 28% of children aged 12-18 have difficulty walking.

One of the major issues facing developmentally disabled persons is the progression of children with developmental disabilities into adulthood, and the

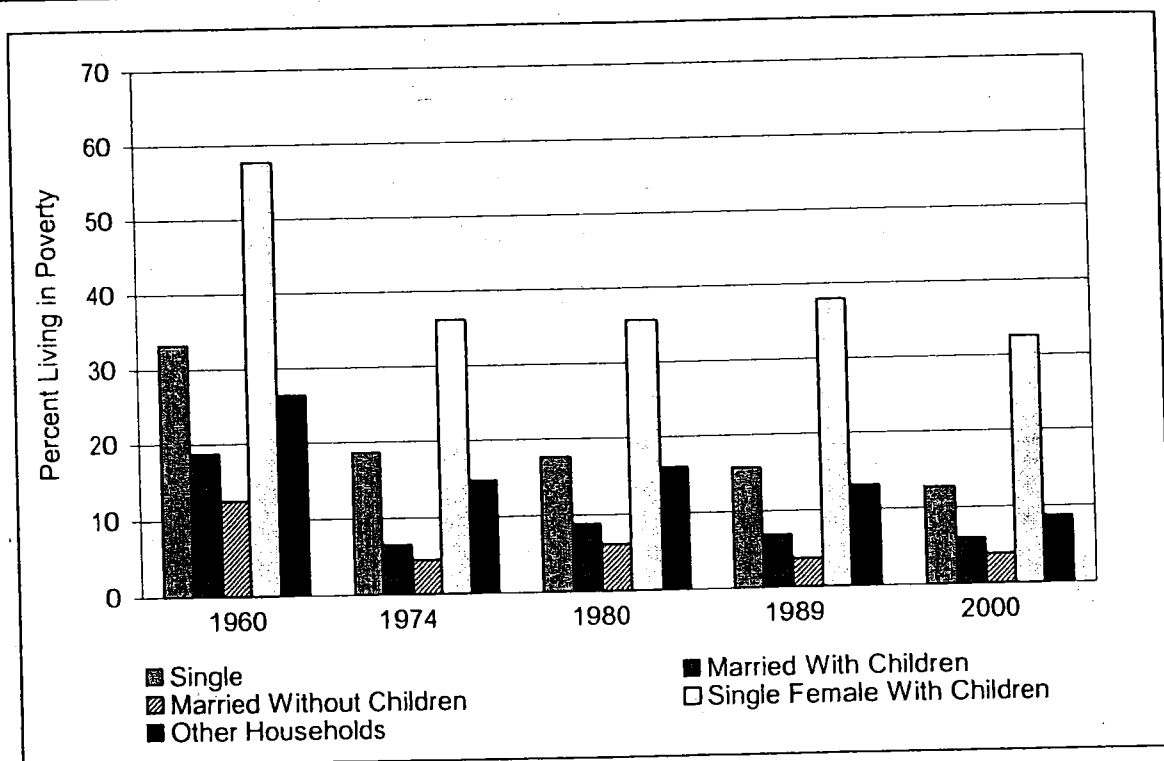
¹⁹ San Andreas Regional Center

inability of aging parents to continue providing care to family members. The San Andreas Regional Center estimates the need for community housing to meet the needs of this group of disabled persons at 250 units over the next 5 years for the entire County (cities included).

Female-Headed Households

Female-headed households are comprised of a female household head with children living in the home. The 2000 US Census showed 5,605 female headed households with children under age 18 in Santa Cruz County. Nationally, the number of children living with only one parent increased by 4.29% from 1990 to 2000. In 1990, there were 8.55 million children living with a single parent, usually a female parent; by 2000, that figure had increased to 9.75 million children living in single parent households of which 7.56 million children lived in female headed households.²⁰ Reduced household income levels and poverty rates are particularly significant for this type of household. Figure 4.3.14 illustrates the high incidence of poverty among households headed by a single female parent compared to other types of households.

Figure 4.3.14: U.S Poverty Rates by Household Type



Source: "The State of the Nations Housing 2000", Joint Center for Housing Studies at Harvard University; US Census Bureau Historical Poverty Tables; Table 4.

²⁰ Source: "The State of the Nation's Housing," by the Joint Center for Housing Studies at Harvard University, 2000

As Figure 4.3.14 indicates, since 1960, single parent households with children have consistently had the highest poverty rates of all households (with household heads under 65 years). The Figure also illustrates that female-headed households have had a higher percentage of improvement than any other category.

In California, 16.8% of all families are single parent households, with the majority of those households being female headed, according to the 2000 Census. The 2000 US Census also indicates that in Santa Cruz County there were 2,696 female-headed households in the unincorporated areas (5.3% of all households). The 2000 County mean income for female-headed families with children under 18 years was \$33,141 (in 1995 it was \$21,905).

Housing Need of Female Headed Households:

Affordable Housing: Single parent households in Santa Cruz County had lower mean incomes than married couple households in 2000. With average incomes of \$33,000, single parents cannot afford the current fair market rates and average home prices in this County. Single parents have a critical need for units that are affordable to low- and very low-income households.

Adequately Sized Housing: An additional need of female-headed households is appropriately sized housing. Due to high housing costs, female-headed households often live in units that are too small for the number of children in their households (i.e. studios or 1 bedroom units), resulting in overcrowding. Therefore, there is a need for multiple bedroom units affordable to single parent households.

Proximity to Child Care and Other Services: On-site child care, proximity to schools, on-site laundry, tot-lots, safe nighttime conditions, and proximity to shopping and public transportation are needed.

Large Households (5+ persons per household)

The US Census defines large households as households with 5 or more persons. Since large housing units are rarely affordable, and rental units containing more than 3 bedrooms are not common, adequate sized housing is difficult to obtain for most low and moderate-income large households. The 2000 Census determined there were 3,418 ownership households and 1,843 renter households with 5 or more persons in Santa Cruz County.

The US Census Bureau defines a 'room' as any room in the structure except hallways or bathrooms. Therefore, units with 5 or more rooms were estimated to have 3 or more bedrooms in order to compare data to actual rental/housing market. Households with 5 or more individuals comprised 12.38% of the households in Santa Cruz County, while housing units with 5 or more rooms comprised 55.3% of Santa Cruz County's housing stock (see Figure 4.3.15). This would seem to indicate that there is a good match, with an abundance of large 3+ bedroom units for the relatively small number of large households.

Figure 4.3.15: Households in Santa Cruz County with 5 or more Individuals and Units with 5 or more Rooms

Households	1990		2000	
	Number of people	Percent	Number of People	Percent
Family	8,906	10.70%	10,638	11.67%
Non-family	523	< 0.01%	647	<0.01%
Total Households with 5 or more individuals	9,429	11.28%	11,285	12.38%
Units with 5 or more rooms	51,097	55.60%	54,757	55.30%

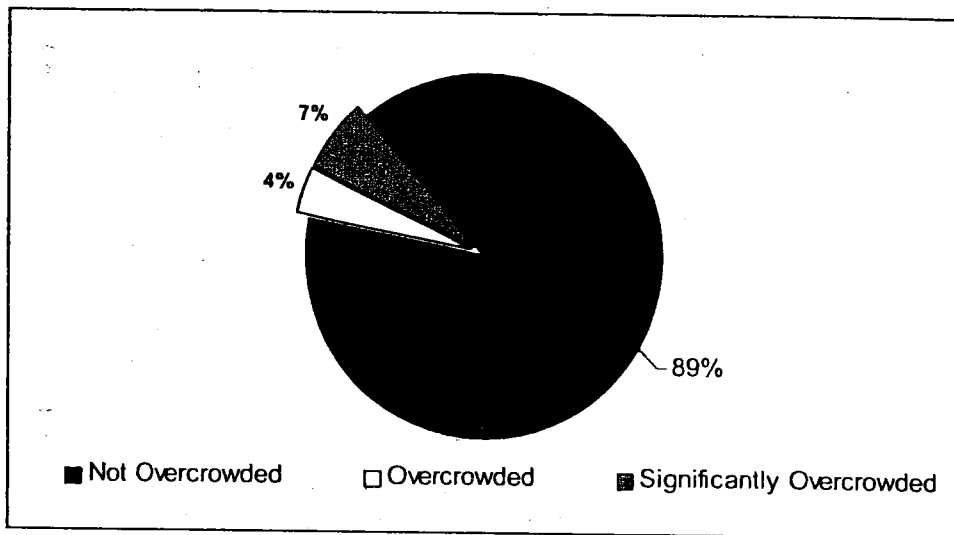
Source: US Census Bureau, Countywide numbers, not unincorporated only.

However, the problem is that many large households cannot afford to pay for the larger units that would most adequately accommodate them. Anecdotal evidence suggests that most of the very large houses (i.e., 4 or more bedrooms) in Santa Cruz County are occupied by smaller, relatively wealthy households. What most large households, which tend to have less disposable income, need is a greater availability of affordable 3+ bedroom housing units.

Housing Needs of Large Households:

According to the Housing Authority, for the last 15 to 20 years, the Housing Authority waiting list has consistently indicated more families require 2 bedroom units than any other bedroom sizes. One and three bedroom units are next highest in demand. The waiting list for units with 4 or more bedrooms is very small, consistent with the fact that large households comprise a relatively small proportion of households. (Please see Chapter 4.2 for a further discussion of overcrowding.)

Figure 4.3.16: Percentage of Individuals in Santa Cruz County Living in Overcrowded vs. Non-overcrowded Households



Source: US Census Bureau, Census 2000

Availability of Large Units

A significant portion of new single-family homes built in the County in recent years have consisted of homes of three or more bedrooms. The problem then appears to be not one of supply, but of affordability. Large households have trouble obtaining large rental housing units. Most rental units containing 3 or more bedrooms are financially out of reach for large households because of the high rents in Santa Cruz County. A survey of vacant units in the Craigslist.com on February 9, 2009 indicated that the average monthly rent for a three-bedroom unit was \$2,100 (see Figure 4.3.17). In addition to the high cost of housing, rental units that have more than 3-bedrooms are in short supply. The Craigslist survey indicated that although rental units containing three-bedrooms were abundant, units containing 4 or more bedrooms were rare.

Figure 4.3.17: Survey of Large Rental Units Available in Santa Cruz County in February 2009

Number of Bedrooms	Average Cost of the Rental Unit	Number of Available Units
3	\$ 2,100	124
4	\$ 3,000	51
5	\$ 3,400	7
6	\$ 3,600	1

Source: Craigslist February 9, 2009

Farmworker Households

Farmworkers in Santa Cruz County play a vital role in the County's economy and also contribute to the nation's health by putting fruits and vegetables on the tables of US households. According to Dr. Alice Larson's statewide Migrant and Seasonal Farmworkers Enumeration Profiles Study Report (July 2000), the number of migrant and seasonal farmworkers in Santa Cruz County ranges from 18,069 to 32,155 individuals. According to the Santa Cruz Sentinel, "agricultural employment in the Pajaro and Salinas Valley has risen 30 percent in the past 15 years, driven in part by the production of labor intensive crops like strawberries" (Holbrook, 2000).

Farmworkers have special housing needs because safe, and sanitary housing affordable to farmworkers is scarce. Farmworkers have lower annual earnings than any other occupational category. In California, the median yearly income of an individual worker in 1997 was \$9,828. According to the Farmworker Housing, Health and Needs Assessment Survey, for farmworker households the combined family income from all sources in Santa Cruz County in 1998 was \$15,006.²¹ The annual median incomes of farmworkers were 3 times lower than the California self-sufficiency standard of \$45,841 for a household with 2 adults and 2 children, while the average size of farmworker households in this County was 5.4 people.²² Across the United States, farmworkers have the second lowest rate of home ownership and the lowest rates of health insurance coverage, as identified in the March 1997 Current Population Survey.

The following is a brief profile of the Farmworker Housing and Health Needs Assessment Study, Salinas and Pajaro Valley Final Report, June 2001, produced by United Way, Applied Survey Research, and Life on the Ranches: the Davenport/North Coast Farm Labor Camp Survey of October-December 1999.²³

- Farmworkers generally work year round in this area (94%) and consider California their permanent place of residence (92.5%).
- Farmworkers in south Santa Cruz County typically pay 40% of their income for housing costs and live in overcrowded households (68%). Farmworkers in the north County also experience overcrowded housing arrangements, generally sleeping 2 to a room or in barracks-style housing. In addition, in north County, entire families often sleep in a single room.
- Many farmworkers in the region live in substandard housing units that have: no plumbing (17%), leaky faucets (34%), cracked, peeling or chipped paint (33%), holes in the wall or floor (20%), mice (18%) or, a leaky ceiling (15%) (567 respondents). Substandard housing conditions exacerbate the health risks associated with the strenuous working conditions, pesticide use, and lack of access to health and social services.

²¹ Farmworker Housing and Health Needs Assessment Survey, June 2001. United Way, Applied Survey Research.

²² Pearce, D and Brook, J. 2000. The Self Sufficiency Standard for California. San Francisco Equal Rights Activists.

²³ Sotelo, Susan and Wennberg, Marc. (1999). Life on the Ranches, the Davenport/North Coast Farm Labor Camp Survey October-December 1999. Davenport Resource Service Center and Community Action Board of Santa Cruz County.

- Most farmworkers are male (61%), Spanish speaking (97%), and Mexican or Mexican American (99%), (774 respondents).
- In 1995, there were 7,540 farmworker households living in Santa Cruz County.²⁴

Housing for farmworkers is scarce in Santa Cruz County. Figure 4.3.18 lists the publicly financed housing project dedicated to farmworkers in Santa Cruz County.

Figure 4.3.18: Public Farmworker Housing Projects		
Publicly Funded Farmworker Housing in Santa Cruz County		
Name	Type	Number of Units
Jardines del Valle (formally Murphy's crossing)	Permanent	18 (including 1 manager's unit)
Tierra Alta (USDA)	Permanent	17
Villa del Paraiso	Permanent	51
San Andreas	Permanent	43
Sub-Total Permanent Farmworker Housing		129 Units
Buena Vista (State)	Seasonal (May-Oct)	106
TOTAL		235

Source: The Housing Authority of the County of Santa Cruz and the Planning Department of the County of Santa Cruz

In addition, there are 18 privately owned properties that include farm labor housing remaining in Santa Cruz County. These 18 properties provide a total of 245 units of housing; a complete list can be found in Appendix 4.3-5.

Housing Needs of Farmworker Households

The amount of farmworker housing registered with the State has declined dramatically from 9,000 labor camps statewide in 1955, to 500 in 1998. In an effort to encourage the reconstruction of farm labor housing in Santa Cruz County, a new ordinance was developed which would allow for the reconstruction or rehabilitation of existing farm labor camps through incentives to property owners to maintain and upgrade existing facilities. Through this rehabilitation program, Mid Peninsula Housing Coalition (MPHC) rehabilitated and now manages Jardines del Valle, formerly Murphy's Crossing Farm Labor camp, which houses about 100 individuals in 18 units. In addition, through the Farmworker Reconstruction program, the San Andreas Farm Labor Camp now houses about 200 people in 43 units.

Constraints on developing farmworker housing are similar to those of developing low-income housing, except that subsidies for such units/projects are generally higher to address the lower rents needed for extremely and low income households. From 1992 to 1997 Santa Cruz County experienced a 34% increase in the amount of land used for

²⁴ Farmworker Housing Needs Assessment Study, December 1995

agriculture, most attributed to the boom in the organic food industry (USDA) and the conversion of hillsides to berry crops. The vacancy rate of housing units for migrant farmworkers in the County is extremely low (0.31%).²⁵ It is important to have adequate, affordable farmworker housing that protects not only farmworker health but also the health of their families. The agricultural industry in California maintains that farmworker housing is difficult to create and provide. Of the agricultural operators surveyed, 62% respond that farmworker housing is expensive to provide and 49% responded that governmental regulations and community opposition make farmworker housing difficult to build and maintain.²⁶

Farmworker households are often large and therefore they have the same needs as those listed above for large households. Farmworkers are likely to be found living in overcrowded houses/apartments with 5 or more individuals. Farmworkers represent a distinct population of large families with the average family size of a farmworker household being 5.4 persons, far greater than the average 2.7 persons per household for Santa Cruz County. Of 167 respondents living in 3-bedroom households, 20% had more than 8 people residing there.²⁷ As for other types of Large Households, affordable housing units with 3 or more bedrooms are needed for farmworkers in Santa Cruz County, although the need may be overstated given the recent experience of various non-profit housing providers. These housing providers have discovered that "extended" families would rather not be placed in large units if smaller units were available to meet their family's needs. Housing providers also note that more units can be provided in most projects if the unit sizes are smaller.

Farmworker families and non-family households often double up in rooms to reduce the percentage of their income that goes to rent and other housing related costs. Based on the current housing deficit for large households and the overcrowding that is associated with inadequate housing size, housing for large families and non-families is needed in Santa Cruz County in many areas. As with other types of large households, farmworker households need affordable, adequately sized housing.

ASSISTED HOUSING AT-RISK OF CONVERSION TO MARKET RATE

While most of this Section of the Housing Element focuses on defining housing needs, it is also important to protect existing affordable housing resources. State law requires an analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to the termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. The analysis must include a listing of each development by project name and address, the type of governmental assistance received, the earliest possible date of change from low-income use, and the total number of elderly and non-elderly units that could be lost from

²⁵ US Bureau of the Census, Census 2000

²⁶ Survey of Farmer/Rancher-Operation of Farm Labor Housing in California, October 2000

²⁷ Farmworker Housing and Health Assessment Study, Salinas and Pajaro Valley Final Report, June 2002

the locality's low-income housing stock in each year during the 10 year period. In addition, the analysis must:

- Estimate the total cost of producing new rental housing that is comparable in size and rent levels, to replace the units that could change from low-income use, and an estimated cost of preserving the assisted housing developments. This cost analysis for replacement housing may be done aggregately for each five-year period and does not have to contain a project-by-project cost estimate;
- Identify public and private nonprofit corporations known to the local government which have legal and managerial capacity to acquire and manage these housing developments; and
- Identify and consider the use of all federal, state, and local financing and subsidy programs which can be used to preserve for lower income households the assisted housing developments, including federal Community Development Block Grant Program funds, tax increment funds received by a redevelopment agency of the community, and administrative fees received a housing authority operating with the community. In considering the use of these financing and subsidy programs, the analysis shall identify the amounts of funds under each available program which have not been legally obligated for other purposes and which could be available for use in preserving assisted housing developments.

All Housing Elements must include information about the number of existing subsidized housing units that are "at risk" of conversion to other non-low income housing uses (such as market-rate housing). This requirement is in response to concerns that many affordable housing units across the country were going to have affordability restrictions lifted because their government financing was due to expire or could be pre-paid. When the financing is pre-paid or expires, the restrictions that make the rents affordable also go away and the units can be converted to market-rate housing or other uses. The analysis of "at-risk" units is required to identify and describe the potentially "at-risk" projects, analyze the cost of preserving them as affordable housing, describe available resources which can be used for preservation, and set quantified objectives for preservation of affordable "at-risk" units.

With the substantial need for additional affordable housing units currently facing Santa Cruz County, as projected by AMBAG in the RHNA, and documented in the needs section of this Housing Element, the County cannot afford to lose any of its existing affordable housing. It is much more cost-effective to preserve the existing affordable housing stock than to replace it with newly constructed units.

Over the years, both for-profit and non-profit housing developers have constructed apartments affordable to low and very low-income households with the financial assistance of the federal government. In exchange for this financial assistance, the developers/owners were required to rent the units at affordable rates for fixed periods of time (generally 20 years). When these 20-year contracts expire, the owner has the

option to extend their affordable housing commitment in exchange for ongoing financial assistance from the original funding source or to "opt-out" of the assistance contract and raise rents as much as the market will bear. Figure 4.3.19 provides an overview of the "at-risk" units under these programs in the County by jurisdiction. Figure 4.3.20 provides a detailed listing of all affected projects. These units are "at risk" because the affordability restrictions are going to expire within this Housing Element's planning period of 2007-2013.

Figure 4.3.19: At Risk Units by Jurisdiction		
Jurisdiction	Number of Projects	Number of Affected Units
City of Santa Cruz	4	369
City of Watsonville	2	206
City of Capitola	0	0
Unincorporated County	3	237
Total	9	812
Source: Planning Department		

One can see that there are a significant number of units potentially at risk of conversion throughout the cities and the unincorporated area. Fortunately, over the years few projects have opted-out.

While these numbers initially appear alarming, it is important to recognize that five of the nine projects in the unincorporated area are owned by non-profit entities which are obligated under their non-profit charter to continue to operate housing for lower income households. Three of the projects (including 237 units) in the unincorporated area are truly "at risk" due to being owned by for-profit entities. Those projects are listed below.

Figure 4.3.20: At-Risk Units in Unincorporated Area		
Project Name	Number of Affected Units	Status
Sea Pines Apartments – Aptos	27	HUD contract expires 10/27/2012; County Measure J restrictions* until 2012
Elizabeth Oaks Apartments – Live Oak	126	HUD contract expires in January 31, 2013; County Measure J restrictions until 2013
Seaside Apartments – Live Oak	84	HUD contract expires 11/30/12
Source: Planning Department		
*Measure J restricted units were developed as part of the County's Inclusionary Housing Program in the early 80s with restrictions requiring the units to be affordable for a 30 year term. This results in the unit being released from the affordability restriction and therefore, lost from the affordable housing stock.		

Each of these properties has restrictions that expire during the Housing Element's planning period.

HUD Process for Addressing Expiring Restrictions

Under the terms of their contracts with HUD, the owners of these projects have the option to extend their contracts for five-year periods providing Congress has appropriated sufficient funding for HUD to enter in to contracts with all interested property owners. If an owner is interested in extending their agreement they typically submit a rent survey for HUD's review at least 120 days before the contract's expiration date. Subsequently, HUD conducts it's own local rent survey and then the two parties negotiate the rent levels for the term of the five year contract extension. Under recent federal law, HUD has greater latitude in negotiating the future rent levels, but they are still limited in their maximum rent levels. It is typical for these negotiations to continue until the termination date of the contract before agreement is reached.

In the event that negotiations are not initiated by the owner or are unsuccessful, HUD instructs the Housing Authority to issue Section 8 vouchers to the tenants of the property which they can continue to use on the site or take another rental unit. The units themselves become market rate apartments. Without the protection of HUD's regulatory requirement, such a conversion may, over time lead to any or all of the following: higher rent levels, more frequent unit turnover, a lower level of on-site management oversight, and a lower level of on-site maintenance. Higher rent levels can also result in unit overcrowding and a series of related issues, such as excessive demand for limited on-site parking facilities.

According to HUD, the final decision by the property owner of whether to extend the contract is generally a business decision based on which path leads to higher sustained revenues. HUD's role is simply to facilitate the termination or extension of the contract.

State Law Requirements for Projects Considering Opting-Out of Restrictions

State law requires the owners of federally assisted affordable housing projects to provide a Notice of Intent to opt out of the restrictions, at twelve and six-month intervals, prior to terminating rent subsidies or restrictions. These notices must be sent to all affected tenants, the Chairperson of the local government (the Board of Supervisors), the local Housing Authority and the State Department of Housing and Community Development.

Furthermore, the law requires owners to provide notice of the opportunity to purchase the project to HCD approved "qualified entities," which includes non-profit and for-profit organizations that agree to maintain the long-term affordability of the projects. Qualified entities have 180 days to submit offers to purchase. Owners are not, however, required to negotiate with interested entities if they do not desire to sell their rental properties.

Although State law provides notice to tenants and local governments of impending contract cancellations, and connects willing sellers with appropriate affordable housing operators, it does not generally restrict or dictate the owner's final decision regarding preservation of affordability of their properties.

Local Options Available to Addressing Projects Opting-out of Restrictions

Some local jurisdictions have adopted regulations in an attempt to intervene in the "opting-out" process. Staff has conducted an initial review of some of these approaches and has found that most programs operate similarly to the State's approach, focusing on requiring the owner to provide a more formal notification process for local agencies and potential purchasers of the project. In some parts of the country, however, more aggressive efforts have been taken to protect the long-term affordability of these units, including use of eminent domain, use of focused rent control, or requiring lease extensions for existing tenants. There are substantial questions regarding the legality of these more extreme efforts.

There are appropriate roles that local governments can play, however, in addressing such conversions. In fact, California Redevelopment law provides clear authority to redevelopment agencies to, "preserve the availability to lower income households of affordable housing units in housing developments which are assisted or subsidized by public entities and which are threatened with imminent conversion to market rates." In cases where the owner is intending to opt-out and is interested in selling the project, local governments can partner with non-profit or for-profit housing entities in the purchase of the project, in order to provide long term affordability. Additionally, in rare cases it is possible that a local government could provide assistance in another fashion, such as direct rent subsidies. However, this approach is quite expensive and does not necessarily provide long-term affordability. In either instance, local government's involvement can be extremely expensive and should only be pursued as a last resort. Clearly, the number one priority should be to encourage the owner to extend their contract with HUD.

Cost Analysis of Preserving "At-Risk" Projects

Given the housing market in Santa Cruz County, and the recent increases in rental rates, conversion to market rate is likely to be an attractive option for owners of the three expiring properties. The loss of these units to the affordable housing supply in the unincorporated County could be significant.

In general, the cost of preserving affordable units is less than the cost of replacement. However, in certain circumstances, because of the limit of other subsidy sources, that may not be the case. Preservation of at risk units can be accomplished in several ways, including acquisition of the property by qualified non-profit housing corporations, local housing authorities, or other organizations that are committed to providing long term affordable housing. The County's Redevelopment Agency (RDA) has set up a mechanism for preservation of at risk units. The process functions as follows:

- RDA staff informs partners including the Housing Authority, Mid Peninsula Housing Coalition and South County Housing of RDA's desire in being notified immediately after they receive a notice of termination originating in Santa Cruz County.

- When such notification takes place, RDA staff will engage with non-profit partners in a "project evaluating process" lasting no more than five months resulting in whether it makes economic sense to recommend that the non-profit submit a purchase offer within the prescribed six month period.
- Where appropriate, the non-profit would make a formal purchase offer, thereby establishing legal standing to match purchase offers during the next six month period when the owner is allowed to entertain offers from non-qualified entities and when a sale, if one is to take place, is likely to happen.
- At approximately the six-month point, RDA staff will provide the Board of Supervisors with a report on the project, with appropriate recommendations for action.
- In addition to working closely with non-profit partners, staff will continue to monitor assisted projects, work with the Housing Authority and the owners to develop mutually beneficial approaches for encouraging the long term affordability of these units.

As a part of the publicly subsidized financing of this type of acquisition, long-term regulatory restrictions are recorded against the property, in order to ensure affordability. In projects where only a portion of the units are restricted, long term project-based subsidies can be put in place to preserve the affordability of the units.

Units with Local Restrictions

Between 1980 and 1989 it was the policy of Santa Cruz County to provide 30-year restrictions on the affordable units. However, as housing prices continued to escalate, the affordable units came to be seen as important public resource that should be protected into the future. For this reason, the County's Inclusionary Ordinance (Santa Cruz County Code Section 17.10) was amended to restrict units in perpetuity. There are 98 units in the County's affordable housing inventory (Measure J and First Time Housing Program) that have expiring restrictions and, when possible, the County makes an effort to extend those restrictions.

CONCLUSION

This Section has provided an evaluation of housing needs in unincorporated Santa Cruz County. Included has been a discussion of housing needs for all income levels in Santa Cruz County, an evaluation of housing for the general population as well as populations in the County with special housing needs, and an analysis of existing affordable units that are at-risk of conversion to market rate units. The issues and needs identified this Section will be addressed in subsequent sections of the Housing Element, providing the foundation for goals, objectives and housing policies and programs presented in Section 4.7.

APPENDICES FOR THIS SECTION

4.3-1 County/Redevelopment Agency Projects and Programs

- 4.3-2 Housing for the Elderly in Santa Cruz County
- 4.3-3 Key Comparisons Between the 2000, 2005, 2007 and 2009 Homeless Census and Survey Studies
- 4.3-4 Housing Resources Targeting People who are Homeless
- 4.3-5 Private Farmworker Housing

4.4: HOUSING CONSTRAINTS

Sections 4.2 and 4.3 of the Housing Element have described the demographics of the community and the range of housing needs for various sectors of the local population. Another key aspect of the local housing market is the influence of governmental and non-governmental constraints to housing development, which will be identified and addressed in this section.

According to California Housing Element Law, this section should include *“(a)n analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels... The analysis shall also demonstrate local efforts to remove governmental constraints...”* Furthermore, state law recognizes that many of the pressures on housing production lie outside the influence of government, and requires that this section also include *“(a)n analysis of potential and actual nongovernmental constraints... including the availability of financing, the price of land, and the cost of construction.”* In this section, we will examine the County's natural physical characteristics that dictate the location of urban-style development, the land use policies and site standards that guide new construction, and consider other outside influences on our housing market.

Natural Environment

Santa Cruz County is uniquely situated along the California coastline between the San Francisco Bay Area and the Central Coast. The Pacific Ocean and Monterey Bay to the west and south, the mountains inland, and the prime agricultural lands along both the northern and southern coast of the county create limitations on the style and amount of building that can take place. Simultaneously, these natural features create an environment that attracts both visitors and new residents every year. The natural landscape provides the basic features that set Santa Cruz apart from the surrounding counties and require specific accommodations to ensure building is done in a safe, responsible and environmentally respectful manner.

The California Coastal Zone affects nearly one third of the land in the urbanized area of the unincorporated County with special restrictions, regulations, and processing procedures required for development within that area. Steep hillsides require extensive review and engineering to ensure that slopes remain stable, buildings are safe, and water quality is not impacted by increased erosion. The farmland in Santa Cruz is among the best in the world, and the agriculture industry is a primary economic generator for the County. Preserving this industry in the face of population growth requires that soils best suited to commercial agriculture remain active in crop production rather than converting to other land uses. Considering the defining features of the Santa Cruz County landscape, the most appropriate location for intense development and human activity are those areas without prime agricultural soils, that are generally flat to gently sloping along the coastline and extending inland 1 to 4 miles.

Outside Growth Pressures

Population growth in Santa Cruz County is also subject to several significant outside influences, the most significant being the heavily weighted jobs to housing ratio of neighboring Santa Clara County, and a close second being the steady growth of the University of California, Santa Cruz (UCSC) which is associated with a portion of the County's total population. Finally, the natural environment described earlier is an attraction for second homes, retirees, and above-moderate income households.

Historically, Santa Cruz has provided a housing base for major job centers located in Silicon Valley. Between 1990 and 2000 in Santa Cruz County, the number of new jobs created per housing unit built was 1.53. During that same time period, Santa Clara County statistic was closer to 12 jobs for every new housing unit. While these ratios have no doubt shifted over the past decade, the pattern is likely similar, and Santa Clara County continues to rely on a substantial amount of its labor force living in Santa Cruz County. This relationship between Santa Cruz and Santa Clara has historically been one of the major drivers of housing demand in Santa Cruz, especially for single family dwellings in the above moderate household income category.

The University of California, Santa Cruz (UCSC), continues to increase both the student body and required support staff at the direction of the State Board of Regents. While UCSC has made efforts to expand on-campus housing, these increases are largely accommodated by the surrounding communities both in the City of Santa Cruz and the unincorporated County, with a disproportionately small increase in the availability of on-campus housing for students, faculty, or staff provided by the University. Over time, the growth of UCSC will continue to provide pressure on the County's rental housing stock as students come and go each quarter, as well as on moderately priced for-sale housing for families as new faculty and staff positions are created to accommodate the growth of the student body.

As described above, the natural features of Santa Cruz County attract both tourists and new residents to the County. Santa Cruz has long been a vacation destination and continues to provide many visitor-serving land uses including recreation opportunities, accommodations in hotels, bed and breakfast establishments, and private dwellings used as vacation rentals or second homes. As visitor-serving uses continue to expand, the County faces increased pressure to provide accommodation options for tourists, and also must address the needs of the local labor force working in the lower-paying hospitality industry. As households with discretionary income drive up demand and prices for single-family homes in the above-moderate income category, the ability of local families to secure and maintain affordable housing becomes more challenging.

Coastal Zone

Because land most suitable to development lies primarily along the coastal terrace between the agricultural land in the north and south County, a significant portion of the urban area lies within the jurisdiction of the California Coastal Commission. Approximately one third of the urban land area in the unincorporated County is inside

the Coastal Zone, and subject to the development requirements, restrictions and processing procedures associated with Coastal Development Permits, which will be discussed in greater detail later in this section in the context of the local land use regulatory structure. All development standards applicable in the Coastal Zone must be mutually agreed upon by the County and the California Coastal Commission, must be consistent with the Coastal Act, and must be consistent with the Local Coastal Program adding significant complexity to the process of coastal development.

County Jurisdiction

This section will address each of these constraints in greater detail, as well as discussing the efforts the County Board of Supervisors and County staff have undertaken to remove these constraints where possible and to minimize them where removal is impossible. The majority of the restrictions placed on housing production in Santa Cruz County stem directly from the form of the natural landscape and associated infrastructure, environmental, and economic limitations that derive from it. The regulatory structure used to create the local land use pattern seeks to respect these existing limitations rather than creating new barriers to development. Where this is not the case, both the Board and staff continue to work at developing workable solutions to the ongoing need for housing production in the County.

PHYSICAL CONSTRAINTS

As mentioned earlier, many physical constraints to development exist in the rural areas of Santa Cruz County. Steep slopes, landslide hazards, fault zones and extensive sensitive habitats make the inland areas of the County ill-suited to large-scale development and the provision of urban-level services such as sewer, public water, and urban fire protection. The rural areas of the San Lorenzo Valley, Boulder Creek, Bonny Doon and the Soquel and Aptos hills consist primarily of low density residential development and forests, some of which are commercial timberland. Due to the presence of these constraints and others, the rural areas often have poor road access and are difficult to serve with emergency services including ambulances and fire protection.

These constraints have, in turn, led to larger lot sizes in order to accommodate the septic leach fields required by the Environmental Health Services Department and the on-site water requirements of the various fire districts. Fire districts often require that a landowner provide enough water on site to fight a house- or wildfire, up to 20,000 gallons in some locations, in order to ensure that these neighborhoods can be protected during the fires that periodically spread across the hillsides. Similarly, the Environmental Health Services Department has determined minimum lot sizes required for new development, based on the requirements of a safe and effective septic system and protection of the County's waterways and watersheds. The lack of urban level services in the mountain communities imposes tangible limits on the population that can be accommodated there, and housing densities at which that population can live.

The juxtaposition of mountains and ocean has also created a number of unique microclimates in Santa Cruz, and the biodiversity that follows has led to the high concentration of federal and state-recognized rare and endangered plant and animal species found in the County. These species require special consideration during the development review process and their presence has mandated that new development occur with the least impact possible. The Zayante Sandhills are one such unique habitat, and the County has recently entered into an agreement with a private Conservation Bank that will ensure that this unique habitat is preserved and managed in a responsible manner while still providing opportunities for landowners to responsibly develop their properties at appropriate densities.

In addition to special habitats, the microclimates also create distinct agricultural regions. Along the north coast, the farmland is influenced by high winds and coastal fog, making it a prime location for vegetables and row crops. Throughout the southern third of the County the flats spread further inland and experience greater heat and drier summer months. These areas have historically been used to grow fruit including apples, pears, and more recently berries. Along the hillsides of Mid and South County, olive groves and vineyards take advantage of the good drainage and sun exposure, and are beginning to creep in among the rural residential development and timber production land. Commercial agriculture is a key contributor to the local economy, providing both employment and the multiplying effect of goods brought to market locally. For this reason land suited to farming must be maintained for agricultural use over other land uses.

While limited residential development is appropriate in the rural areas, the physical features of the countryside have led to a logical concentration of development in the currently urbanized areas in the center of the County. The urban areas are located away from significant farmland, slopes, floodplains, and fault lines as much as possible, and provide a full level of urban services such as public water, sanitation, and police and fire protection. The infrastructure section below will address these issues in greater detail.

COUNTY REGULATORY ENVIRONMENT

The Santa Cruz County General Plan is built around a core belief that the rural areas of the County are appropriate for lower density development, while the urban areas are locations where more intense land uses are appropriate and should be encouraged. Now commonly known as "smart growth," or "sustainable development," the concept of concentrating development in a core, delineated area in order to protect fragile and valuable rural and agricultural landscapes was enacted in Santa Cruz County by a 1978 voter initiative known as Measure J. The primary components of Measure J were:

- The preservation of Commercial Agricultural land through strict limitations on changes in use;
- A clear distinction between urban and rural areas through the creation of an Urban Services Line and a limitation on land divisions in rural areas;

- The creation of affordable housing through an inclusionary housing requirement applicable to new residential development.

By recognizing the resource constraints facing development in the County and targeting specific areas delineated by an Urban Services Line (USL) as appropriate for more intense uses, the voters put Santa Cruz at the forefront of a movement that has only become more popular over time.

Agricultural Land Protection

Measure J, and the implementing ordinances that followed its approval, identified prime and non-prime agricultural land throughout the unincorporated areas of the County. A series of General Plan policies and ordinances were enacted to aggressively protect agricultural lands, including limiting the size of new agricultural parcels and requiring that extensive findings be made before land zoned for commercial agriculture can be rezoned for any other use. Agricultural buffer requirements and recorded agricultural conflict acknowledgments were required to address the conflict between new residential uses and adjacent existing agricultural operations, further protecting agricultural uses from conflicts with new development. In addition, a right-to-farm ordinance was adopted to strengthen the voter's directive that preservation of and production in the County's agricultural land is important for Santa Cruz County.

Urban/Rural Distinction

Urban Services Line

The creation of the USL is perhaps the most significant effect of Measure J. The USL creates a boundary on the expansion of intense land uses such as dense residential development and large commercial development, creates neighborhoods that can be served efficiently by public services including transportation, fire and police protection, pedestrian improvements, and other urban amenities, while simultaneously protecting the natural resources found in the rural areas from overdevelopment. The primary distinction between urban and rural areas is the density of development that is permitted based on the availability of existing infrastructure to support it.

In determining the location of the USL, County leaders considered the pattern of existing development and level of existing services at the time and foreseeable expansion areas based on topography, logical infill areas and the spheres of influence of utility providers, and identified the unincorporated communities of Live Oak, Soquel, Aptos as the areas already best served by urban utilities and best suited for denser housing and community services. Additionally, small portions of unincorporated land directly adjacent to the existing cities of Santa Cruz, Scotts Valley, and Watsonville were identified.

What began as the identification of urban and rural areas (Urban/Rural Boundary) for coastal development processing purposes was expanded into the Rural Services Line to identify these areas such as the Towns of Felton, Ben Lomond, Boulder Creek,

Davenport, La Selva and a few other scattered areas located outside of the Urban Services Line but consisting of existing development at urban densities. Even though these areas may not have a full level of urban services, they still constitute established locations appropriate for denser development--utilizing package treatment facilities for sanitation--and a concentration of commercial services to serve their populations that would not otherwise be permitted outside the USL.

Rural Land Divisions

In Rural areas, Measure J placed limitations on the number of new parcels that could be created through land divisions, and specified that the number of new lots would be based on a percentage of the Rural Building Permit Allocation, which is discussed below. The tool developed by the County to implement this requirement is known as the Rural Matrix, and takes the place of a specific density attached to rural zone districts. The Rural Matrix takes into account factors such as water availability, septic requirements, fire department response time, slope and soils stability, site access, groundwater quality, timber resources, biotic resources, and fire hazards to document empirical data that leads to the determination of appropriate densities in the area.

This feature of Measure J had perhaps the most significant effect on limiting the number of new residences approved in the County during the early 1980s. Prior to the voter approval of Measure J, rural land divisions took place to a much greater degree, and in locations that were not suitable to the dense style of development for which they were approved, as evidenced by existing problems with road access, sanitation, and drinking water services in these rural neighborhoods. Some of these areas were addressed later by the creation of a Rural Services Line, which, similar to the Urban Services Line, identifies areas suitable for denser development and allows a higher level of services to be provided to these areas. Areas within the Rural Services Line do not have a full level of Urban Services, but are identified in the County's General Plan as areas that may be appropriate for more intense levels of development.

Affordable Housing

One of the sections of the Measure J initiative that has been very successful is the provision for affordable housing. Without this key piece of the puzzle, as land prices in Santa Cruz have reached extreme levels, the County's workforce would have been priced out of available housing. By requiring affordable housing through an inclusionary program, Santa Cruz County was one of the pioneers in the nation in recognizing that growth management is only sustainable for a community when affordable housing is part of the package.

The Measure J requirements state that 15% of housing units built must be made available to households of moderate-, low-, or very low-income. For the most part, these Inclusionary Housing units are indistinguishable from the surrounding homes and fully integrated into the project.

Under Measure J, ownership projects with five or more units are subject to the Inclusionary Housing Program. Over the past few years, the Board of Supervisors has eliminated the in lieu fee portion of the inclusionary requirement for rental units and created more flexibility and options for developers to fulfill these requirements. The current methods available to developers include:

1. *On Site Inclusionary Housing* - This option requires that 15% of the units built are available to moderate- or low-income households.
2. *In Lieu payment* - Developers can be relieved from building an inclusionary unit by paying an in lieu amount that is based on a formula that takes into account the average sales price of the market rate units built and sold in the development. The fee is based on a sliding scale - where the increased market value of the units results in a higher fee amount, whereas lower unit prices result in a lower fee amount.
3. *Existing unit conversion program* - Developers can acquire existing housing in the community at the rate of two homes for each one-unit obligation. In other words, a developer with a one-unit obligation could fulfill their requirement by acquiring a duplex and reselling each unit to an income-qualified purchaser. The developer could then convert their one inclusionary unit to an additional market rate unit. Given the current housing market, it may be financially beneficial for developers to utilize this option rather than build an inclusionary unit.
4. *Partnership with affordable housing developer* - This approach allows for-profit developers to partner with developers of affordable housing projects. These projects may either contain more than the required number of affordable units or units at a greater level of affordability.

The pricing formula is included in the County's Affordable Housing Guidelines and requires that units are priced at a level that is affordable to households earning 100% of the County median income, as adjusted by household size and number of bedrooms, and assuming a household spends no more than 30% of their income on housing. For example, a three bedroom home is priced at a level affordable to a household with an income at 100% of the County median income for a family of four, which would be \$325,000 in 2009.

County's Inclusionary Housing requirement has been in place for 29 years and land values have adjusted to reflect this requirement and, as a result, the program has not constrained development in the community. All the housing units that are created through the County's inclusionary housing program are encumbered with affordability requirements in perpetuity, ensuring that the County will continue to build a solid base of housing for future generations. Since the inception of Measure J, 550 inclusionary affordable units have been constructed.

Building Permit Allocation

The final piece of Measure J was a building permit allocation system, governed by an annual growth goal adopted by the Board of Supervisors each year. This system generated the most controversy in the past due to the impression that it creates an artificial limit on housing construction. In fact, permit demand has exceeded permit availability in only 3 out of 30 years (1978 and 1979, the first years of the program, and 2001, during the building boom.) Additionally, the Board of Supervisors has the discretion to carry over any unused permits from one year to the next, meaning building permits have always been easily available. As illustrated by the table in Appendix 4.4-7, the allocation of building permits has exceeded demand in all but 2 of the past 30 years, and in those years the Board of Supervisors authorized the use of permits that had been carried over from prior years in order to meet the demand. Today, the allocation of building permits applies only to market-rate housing, and affordable housing is not subject to the allocation. Allocations are granted upon request from developers, and no additional requirements or process applies.

For 2009, the Board of Supervisors adopted a growth goal of 0.5% and allocated 258 building permits. The building permits are broken down into both urban (67%) and rural (33%) allocations: 173 Urban, and 85 Rural. By way of comparison, in 2008, the Board allocated a total of 257 building permits, and the total number applied for was far less, consistent with historical trends (Appendix 4.4-6). By allowing more growth in the urban as opposed to the rural areas, Measure J promotes urban-centered growth, discourages sprawl, preserves agricultural and open space lands, and supports the creation of affordable housing.

Overall, the growth management system initiated by Measure J has created a relatively compact urban area while maintaining the rural landscape for both agriculture and resource protection values. The addition of inclusionary housing to the equation created a system that has worked well for the County for three decades. The principles of Measure J including limiting urban expansion, protecting valuable rural resources, and concentrating development in existing urban areas now form the backbone of a planning process that limits greenhouse gas emissions and minimizes environmental impacts. The wise use of land and resources has provided the citizens of Santa Cruz County with a quality of life that would be impossible under different conditions. By concentrating the bulk of development in a defined area, the County ensures that urban amenities like grocery stores, restaurants, and walkable neighborhoods are created, while still being close to protected open space and recreational areas.

Rather than actually limiting growth, as demonstrated by the building permit allocation numbers, Measure J has been highly effective at directing where that growth occurs. This approach to land use has long been supported by academic research and economic analysis, and is now supported by State legislation (SB 375), as one of the most effective strategies for resource management, a sustainable economy, and the reduction of greenhouse gas production.

INFRASTRUCTURE CONSTRAINTS

The infrastructure provided to development in the unincorporated County has been designed to reinforce the principles of urban-centered development. To that end, public water and wastewater agencies are limited in extending services beyond the USL. With some limited exceptions, addressed below, rural development relies on well water and septic systems, and is essentially self-sufficient in terms of these utilities. Road maintenance and highway capacity is a further limiting factor for both urban and rural development.

Water

Santa Cruz County is fortunate to have several local sources of water incorporating supplies for residential, commercial, and agricultural uses in the County. With the exception of 200-300 parcels in the Summit area that are served by the San Jose Water Company, Santa Cruz County is served exclusively by local water sources. This situation is unusual in California – most communities rely to some extent on imported water to support their populations. Reliance on local water sources has several advantages, the first being direct control over the use of the water supply. For example, through land use choices the County is able to support groundwater recharge – the General Plan designates certain areas as primary groundwater recharge areas—which places additional restrictions on development in these areas, primarily as they relate to lot size, in order to ensure that the groundwater aquifers are maintained. The disadvantages of relying on local water sources are enumerated later in this section.

Water supplies in Santa Cruz County are provided by a variety of water purveyors: municipal water systems, County water districts, investor-owned water companies, mutual water companies, and individual well-water systems. Within the Urban Services Line (USL), water is primarily supplied by three agencies: The Live Oak and Carbonera planning areas are supplied by the City of Santa Cruz Water District, the Soquel and Aptos planning areas are supplied by the Soquel Creek Water District and the Central Water District, and the Pajaro Valley planning area is supplied by the Watsonville Water Department. Agricultural water use is a significant portion of water demand, especially in the southern portion of the County, and is usually provided by groundwater pumping. The Pajaro Valley Water Management Agency (PVWMA) was created by State legislation and approved by voters in 1984 to manage water resources within the Pajaro Valley Basin. The PVWMA does not supply water, but is the responsible local government agency with the power to regulate water use.

The drought from 1986-1993 impacted both surface and groundwater supplies throughout the County, and emphasized the need for increasing water supply and improving water planning and management. Because of this, the emphasis on coordinated water resource management has been of primary concern to the County and to the various water agencies. As required by state law, each of the County's water districts/departments serving urban areas must update their Urban Water Management Plans every five years, with the next updates due in 2010.

All groundwater aquifers in the County, the primary source of residential water supply for the southern two-thirds of the County, are in some degree of overdraft. Overdraft is manifested in several ways including declining groundwater levels, degradation of water quality, diminished stream base flow, and/or seawater intrusion. Surface water supplies, which are the primary source of supply for the northern third of the County, are inadequate during drought periods, and may be further diminished as result of the need to increase stream baseflows to restore endangered salmonid populations. In addition to overdraft, the use of water resources is further constrained by various water quality impacts.

Santa Cruz and Live Oak: The City of Santa Cruz Water Department provides drinking water to the City of Santa Cruz and surrounding unincorporated urban areas, primarily utilizing surface water from the San Lorenzo River and its tributaries and north coast watersheds. During normal years there is adequate supply, but during a severe drought only about 55% of current demand can be met. The City recently completed its Integrated Water Plan and is pursuing a desalinization project that would meet current and projected demand (in conjunction with long term water conservation and 15% use curtailment during severe drought periods). This project is expected to be on line in 5-10 years. In 2004 the City estimated that the existing water system was operating at about 93% capacity during years with average rainfall. The City has determined that it can serve the equivalent of about 3,400 new homes before requiring a moratorium on new connections if no new sources of waters are found. Projected growth at UCSC would be included in that number of new homes.

Santa Margarita Basin: Overdraft in the Santa Margarita groundwater basin in parts of the San Lorenzo Valley and Scotts Valley, is manifested by a significant decline in groundwater levels, degradation of groundwater quality, and probable decline in stream base flow over the past 20-years. At the end of 2005, an updated groundwater model of the Santa Margarita Basin was completed that gave a more accurate picture of the basin's capacity and sustainable yield. This most recent study indicated that the earlier model had overestimated sustainable yield and available water in the basin.

The overdraft of this basin is being addressed in several ways. The SVWD is steadily expanding the list of subscribers to switch to reclaimed wastewater. Beginning production in 2002, it is currently one of two tertiary treated wastewater facilities in the county. The use of treated wastewater, used for irrigation and landscaping, offsets an equivalent amount of potable water pumping and therefore is a valuable component in a water portfolio. County staff recently received grant funding to conduct a feasibility study of the conjunctive use of surface and groundwater to increase groundwater storage in the basin. It is hoped that the conjunctive use project can generate a thousand acre-feet or more of water supplies in an average year, increasing the reliability and efficiency of the water supply for existing customers. Completion of such a project is likely to take 5-10 years.

Scotts Valley Water District has recently begun to significantly step up their water conservation efforts. Conservation measures that could significantly cut down on water consumption in this region include replacing old water using appliances such as clothes

and dish washers, water fixtures such as old toilets and shower heads, and high water use landscaping.

Water quality in the Santa Margarita Basin has been impacted by various contaminant sources including gas stations, dry cleaners, and septic systems. The occurrence of these contaminants in the groundwater supply constrains both the use of the impacted water as well as efforts to enhance groundwater storage.

Mid-County: In the mid-county area, overdraft is manifested by groundwater levels below sea level and the first signs of seawater intrusion into parts of the aquifer systems and the probable decline in stream base flows. Water is extracted from the mid-county aquifers by the City of Santa Cruz Water Department (SCWD), the Soquel Creek Water District (SqCWD), Central Water District (CWD), small water systems and individual users. Only the smaller CWD, located in the recharge area of one of these aquifers, appears to have sustainable groundwater supplies for its current customer base. Groundwater quality impacts from contaminants have been minimal in the mid-county area. There are several gas station leaks in this region but none of the leaks has impacted major water supply wells.

As noted above, the City of Santa Cruz has developed an Integrated Water Plan to address the future water service needs of its customers in the City and unincorporated areas. This plan directs the City's efforts towards desalinization, conservation efforts, and use curtailment during times of drought. SqCWD is participating with the City of Santa Cruz in the joint development and operation of the desalinization plant. In the meantime, SqCWD has instituted a "zero-impact" ordinance for all new water connections. This ordinance requires new customers to provide water saving retrofits to existing customers that more than offset the new demand caused by their development. With these and other water conservation measures in place future water demand is expected to remain flat through 2015, even with the projected increase in new connections. Water conservation measures have been effective and all the water agencies except Central reported lower water usage in 2007 than in prior years. 2007 and 2008 were dry years and the water agencies implemented mandatory or voluntary water use restrictions with the objective of reducing demand by 15%.

South County: Overdraft in the south county aquifers is manifested by depressed water levels, seawater intrusion, and reduced stream flows. Water levels are below sea level in more than 70% of the basin and elevated chloride levels have been detected in wells near the Pajaro River, more than two miles from the coast and segments of Corralitos Creek have been dry earlier in the summer than in previous years.

Water quality in the south county area is impacted by seawater intrusion as well as nitrate and other chemicals from agricultural practices, animal facilities and septic systems. The PVWMA completed a project at Harkins Slough that provides ground water storage and recovery in the shallow aquifer in that area. PVWMA and the City of Watsonville recently completed the construction of an advanced tertiary treatment facility to provide recycled water for agricultural irrigation on coastal farms, which could help to relieve some of the seawater intrusion issues by limiting groundwater pumping in

these areas. PVWMA has also been pursuing various other water supply projects as identified in its Revised Basin Management Plan (BMP). Like many such efforts, funding is uncertain and the implementation of the BMP will require a significant financial commitment from both water customers and local agencies.

The County requires, as specified in its General Plan policies, a firm commitment of water availability in order to approve new development, and to date all major water suppliers continue to provide such commitments for new development under the County General Plan. The major water purveyors in the County (City of Santa Cruz Water Department, Soquel Creek Water District, Scotts Valley Water District, San Lorenzo Water District, City of Watsonville Water Department) have developed no new water supplies in over 20 years, and have instead relied on offset programs and conservation of existing resources to continue to meet the demands of a growing population. These efforts have had limited success, and future growth projections have led to the desalinization plan under development by the City of Santa Cruz Water Department and Soquel Creek Water District. It is clear that both water quantity and quality will be an ongoing issue for the community, and that further conservation efforts will need to be implemented by the water agencies.

Transportation

Transportation constraints to development result from issues with road capacity, particularly along the primary north-south linkage of Highway 1. On local streets, in the urban areas major transportation corridors are lined with existing businesses and homes, leaving little room for road widening. In the rural areas, public roads require nearly constant maintenance due to the various slope, soil, and landslide hazards, making any expansion of the existing network costly both in terms of time and labor expenses.

The County continues to work with California Department of Transportation (CalTrans) on the planned improvements to Highway 1 through the County. As the major north-south connection in the County, Highway 1 is an important feature of the County's transportation system and experiences major delays during peak travel times in both the morning and evening on weekdays and on Summer weekends. The highway is lined by development along the frontage, and in certain places crosses wetlands and riparian areas that are subject to special protections under both State and local regulations. The opportunities for expanding the highway are limited, and the County Transportation Commission has worked with CalTrans over the years to identify those improvements. A ballot measure to fund the widening of the highway (in addition to several alternative transportation projects) though a sales-tax increase was defeated at the polls in November 2004. While other proposals to increase capacity have been discussed by Caltrans and the County Transportation Commission, it remains unclear as to when or if such improvements will occur.

The recently completed improvements at the Highway 17 interchange have generally improved travel times for this road section. CalTrans is planning additional improvements over the next 10 years, contingent on obtaining a secure source of

funding. The phasing of these improvements has targeted the most congested sections of roadway first in an effort to improve the overall level of service provided.

The Santa Cruz County Regional Transportation Commission is also considering other transportation alternatives as part of their long-range transportation plan for the County. A rail line runs south from the town of Davenport to the City of Watsonville. This line is currently owned by the Union Pacific Railroad Company and used for transporting freight. There have been several discussions over the years about the future of this line. Most recently this discussion was focused on the creation of a pedestrian trail if the County Transportation Commission was able to purchase the right of way from Union Pacific. There have also been proposals to utilize this corridor for passenger rail service, however thus far passenger rail proposals have not become a viable alternative transportation mode for Santa Cruz County.

Transportation issues and road congestion do pose legitimate limitations on development, and, along with the USL, lead to the conclusion that major development in the County should take place in existing urban neighborhoods. During the next Housing Element cycle, the requirements of the recent SB 375 legislation will drive local government to create even more compact urban areas in a coordinated land use and transportation planning process. Santa Cruz County is fortunate to have the building blocks of Measure J, which have provided a good basis for this style of land use planning, and the future efforts will include the component of transit and transportation, for an even more complete view of the community's needs.

Sanitation

A number of special districts are responsible for providing sanitary sewer services in the County and for maintaining and operating local wastewater collection systems. Wastewater in the urban portions of the County is conveyed to a wastewater treatment plant in the City of Scotts Valley, City of Watsonville, or the City of Santa Cruz. Neither the County Sanitation District nor the Freedom Sanitation District operate a wastewater treatment plant, rather, both share treatment capacity in the other plants through Joint Powers Agreements.

The City of Watsonville Wastewater treatment Plant has a total capacity of 16.5 million gallons per day (mgd). This treatment capacity is shared among the Freedom County Sanitation District, Salsipuedes Sanitation District, Pajaro County Sanitation District (in Monterey County), and the City of Watsonville. The Watsonville Plant provides advanced secondary treatment. Through the Freedom, Salsipuedes, and Pajaro County Sanitation Districts, the County has wastewater treatment entitlement to 3.201 mgd at the City of Watsonville Treatment Plant, of which it currently uses 2 mgd. Sufficient capacity exists to meet the future growth of the County General Plan.

The City of Santa Cruz Wastewater Treatment Plant provides full secondary treatment and has a total capacity of 17 mgd. The total treatment capacity at the Santa Cruz Wastewater Treatment Plant is shared between the Santa Cruz County Sanitation District and the City of Santa Cruz. The plant could ultimately be expanded to treat up to

23 mgd of wastewater. This estimate is based on the size of the treatment plant site and the nature of the operation.

Through the Santa Cruz County Sanitation District, the County has an entitlement to 8 mgd of the City of Santa Cruz treatment plant's capacity. The County currently uses almost 5 mgd from its allocation, and the remaining capacity is designated for future development in the unincorporated area. The increase in population projected in the County General Plan could be served by the remaining capacity of the Santa Cruz Wastewater Treatment Plant. General Plan policies require that a written commitment be received from the service district guaranteeing that the required level of service is available prior to issuance of building permits. The Sanitation District is developing a plan for the replacement of older sewer lines to reduce stormwater inflow, eliminate constrictions and improve service.

In the rural areas of the County, wastewater disposal is through septic systems or community wastewater disposal systems, also called package treatment plants. The County has implemented the Regional Water Quality Control Board requirements by the adoption of a Wastewater Disposal ordinance. As mentioned earlier, this ordinance establishes specific minimum parcel sizes for the installation of residential septic systems. These minimum parcel sizes are based on the technical limitations of the soils and include factors related to the site characteristics such as slope, high groundwater and the proximity to water wells. In certain areas of the County, such as the San Lorenzo River Watershed and the water supply watersheds of the North Coast and Bonny Doon Planning Areas, development is constrained to a one-acre density. In the water supply watersheds of the North Coast and Bonny Doon Planning Areas, development is limited to 2½ acres/unit within one mile of a water system intake. In other rural areas, development may occur on smaller properties if all technical requirements for the installation of the septic system can be met.

In summary, Santa Cruz County faces several significant infrastructure limitations that may soon pose genuine constraints to residential expansion. Land use planning in the County is limited by the infrastructure and public facilities that are managed by various public agencies and are beyond the authority of the County government to address. The County is working with the many responsible agencies to improve infrastructure to serve existing and future residents, and realizes that there are finite resources given the realities of our water supply, road system, and wastewater capacity. Santa Cruz citizens are well informed on these issues and have begun to object to proposed development on the basis of many of the issues addressed in this section. Trepidation over the future of the County and the quality of life for all residents, both existing and future, are bringing concerned citizens into the development review process in a new way in Santa Cruz. The issues raised by neighbors are important and create an added challenge for potential developers.

LOCAL LAND USE REGULATIONS

Unlike most counties in California, the unincorporated area of Santa Cruz County has a disproportionate share of the County's urban density and, therefore, must regulate a

wide variety of development ranging from high density residential housing to timber production and agricultural lands.

Zoning standards

Zoning districts in Santa Cruz County are consistent with General Plan policy, as is required by State law. The zoning district provisions govern the type, density, mix, and other site related restrictions that apply to development. The zoning ordinance contains a number of features intended to promote affordable housing including density bonuses, second units, density minimums, and other features such as flexible application of height and parking standards for affordable housing projects.

The basic uses allowed in the County's residential zoning districts are described below. Site standards and other requirements for the residential districts are further illustrated in Appendix 4.4-1 and 4.4-2. Development standards, such as building height, parking requirements, lot coverage and setbacks, are typical of those applied in other suburban California jurisdictions. In Santa Cruz County, mixed use projects are subject to the site and development standards of the commercial zone districts, at the density of the RM-3 zone district. In mixed use developments, 50% of the total building square footage may be residential if the units are being sold or rented at market rate, or up to 67% if the units are affordable housing units made available to households of moderate or low income.

In the urban areas, residential districts permit single-family housing, attached housing, second dwelling units, community care facilities, day care facilities and transitional housing. Urban residential districts also permit housing projects utilizing the State Density Bonus law. The basic use allowed in each of these districts is residential; the basic difference is the allowed density and type of allowed housing (i.e. attached or detached). All development proposals within the USL are required to meet the minimum density designated in the County's General Plan. The urban residential zone districts are:

1. R-1 (single family residential)
2. RB (single family residential, oceanfront)
3. RM (multi family residential)

In the Rural Area, residential districts permit single-family housing, dwelling groups, second dwelling units, and day care facilities, at densities consistent with the carrying capacity of the land and infrastructure limitations. The rural residential zone districts are:

1. RA (single family residential and agriculture)
2. RR (single family residential)
3. R-1 (single family residential for existing developed neighborhoods)

A detailed description of the purpose of each zone district can be found in Appendix 4.4-1.

The height limit in the residential zone districts is 28 feet (with the exception of the RB district which has a height limit of 25 feet and 17 feet), and taller structures can be permitted through several discretionary application avenues ranging from an administrative review when additional setbacks are provided to a public hearing for a Variance approval. Lot coverage in all urban residential zones ranges from 10% on acreage lots to 40% on lots under 16,000 square feet in size. Setbacks vary between zone districts from 5 to 40 feet. The Site and Structural Dimensions Charts can be found in Appendix 4.4-2.

Parking

Parking standards are based on bedroom counts, and are similar to other suburban jurisdictions. Multifamily development must provide sufficient guest parking in addition to the required parking based on the bedroom count in the project. These parking standards have not impacted the ability of developers to maximize density, and the opportunity to reduce the parking requirement through the approval of a Parking Accommodation Plan ensures that developers are not limited by these requirements. To date, only affordable projects or those targeted at special populations, such as seniors, have taken advantage of a reduced requirement, in fact several market rate developers have made room on their sites to provide parking in excess of the County's requirements in an effort to make their projects more attractive to potential residents. The residential parking standards can be found in Appendix 4.4-2.

Any project can be considered for a reduction in the required parking on the basis of an approved Parking Accommodation Plan that could include transit passes, carpool programs, documentation of reduced need, etc. For mixed use projects, because it is assumed that prime times for commercial use and residential use do not typically overlap, the County's Parking Ordinance includes a provision that parking can be shared between these two uses. Projects for the elderly are routinely granted a reduced parking requirement equivalent to about 1 space per unit.

Open Space

The basic open space requirement for all multi-family development is either 200 sq. ft./unit of private or 300 sf/unit of group open space. Most multi-family developments use a combination of the two to meet the requirements. These standards are similar to those required in other jurisdictions.

Housing for People with Disabilities

The County has worked hard over the years to eliminate constraints on housing for people with mental, physical, and developmental disabilities. The County Code contains no definition of "family", requires no special spacing requirements between homes or facilities serving the disabled population, permits group homes for 6 or fewer individuals as residential uses, and allows homes for 7 or more disabled individuals with a conditional use permit approved by the Zoning Administrator. Finally, the County has adopted a reasonable accommodation ordinance to provide relief from zoning and land

use policies that could hinder the ability of a disabled person to live comfortably in their home. The County's Reasonable Accommodation Ordinance requires, in order to approve a requested accommodation, that the following findings be made:

- that the person be found to be disabled, as defined by the Federal Fair Housing Act or the California Fair Employment and Housing Act;
- that the requested accommodation be necessary to allow a disabled individual to occupy the property in question;
- that the requested accommodation will not impose an undue burden on the County;
- that the accommodation will not require fundamental alteration of building and zoning laws; and
- that the requested accommodation will not deprive adjacent properties of light, air and open space consistent with the Zoning Ordinance.

The County has granted accommodations to allow accessibility ramps to extend into front- and side-yard setbacks, allowed elevator buildings to exceed standard height and setback limits, and other accommodations required to allow people with disabilities to live in appropriate housing.

Permit Processing

The average time for processing a discretionary permit, including CEQA review, for a Minor Land Division (creation of 4 or fewer lots) or a subdivision (creation of more than 4 lots) varies considerably due to project complexity, Planning Department staffing levels and, most importantly, the promptness of information submittal on the part of the applicant, which varies greatly from one project to the next. Taking in all of these variables, the current processing time for new subdivisions is approximately 12 – 18 months, depending on the promptness of replies from the applicant. All subdivisions of more than 19 lots must be approved through public hearings before both the Planning Commission and the Board of Supervisors. All Minor Land Divisions and subdivisions of 19 units or fewer must be approved through public hearings before the Planning Commission. Subdivision plans are required to include prototype architectural drawings of the housing units, which may add some time to the subdivision process. However, because these prototype plans undergo design review at the time of the land division, the developer then saves time when applying for the development permit on the property. The prototype plans limit the overall processing time by providing overlap between the land division and housing development applications.

The processing time for development projects on existing lots of record can be as little as 6 months, depending on site constraints, engineering requirements, neighborhood involvement, and promptness of applicant replies. A single family home on an existing lot, in a residential zone district outside the Coastal Zone is a by-right use and requires no discretionary review. Building permits for these homes can be processed in several weeks. Single Family Dwellings in the Coastal Zone often require a discretionary

Coastal Permit prior to Building Permit processing, depending on the project location. The time for Coastal Permit issuance is 6 months, again factoring in the promptness of the applicant in submitting required information. Multi-Family Residential Development, for either rental or ownership housing development must be approved through public hearings by the Zoning Administrator for projects of 2–4 units, the Planning Commission for projects 5-19 units or the Board of Supervisors if the project is 20 or more units. Typical timelines for approval of these types of projects range from 14 to 18 months, again, recognizing that much of this time is spent awaiting responses and information from developers.

The County planning department implements a priority processing program that applies to all residential projects that provide a minimum of 25% of the units as affordable housing. These projects, which tend to be multi-family affordable housing developments, can be processed in as little as 6 months and rarely require more than 12 months between the time of application and the time of final approval by the hearing body. Again, wide range in processing time is due to differing response times from different applicants. Prompt responses from applicants yield faster processing. Priority processing takes place automatically with these applications, the only requirement being the percentage of affordable housing units included with the project.

Design Review

The design review process is conducted concurrently at the initial stages of the development application review process. The design review criteria are set forth in Chapter 13.11 of the County Code. With regard to residential development, design review is required for all minor land divisions, subdivisions, all projects resulting in residential development of 3 or more units, as well as single-family dwellings in certain areas or which exceed 7,000 square feet in size. Design review is performed at the staff level—rather than by a design review committee or board—as part of evaluation of the overall project. Design review is integrated into the overall review process and therefore, is not a constraint to development because it adds little additional time to the processing of development applications.

The purpose of the design review process is to ensure that the proposed project is in conformance with the criteria in Chapter 13.11 and result in projects that benefit the community. In Chapter 13.11, design standards and guidelines set forth design criteria in the areas of: site design; building design; access, circulation and parking; and landscaping. These criteria are specifically described so that developers have the ability to design projects that comply with the design criteria. A series of design brochures is available at the zoning counter and on the Planning Department's website to provide guidance to designers and property owners about the design review process. Planners are also available to discuss the design criteria and assist developers.

In general, the permitting process has been facilitated by the development of an online Geographic Information System that enables staff and the public to obtain parcel information more readily. Processing of applications has also been significantly improved in the past years by having brochures and handouts regarding project

submittal available to the public for both the Development Review and Building Permitting procedures and requirements. This information is now also available on the County's website. Additionally, permit status is also available online to members of the public. Public notification and hearing requirements meet and exceed those required under state law. Development projects regularly attract significant attention from neighbors, and projects that go to public hearing often generate a large amount of interest from nearby residents.

Building Permit Process

Building code and design standards imposed in Santa Cruz County related to engineering standards, energy conservation, parking, materials, seismic safety, and sanitation add to the cost of housing production in Santa Cruz County, although such costs must be considered in the context of the public health and safety objectives they promote. These codes do not appear to be a significant constraint, and are similar, if not identical, to codes throughout the State.

An application for a single family dwelling on an existing lot of record is a ministerial process. The processing time for initial Building Permit application review is about six weeks. At the present time, second units require a similar processing time for building permit issuance as single-family dwellings, and are also ministerial permits, consistent with state law. The Department's brochure explaining How to Obtain a Building Permit is included in Appendix 4.4-3.

Several housing policies are specifically designed to expedite the review of affordable housing projects in order to ensure the production of affordable housing. These include expedited permit processing and fast tracking the discretionary application for affordable housing developments.

Fees

The County and other local agencies impose development impact fees on new development to fund infrastructure improvements including schools, child care, parks, traffic and roadside improvements. Each of these fees is directly linked to the provision of services and facilities necessary to support residential development. At the present time, the County charges fees for plan checks, building permits, sewer and some water connections, driveway encroachments, zoning and drainage reviews. Other entities charge water connection, sewer connection (in one area) fire review and school impact fees. Fees vary by location in the unincorporated areas of the County. Typical building permit and impact fees for both urban and rural single-family dwellings, and Urban Multi-family projects in Santa Cruz County are shown in Appendix 4.4-4. Appendix 4.4-5 shows these fees as a percentage of total development cost, based on information from a recent multi-family project for which we have a complete proforma from the developer. The total impact of planning permit fees was 4% of the total development costs for this project, which is roughly typical of most development in the unincorporated County.

Historic Resources

The County's Historic Resources Ordinance requires that all new exterior development on parcels where a designated historic structure exists be evaluated by the Historic Resources Commission. There are 330 structures in the County that have been designated as historic resources. It is possible that the significance of a historic structure could impact a proposed housing project due to design constraints in designing around the historic structure, or preventing the demolition of a structure to allow for higher density residential development; however, there have been no known instances of this to date. Additionally, historic structures are subject to the Historic Building Code.

Coastal Permits

As shown in Appendix 4.4-6, the Coastal Zone impacts a large land area in Santa Cruz County. One third of our urban land is located within the Coastal Zone and subject to the requirements of the Local Coastal Program Land Use Plan, as approved by the California Coastal Commission. In certain circumstances, such as when a General Plan/LCP amendment is part of a project application, final approval of a development rests with the Coastal Commission and not with the County. Generally, however, single-family homes on appropriately zoned residential lots are not subject to Coastal Commission approval, and the County serves as the state-designated authority in issuing a Coastal Development Permit. All houses in the rural areas of the Coastal Zone and some in the urban areas require approval of a Coastal Permit. The added permitting required to build on land in the Coastal Zone can add both time and expense to any development project near the Coast.

Code Enforcement

The County of Santa Cruz operates a code enforcement program to ensure that building and zoning codes are upheld throughout the unincorporated area in a manner that promotes the health and safety of all residents. The code enforcement program operates primarily on a complaints basis and receives calls daily from the public on a variety of topics. The most common complaints relate to unpermitted construction and conversions in residential structures (most often from turning a non-habitable room or structure, such as a garage, into a living unit). Other complaints relate to Environmental violations (including illegal grading, vegetation removal and erosion control violations), Animal Keeping violations (most commonly roosters in non-agricultural areas, or excessive numbers of cats or dogs), Fences, Neglected Properties, and General Zoning complaints (including unpermitted commercial uses, home occupations, signs, permit conditions, etc.). In 2008, the County received 922 complaints in total, and 357 of these were related to housing conversions, remodels, or construction.

In accordance with State Law, the County charges no additional fees for processing zoning or building code violations, and instead requires that the violations be corrected (either through permitting or removal), and that the property owner reimburse the County for staff time spent in issuing and rectifying the Red Tag. Many of these

violations can be corrected if the property owner obtains a permit for the conversion or new construction that has taken place. The Code Enforcement process focuses on ensuring that the County's residents, especially the low-income residents that are often the tenants of these unpermitted units, are able to live in safe and sanitary housing that meets the California Building Code and local zoning regulations. In extreme cases, some housing units must be removed because they cannot meet one or more of the code requirements that apply, and the Code Enforcement program pursues all options for legalizing the construction before determining that removal is the only remedy.

EFFORTS TO REMOVE CONSTRAINTS

Policy Forum

County staff actively pursues opportunities to streamline and simplify the review of development projects, as well as seeking to ensure the predictability of the review process for applicants. To this end, for the past several years, the Planning Department has been formally identifying these issues through a process known as the Policy Forum. The Policy Forum allows staff to raise questions and ask for clarifications/interpretations of the County Code. A focused conversation can then take place at the staff level to clarify the intent of the policy language in question, and to provide all staff with a written interpretation of that language. By ensuring that all staff use the same interpretation of the County's regulations, the Department is seeking to improve the predictability of the planning process for developers and property owners. When a Policy Forum discussion identifies a need for a change to the County Code, staff can then bring the issue to the attention of the Board of Supervisors for their discussion and direction.

Regulatory Reform

In addition to specific code amendments identified through the Policy Forum process, the Planning Department is also undertaking a regulatory reform program in an effort to simplify the discretionary approval process and reduce costs for applicants, particularly small-scale home builders and homeowners. The process has taken a broad look at the County's regulatory structure and identified three areas where reforms could most benefit the community: processing for new small-scale residential structures, additions, second units, and accessory structures; regulation of non-conforming uses and structures; and regulation of change of use for existing commercial buildings. To date, the first phase has been brought before the Board of Supervisors and adopted and staff is working on the second phase. It is expected that these three initial phases will be completed during the planning period for this Housing Element.

The first phase of the regulatory reform efforts began in 2007 with the identification by staff of problematic and outdated residential regulations that added significant amount of time and expense to the permit process while no longer providing a needed protection. An example was removal of affordability and rent restrictions for second units. The Board of Supervisors held a study session and meetings were held with stakeholders to determine the scope of the regulatory reforms.

While not all of the proposed reforms were adopted, significant regulatory changes were made to residential accessory structure, second unit, nonconforming structure, site standards and other residential regulations. Staff is currently working on amendments to the nonconforming regulations with a focus on relaxing regulations to protect the existing housing stock.

NON-GOVERNMENTAL CONSTRAINTS

Housing development in Santa Cruz, as in other coastal communities, is highly influenced by the cost of land and construction. As these costs have risen over time, housing prices have risen accordingly. The recent economic downturn has reduced both the prices and the number of units being built or planned by developers. While land costs have dropped recently, the cost of labor and materials remain relatively steady. With fewer homes being built, competition for existing housing remains relatively high, particularly in the rental market.

Land and Construction Costs

The cost of land varies considerably between jurisdictions. Market factors, especially the desirability of the location, play an important role in setting property values. Many infill lots are larger than the zoning minimum size lot but too small to subdivide. Local realtors estimate the cost of a ready-to-build lot for a single-family unit to range from \$350,000 to \$500,000, with an exceptional coast-side lot costing over \$1,000,000. The cost of land suitable for multifamily development or subdivision for multiple single-family homes also varies. Recent affordable developments in the unincorporated area that are subsidized by the County Redevelopment Agency have had land costs equivalent to \$420,000 to \$650,000 per acre.

Labor costs in Santa Cruz County, as in many places in the San Francisco Bay Area are higher than other areas due to the cost of living locally. The hourly wage of the construction workers, subcontractors, and general contractors in Santa Cruz will likely be higher than the hourly wages of similar workers elsewhere due to the fact that these workers must be able to live somewhere in the County.

All of these factors—cost of construction, cost of land, cost of labor—jointly contribute to the overall high cost of producing new housing in Santa Cruz County. The scarcity of easily developed land, combined with the steady demand, suggests that housing construction costs are likely to remain high in the future. The County will likely continue to follow this trend that is occurring throughout the Bay Area and the neighboring Silicon Valley, despite the current dip in prices predicated by the global financial crisis.

Financing

Financing for new housing construction can be a significant cost, and has recently become more difficult to obtain. Even in strong markets and for market-rate housing, private lenders frequently require pre-leasing or pre-sales for housing development loans as an assurance of revenue, and these features would be almost impossible to

demonstrate in the current housing market. In addition, housing developers are frequently required to provide significant equity contributions to reduce the lenders' risk. Many potential developers are unable to meet this requirement.

Development Financing

When compared to market rate developers, the developers of affordable housing face additional financing constraints. Opportunities for financing through traditional private sector sources are limited, as private lenders and investors typically seek financial returns that cannot be realized by affordable housing. Because the costs to produce affordable housing typically exceed the returns that will be achieved through sale or rental of the units, gap financing must be secured. While a variety of local, State, and Federal programs are available to address gap financing needs (e.g., CDBG, HOME, RDA set-asides, tax credits, etc.), these programs are typically highly competitive. The State notes that the high levels of risk associated with land development make it difficult for land developers to find investors and financing, particularly given the current economic climate. As a result, potential land investors typically require large premiums over and above other types of real estate investments. Lenders who make land development loans impose lower loan-to-value ratios, charge higher rates, and/or require the loan to be a recourse loan. In the current credit market many lenders are avoiding land development loans altogether.

California State Redevelopment Law requires that where there are local redevelopment areas, the property tax revenues generated by increases in assessed value within these areas after the adoption of the redevelopment plans be allocated to the redevelopment agency to carry out its redevelopment programs. State law further requires that at least 20% of these "tax increments" be set aside for the development, maintenance and preservation of housing affordable to low- and moderate-income households.

Although the County seeks all available sources of financing for housing, over the past ten years the amount of available funding has either been reduced or remained stagnant, even though the cost of developing housing has increased. As a result, it is not uncommon to find new affordable housing developments with numerous sources of financing in order to make the project financially feasible. This financing structure adds to the overall costs of development, as it can take a significant amount of time to receive funding approval from so many sources.

Home Purchase Financing

The collapse of the global credit markets during 2008 has had a major impact on the ability of local households to qualify for home loans under the stricter credit approval guidelines that are now in place. Where two years ago, downpayment requirements were extremely low, as low as 0%, potential homebuyers must now have the ability to make a minimum 20% downpayment, which represents a major hurdle for moderate or lower-income households. This lending requirement is not unique to Santa Cruz, but does have a significant effect on the local housing market due to the generally high home prices. Tighter lending restrictions have also affected the purchasing power of

households that a few years ago would have been able to qualify for many of the sub-prime loan programs. Mortgage interest rates also clearly have an influence on homebuyers, especially at the lower incomes. Despite recent substantial cuts in the prime lending rate by the Federal Reserve Board, financing requirements continue to keep buyers out of the market currently.

The availability of financing can sometimes constrain the development or conservation of housing. According to the Statewide Housing Plan, land developers purchase raw land, entitle and subdivide it, and sometimes, depending on the developer and market, install on-site services (e.g., streets, sewers, drainage) and pay for off-site improvements. These activities are generally carried out several years ahead of unit construction. The long lead times and high costs associated with these activities create a considerable risk for the developer—one few would be willing to take in today's uncertain housing market.

Downpayment/Move-in Costs

High up-front costs affect the ability of lower income households to secure housing. Most market rate homes in Santa Cruz County have become affordable only to households in the higher income brackets with more accumulated wealth. Moderate-, lower-, very low-, and extremely low-income households are generally unable to save money at a significant rate and often do not benefit from inherited wealth or other gifts from family members. Low accumulated wealth combined with high market rates and high up-front costs make it difficult for lower income groups to procure housing, either as homeowners or renters.

The ability to accumulate enough funds for a downpayment remains a significant obstacle to many potential homebuyers. Lower-income homebuyers may have a difficult time transitioning from the rental housing market to homeownership because of the difficulty in accumulating the required downpayment, which will be as much as 20-25%+ of the sales price, while concurrently paying high rents. In the same way, lower income households may not be able to find appropriate rental housing because they struggle to accrue the required security deposits as well as first and last month's rent. Without significant savings for a down payment, moderate- and low-income households may never have the means to enter the home ownership market without the assistance of County housing programs.

Santa Cruz County continues to rank as one of the 10 least-affordable places to rent housing according to the National Association of Homebuilders and Wells Fargo Bank. A major factor affecting rental affordability is the perpetually low vacancy rate for rentals. The low vacancy rates means that there are limited housing choices for residents who cannot afford to purchase a home in the County. A five percent rental vacancy rate is considered necessary to permit ordinary rental mobility. With less than five percent vacancy rates, tenants have difficulty locating appropriate units and the strong market pressure has inflated rents beyond the reach of County residents with extremely low, very low, low, and moderate incomes.

Foreclosures

Foreclosures on home mortgages have been discussed at length lately in the media and many neighborhoods in Santa Cruz have been affected. Many of the homes in foreclosure were purchased with non-traditional or sub-prime loans including Adjustable Rate, Interest-only, 100% financing, and balloon payment mortgages. These lending practices contributed to the current high rates of foreclosure by allowing individuals and households to purchase real estate they could not actually afford. The effects of these foreclosures are widespread and include a reduction in property tax revenues for the County, depressed home values in the neighborhoods as more distressed properties are sold, and an additional pressure on the rental housing market as residents or their tenants of these homes move into the rental market. Federal funds have been made available to assist homeowners in danger of losing their homes, local governments seeking to purchase distressed properties, and banks in need of assistance to refinance some of the loans made over the past five to ten years. Unfortunately, in order for local governments to be eligible for these funds through the Federal Department of Housing and Urban Development (HUD), the area must be in danger of large numbers of foreclosures, a criteria Santa Cruz County fails to meet based on the criteria used to determine risk of foreclosure. According to HUD, these criteria include: whether or not loans are high cost or highly leveraged, whether home values in the metropolitan areas have fallen and by how much, the unemployment rate in 2008, and whether or not that unemployment has changed between 2007 and 2008. At this time none of the Census tracts in the County are at a high risk of foreclosure or vacancy as defined by HUD, and this status makes the County ineligible for the Neighborhood Stabilization Stimulus Program funds. Through the assistance of local housing and homelessness non-profit organizations, some individual homeowners may be eligible for emergency funding.

Some low- and moderate-income buyers have utilized the County's First Time Homebuyer Program to purchase foreclosed homes. In the past, these homes were priced at a level making it difficult for these households to purchase them, but by utilizing the First Time Homebuyer Program, not only can these households purchase a new home, but the County can increase its stock of permanently affordable housing.

CONCLUSION

The landscape and location of Santa Cruz provide many unique attributes, as well as posing difficulties to development throughout the County. The mountainous areas are a landscape of steep slopes, riparian areas, landslide and fault zone hazards. The agricultural land to the north and south provides the basis of one of the County's most important economic generators and must be preserved for farming. These constraints dictate that most development is focused into the urban areas in the center of the County more or less along the coast. This area is surrounded by the Urban Services Line and is the area that enjoys the greatest level of urban services and is able to support the most intense land uses and residential densities.

The infrastructure capacity of the county's urban providers is finite, and in some cases reaching capacity. Water supplies are affected both in quantity and quality and all

County aquifers are in overdraft conditions. The capacity of Highway 1 is currently limited to two lanes in each direction through most of the County. The future growth of the County's urban areas will depend on the cooperation of all the responsible agencies to develop joint solutions to common problems.

The land use system in Santa Cruz County has been developed over the years to meet the demands of an engaged and active citizenry, and the result is a system with room for improvement in many areas. Ongoing efforts to streamline, simplify, and increase transparency in the development approval process have already seen some success and continue to be a focus of staff time and a priority for the Board of Supervisors. The County's land use patterns and zoning provide for sufficient capacity to accommodate existing local housing needs, including the development of second units, a limited number of new subdivisions, and ongoing infill development in the urban areas.

Under current conditions, the greatest constraint to housing in Santa Cruz County continues to be the costs associated with land, construction, and financing. The current credit markets set a high bar for lending to both developers and homebuyers, one that is often too high for local households. Even developers of affordable housing, with access to additional government funding as well as other sources are having difficulty meeting the lending requirements in today's market. Over the current 7-year planning cycle, some recovery is expected in the housing market, and hopefully this will lead to changes in financing availability that could allow residential development to resume at appropriate levels over the course of the cycle.

APPENDICES FOR THIS SECTION

- 4.4-8 Residential Zone District Purposes
- 4.4-9 Residential Site and Structural Dimensions Charts
- 4.4-10 How To Obtain A Building Permit Brochure
- 4.4-11 Typical Building Permit Fees for Single-Family Dwellings
- 4.4-12 Permit Fees as a Percentage of Total Development Costs
- 4.4-13 Map of Urban Services Line and Coastal Zone
- 4.4-14 Measure J Building Permit Allocations and Number of Permits Issued, 1979 - 2009

4.5: OPPORTUNITIES FOR ENERGY CONSERVATION

As one of the required components of a housing element, State law requires local governments to analyze opportunities for energy conservation with respect to residential development.

Santa Cruz County has been at the forefront of “green” planning since the 1970’s, promoting energy conservation at multiple levels: the development of an urban services line promoting compact and energy efficient development, and the adoption of a project review process and local building standards that encourage energy efficient construction and the development of alternative sources of energy for residential developments. More recently, the County has pursued additional strategies to increase energy conservation and reduce our greenhouse gas emissions in conformance with new state mandates. This section outlines long-standing County policies promoting residential energy conservation, and provides information on more recent programs to develop even greater energy efficiency.

SUSTAINABLE LAND USE AND DEVELOPMENT STRATEGIES

Sustainable compact development that reduces sprawl and preserves open space and agricultural land has been a guiding principle for development in Santa Cruz County. Since the late 1970’s with the adoption of an urban services line, the County has maintained a distinction between urban and rural areas, directing most residential development to urban areas and discouraging rural land divisions. From an energy conservation standpoint, this strategy has facilitated compact development located close to jobs and urban services, thereby reducing vehicle miles traveled and allowing for the development of an efficient public transit system.

Continuing in the tradition of promoting more compact development within an urban core area, the County in 2008 and 2009 rezoned over 30 acres at a density of 20 housing units per acre, which will allow for the development of 610 affordable housing units. Located throughout the County near public transit and urban services, these new high density sites provide an opportunity for the development of affordable housing that is energy efficient on multiple levels: residents will use less energy in their compact homes, and will need to travel fewer miles in their daily lives.

As another “green” land use strategy, the County has been promoting mixed use developments in areas close to urban services and accessible by public transit, through revising land use regulations. The increase in mixed-use housing on commercial sites will further encourage the development of energy efficient housing.

In 2008, the County began participating in a regional effort evaluating the linkages between transportation and energy usage, a California Department of Transportation-funded “Blueprint” process. Out of this regional process, the County anticipates developing additional land use strategies to guide future development that will further reduce vehicle miles traveled overall by County residents and reduce energy usage, while continuing to accommodate the housing needs of the community. Finally, during

the planning period the County will need to participate, along with other local jurisdictions, in developing a sustainable community plan as required by the recently enacted SB 375.

ENERGY CONSERVATION AND RESIDENTIAL DESIGN

In addition to adopting as a fundamental policy within the General Plan overall patterns of land use and development that promote energy conservation, the County also encourages energy efficient residential development and promotes the use of alternative energy through its review of individual residential development projects. County regulations require energy efficient designs for certain types of development projects, and also allow exceptions from site standards for alternative energy systems to encourage their development and use. In addition to reducing energy usage within the County, energy efficient design can also reduce energy costs for households, which can be important for lower income residents. The Board is also considering a Municipal Financing District for Solar and Energy efficiency improvements, in conjunction with the City of Santa Cruz.

Following are the most significant County regulations promoting residential energy conservation:

- New Subdivisions are encouraged to provide for passive heating or cooling opportunities as appropriate to the location, for example using east-west lot alignments to maximize solar heat gain from the south.
- New homes are allowed a reduction in yard requirements to incorporate a passive or active solar energy system, if it is not possible to orient the structure facing south.
- Solar energy systems on existing structures may exceed the height limit by 3 feet, and are exempt from setback requirements.
- Parking areas are required to be landscaped with large canopy trees to reduce radiant heat from asphalt, and any security lighting to use energy efficient fixtures.
- Wind energy systems meeting the requirements in the County Building Code may be constructed with a building permit only, allowing for the construction of wind energy systems with low permitting costs.

Over time, the County will need to further refine local regulations with regard to incorporating energy-efficient designs as part of the discretionary permit process.

ENERGY CONSERVATION IN RESIDENTIAL BUILDINGS

Incorporating energy efficient design and the use of alternative energy sources in residential and commercial structures can significantly reduce energy usage in a community. Since 2007, the County has been actively involved in developing and promoting green building standards. Through the current process of evaluating local

green building standards for residential construction, and with additional efforts to educate the public about the benefits of green building practices, the County is moving forward to reduce energy usage of new and existing homes in our community.

To educate the public about the benefits of Green Building practices, and help prepare for the adoption of new green building standards, the County sponsored several "Build-It-Green" Green Building Professional Certification Training events for architects and professional designers in 2007 and 2008. The events were well attended, adding significantly to the number of design professionals in the community ready to incorporate green building design into their projects.

The County is currently considering the adoption of a green building program that would apply both to new residential construction and to remodels. Under the flexible point based system currently being considered, the home builder could choose from among a list of measures best suited to the project to reduce the total amount of energy required to construct and live in the home, as well as creating a structure with a smaller impact on the environment as a whole. Since the point based system would require new residential structures to exceed Title 24 requirements, and would apply to both new construction as well as to remodels, the County anticipates the adoption of these standards would result in significant energy savings throughout the County.

The County also has several programs to improve the energy efficiency of older homes. For mobile homes, the County has a program to rehabilitate or even replace existing mobile homes with new manufactured homes. In addition to improving the quality of life for lower-income residents, the program also improves the energy efficiency of older mobile homes, or replaces the older homes with newer homes that are much more energy efficient.

To improve the energy efficiency of other types of housing, the County has partnered with Central Coast Energy Services to provide free weatherization services for low-income households. The goal of the program is to improve the energy efficiency of homes in the County, while reducing the energy costs for low income families, helping to defray the high housing costs in the area. The program also ensures that heating and gas appliances are safe to operate, and educates residents about energy conservation.

SUMMARY OF OPPORTUNITIES FOR ENERGY CONSERVATION

Santa Cruz County has historically placed a priority on "smart growth", by focusing growth in urban areas, promoting compact development patterns, and promoting energy efficient designs for residential projects and the use of alternative energy sources. The County continues to move forward in improving residential energy conservation on multiple levels, evaluating regional approaches for future development patterns that further reduce the vehicle miles traveled by residents, promoting energy-efficient project designs, and considering the adoption of local green building standards to improve the energy efficiency of new and existing homes in the community.

Section 4.7 discusses in more detail the development and continuation of specific programs to reduce residential energy usage, while also contributing to the overall housing needs of the community.

APPENDICES FOR THIS SECTION

- No Appendix Items

4.6: HOUSING SITES INVENTORY

State law requires local communities to show how they can meet their assigned housing goals for the housing element period. The first step in conducting that analysis is developing an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites. This Section inventories all the available sites within the unincorporated portions of Santa Cruz County, and determines the number of housing units that could be developed under the General Plan and zoning ordinance. The analysis of infrastructure and other constraints to potential housing development is provided in Section 4.4 of the Housing Element.

The inventory contained in this Section of the Housing Element provides important information for long-range planning in the County, showing vacant and underutilized land available to meet the housing needs of the community into the future. For the current planning period (2007-2014), the inventory provides a starting point for identifying sites available for residential development to meet the more immediate housing needs of our community — a task undertaken in Chapter 4.7.

Building upon the analysis from the previous Housing Element, the inventory includes a detailed survey conducted in 2008 of the dwelling unit potential of vacant land and underutilized land (parcels with existing units, but with numerous additional potential units) within the County's designated Urban Services Line. Also included is an estimate of the development potential for housing units on vacant rural properties. In addition to traditional single family and multi-family housing, the inventory evaluates the potential for residential units created as part of mixed-use developments, and the potential for second units. As well, potential unit affordability for each housing type is discussed in general. However, the detailed discussion of how the County will meet the Regional Housing Needs Assessment (RHNA) requirements for each income level is addressed in Section 4.7.

EXISTING HOUSING CAPACITY

The analysis of build-out potential, summarized in Figure 4.6.1 and discussed in detail in Section 4.6.3, indicates that there are a substantial number of units and a variety of housing types that could be built in the unincorporated area of the County under current General Plan and Local Coastal Program policies and zoning. The analysis is based upon a site-specific analysis of the housing capacity of all vacant and underutilized urban parcels in the unincorporated areas of the County, along with an estimate of available land in rural areas.

The total build-out capacity in Figure 4.6.1, representing the sum of all of the different types of housing, is 17,191 units for the unincorporated area of the County. This includes a capacity of over 3,035 stand-alone housing units in urban areas and 2,796 in rural areas. Additional housing can be developed in the urban and rural areas of the County as second units (7,883 units), housing for agricultural employees in agricultural areas (2,423 units), and as mixed-use projects in commercial areas (1,054 units).

Figure 4.6.1: Potential Build Out Under the County General Plan/LCP

Type of Development	Existing Capacity at the beginning of the Planning Period
Urban Housing	3,035 units
< 14.5 units/acre	2,249
14.5-17.5 units/acre	176
20 units/acre	610
Rural Housing	2,796 units
Mixed Use on Existing Commercial Sites	1,054 units
Vacant sites	155
Underutilized sites	899
Second Units	7,883 units
Agricultural Employee Housing	2,423 units
TOTAL - New Units	17,191 units
Differences in the estimate of build out capacity from the previous housing element reflects changes in methodology. Whereas the current estimate is based upon an analysis of housing capacity on a parcel by parcel basis, the previous housing element utilized the County's 1994 holding capacity estimate as a base and subtracted the number of units constructed since then.	

State housing law requires cities and counties to provide housing opportunities for all income levels in the community, represented by five income categories. For each planning period, the state establishes regional objectives for housing opportunities for each income level (see Section 4.3.3 in Chapter 4.3). This Section represents the first step in this process: analyzing the total number of sites in the unincorporated areas of the County with the capacity to accommodate housing for all income levels, under the County General Plan and current zoning designations.

The potential for addressing housing needs by income level is discussed in the Section 4.6.3 in a general fashion. A quantitative discussion of housing opportunities by income level is provided in Section 4.7.

ANALYSIS OF THE DEVELOPMENT POTENTIAL OF VACANT AND UNDERUTILIZED PARCELS

This section explains in more detail the analysis used to determine the housing capacity of sites within the unincorporated areas of the County, and to determine the capacity for housing affordable to all income levels.

Urban Sites -- Less Than 14.5 Units per Acre

This analysis focuses upon potential sites inside the Urban Services Line designated by the General Plan as either "Residential – Urban Medium" or "Residential - Urban Low" and zoned accordingly (see Appendices 4.6-1 and 4.6-2). These General Plan designations allow for residential development at densities ranging from 4.4 units/acre to 14.5 units/acre. At these densities, it is anticipated that on properties with the capacity for 7 or more new housing units, 15% of the units will be affordable to

moderate income households, and properties with capacity for 5 or 6 units will contribute in-lieu fees to the County's affordable housing fund as required by County ordinance. The remaining units will be affordable to above moderate-income households.

It is possible that an affordable housing provider could develop any of these sites with 100% affordable housing, depending on the particular property and subsidies available. In fact, the County Redevelopment Agency has successfully created 100% affordable housing projects on sites at the upper end of this density range. Recently developed affordable housing in the County has used the Density Bonus Program to increase project densities by 25% to 35%; however, in order to provide a conservative analysis, density bonus is not factored into the inventory.

These parcels are located in areas where public water and sewer service is available. These locations have generally flat topography, although some parcels are adjacent to riparian corridors. Access, geologic instability and flood plain issues do not constrain development on these parcels. Non-developable land, including rights-of-way and riparian corridors, has been factored into the analysis of the potential development of these parcels (see Appendix 4.6-1).

Urban Sites -- 14.5 to 17.4 Units per Acre

Pursuant to State law, densities of 20 units per acre are presumed to accommodate low, very low and extremely low-income households. Given that legislative requirement, it is reasonable to assume that development densities of approximately 15 units per acre would be affordable to moderate income households.

There are 49 underutilized sites in the County with General Plan designations of "Residential- Urban High", as listed in Appendix 4.6-3. These parcels are located within the Urban Services Line. The General Plan designation for these parcels allows for development with densities of 14.5 to 17.4 units per acre. Therefore, these parcels could be considered as potential moderate-income sites. The sites listed in the inventory allow for the development of at least 2 additional units on each site, with the potential for a total of 176 additional units.

Urban Sites -- 20 Units per Acre

Created in June of 2007, the Regional Housing Need Combining District was established as a condition of certification of the 2006 Housing Element to ensure that Santa Cruz County addressed the needs for adequate zoning to accommodate lower income housing needs. Specifically, this program required the County to rezone a minimum of 30 acres of land for by-right housing at a density of 20 units per acre. This combining district was applied to 6 sites located throughout the urban areas of the County, ultimately resulting in rezoning a total of 30.5 acres of land with a capacity of 610 housing units. All 6 sites are located within the Urban Services Boundary and are served by urban level sewer, water, and drainage infrastructure by their respective sanitation, drainage, and water agencies. It is assumed that these sites would be available to address needs of extremely low, very low, and low-income households for

the next planning period. A list of the parcels included in the combining district is shown in Appendix 4.6-4.

Under this combining district, a minimum of 40% of the units developed must be deed-restricted with long-term affordability covenants for low, very low, and extremely low-income households. As a part of reaching this goal, incentives such as alternative site development standards similar to those offered under State Density Bonus Law (i.e. increased height and decreased parking standards), significant financial incentives, and priority processing are provided by the County, in addition to the priority these sites must receive under state law from water, and sewer agencies. Most importantly, development of these sites is "by-right" – meaning that the use and density are by-right, with the only discretionary permit for the project being for design purposes.

Rural Sites

The total residential build-out capacity of the General Plan Land Use Plan for the rural areas of the County (outside the Urban Services Line) is estimated at 2,796 housing units. The analysis is based on the potential development that could occur on all existing rural residential properties greater than 1 acre in size. The analysis does not include additional development capacity of smaller existing rural parcels or of additional parcels that could be created through minor land divisions. The basis for this analysis was taken from the previous Housing Element, but adjusted for rural housing development that took place during the previous planning period (see Appendix 4.6-5).

Because there are not full urban services available for development on these parcels, development of affordable housing is not generally expected in the rural areas. Additionally, services, amenities and conveniences often desired by residents in affordable housing are scarce in the rural area. Therefore, the 2,796 units are expected to be affordable to households with above moderate incomes.

Commercial Mixed Use

There are more than 130 suitably zoned sites in the County with the potential for mixed-use development, including both vacant and underutilized properties. Mixed-use development is allowed in PA (Professional and Administrative Office), C-1 (Neighborhood Commercial) and C-2 (Community Commercial) zones. In these zones, residential use is allowed in 50% of the square footage of the structure(s), or in 67% of the structure if the units are deed restricted as 100% affordable.

Appendix 4.6-6 lists vacant and undeveloped properties that could support both commercial and residential development and are appropriately zoned for such uses. For the purposes of this estimate, it is assumed that 50% of the square footage of each mixed-use project would be dedicated to residential use, and that the structures would be built at a 40% floor area ratio. On these vacant commercial properties, potential future mixed-use projects could create as many as 155 residential units, assuming an average size of 800 square feet per unit.

Underutilized commercial sites in the County hold even greater potential for mixed-use development, particularly those sites that are significantly under-developed and/or contain older commercial development that is likely to be replaced in the near future. Appendix 4.6-7 contains an inventory of developed commercial properties with the greatest potential for mixed-use developments: developed commercial properties greater than 20,000 square feet in size with assessed improvement valuations of \$200,000 or less (indicating structures likely to need improvements in the near future). On these underutilized or older commercial sites, potential future mixed-use projects could create as many as 899 residential units, with an average size of 800 square feet per unit.

Including both vacant and underutilized sites, there is the potential for a total of 1,054 units in conjunction with the development and redevelopment of commercial properties. This analysis is conservative in that it does not project additional units that could be developed under the current ordinances that allow 67% of the floor area to be in residential units if 100% of the units are affordable.

Residential units in future mixed-use development projects should be available to households at varying income levels. Due to the location, density and small size of mixed use residential units, it is anticipated that market forces will result in mixed use residential units being affordable largely to moderate and above moderate income households.

Second Units

The County has aggressively pursued second units as a strategy to provide affordable housing in the community. To this end, second units are allowed in rural residential areas on lots greater than 1 acre; in all urban residential zone districts; and on agricultural parcels outside the Coastal Zone. In conformance with AB 1866, the County requires only a building permit for second unit construction.

A calculation of possible second unit capacity has been developed (see Appendix 4.6-8). Based on that calculation, it is conservatively estimated that the total capacity for new second units in the unincorporated area of the County under existing zoning regulations is 7,883 units. This number includes 4,857 units in the rural area and 3,026 units in the urban area. The 4,857 units in the rural area represents 75% of the total number of properties meeting the minimum requirement of one acre in a residential General Plan land use designation. The reduction accounts for those properties that may be located within floodplains, near geologic hazards or have septic system constraints that would preclude development of a second unit.

The number of potential second units in the urban area (3,026 units) is a very conservative estimate that includes only parcels that are greater than 6,000 square feet, meet the minimum lot size for the zone district, and are zoned R-1 (single family residential). Although existing County ordinances allow second units on all urban properties that meet the minimum parcel size in any residential zone district, because of natural constraints, the County has made the conservative estimate utilizing a number

of factors to generate the overall potential in the urban area, which are illustrated in Figure 4.6.2.

Figure 4.6.2: Second Unit Capacity	
Parcel size (square feet)	Percentage of parcels able to accommodate a second unit
6,000 – 8,999	30%
9,000 – 9,999	50%
10,000 – 14,999	70%
15,000 or larger	90%

Due to their smaller size and configuration, second units should be affordable to moderate and low-, and very-low income households, as well as to those with above moderate incomes. Many households maintain second units for use by family members with lower incomes, such as older adult relatives.

Housing for Agricultural Employees

State Law, under the Employee Housing Act, requires the County to allow for the by-right development of up to 12 agricultural employee housing units on agricultural properties of 20 acres or larger. Within the unincorporated areas of the County, there are approximately 404 properties of 20 acres or more in size zoned for agricultural use (CA, A, or AP properties). Conservatively, it is estimated that half of these properties, or 202 parcels, could be developed with housing for agricultural employees. It is likely that units would be available for lower income households, given the intended residents.

Emergency Shelters

As discussed in Chapter 4.3: People Who Are Homeless, Santa Cruz County has a large homeless population. The County has approximately 301 emergency shelter beds available between April 16 and November 14 each year, and an additional 143 beds available between November 15 and April 15 when the temporary winter shelters open. These shelters are located within the cities of Watsonville and Santa Cruz.

Emergency shelters are a discretionary use (requiring a Development Permit approval) in several zone districts. Currently, this use is not a ministerial use in any zone district. In accordance with recent State law SB2, Policy 5.4 in Chapter 4.7 identifies the PF zone district as appropriate for year-round homeless shelters as by-right uses. For additional information on the PF zone district, see Appendix 4.7-3.

Transitional and Supportive Housing

In accordance with State law, the County Code allows group homes, including those providing supportive services and transitional housing, in all residential zones as "Residential Care Homes". There are no geographical spacing or siting requirements for residential care homes serving six or fewer residents, and they are subject to the same

site standards and processing procedures as other residential uses in these districts. For residential care homes with seven or more residents, a conditional use permit, including a public hearing before the Zoning Administrator, is required. Family Day Care Homes may also provide for the care of disabled persons for period of less than 24 hours. These are permitted in all residential zone districts pursuant to California Health and Safety Code Section 1597.30 et seq.

Single Room Occupancy (SRO) Units

SRO units are currently an allowed principal use in the RM (Multi-Family Residential) zone district. They are allowed ancillary uses (up to 50% of the floor area for market rate, or up to 67% of the floor area for 100% affordable units) to commercial uses in the PA (Professional and Administrative Office), C-1 (Neighborhood Commercial) and C-2 (Community Commercial) zone districts. In all cases, a discretionary use approval is required with the level of review based on the number of proposed units. These requirements are identical to the requirements for other types of multi-family housing units.

The County encourages SRO units by providing priority processing for projects containing a minimum of 25% affordable units; the possibility of reduced parking requirements based on an approved Alternate Transportation and Parking Program; and the use of density bonuses, incentives and concessions for qualifying projects.

A challenge for SRO production is the density limits of our current zoning districts. Typical densities in the RM and Commercial zone districts are 14.5 units per acre which may make an SRO project economically infeasible. This challenge will be addressed by Policy 2.3 found in Chapter 4.7.

SUMMARY OF HOUSING SITE INVENTORY

This Section has analyzed the overall capacity in the unincorporated areas of the County under the County General Plan and current zoning designations for housing units. Based upon the capacity for a variety of housing units at varying densities, the inventory shows the capacity within the County for a large number of housing units affordable to all income levels, to support the housing needs of the community in the current planning period and into the future.

The following Section, Section 4.7, analyzes sites that can be reasonably developed in the current planning period, to meet the State's RHNA requirements and local housing goals. It also defines programs and policies to facilitate the development of housing that is affordable to all household incomes and that meets the housing needs of our diverse community.

APPENDICES FOR THIS SECTION

- 4.6-1 Table A—Single-Family Non-Vacant Sites Less than 14.5 Units per Acre
Table B—Multi-Family Non-Vacant Sites Less than 14.5 Units per Acre
- 4.6-2 Vacant Sites Less than 14.5 Units per Acre

- 4.6-3 Urban Sites 14.5 to 17.4 Units per Acre
- 4.6-4 Sites with a Minimum Density of 20 Units per Acre
- 4.6-5 Summary of Rural Vacant Land Development Potential
- 4.6-6 A—Summary of Vacant Commercial Mixed Use Sites
B—Table of Vacant Commercial Mixed Use Sites
- 4.6-7 A—Summary of Non-Vacant Commercial Mixed Use Sites
B—Table of Non-Vacant Commercial Mixed Use Sites
- 4.6-8 Second Unit Potential

4.7: QUANTIFIED HOUSING OBJECTIVES, GOALS, POLICIES, AND PROGRAMS

State law requires that housing elements contain quantified objectives of how the community plans on accommodating the housing units required by the Regional Housing Needs Assessment (RHNA). But, more importantly, a housing element needs to go beyond the broad numeric goals imposed through the RHNA to focus more closely on unique local housing needs. As a result, the first section in this Chapter, Quantified Objectives, Regional Housing Needs, presents the quantified objectives related to meeting the State's RHNA requirements. Additionally, the second section, Quantified Objectives, Local Housing Needs, suggests local objectives to address local housing needs — objectives that aren't generally recognized numerically in the RHNA process. As a result, the Housing Element sets forth goals and objectives that go considerably beyond what is required by State law.

In order to develop a path for meeting these objectives, this Section establishes goals, policies, and programs that become part of the General Plan. The policies serve to guide land use decisions, and are included in "findings" made for individual land use decisions. The programs include a range of existing and newly recommended activities that, taken as a whole, will enable the County to achieve the quantified objectives listed here. As a result, the housing policies and programs were developed to address the housing challenges that have been anticipated in the current 2007-14 planning period.

REGIONAL HOUSING NEEDS (STATE REQUIREMENTS)

According to the State Department of Housing and Community Development (HCD), the entity responsible for certifying that housing elements are in compliance with State law, the quantified objectives for the various programs described in a housing element should equal to or surpass the community's identified housing needs (as defined through the Regional Housing Needs Assessment (RHNA) process). This section describes the RHNA requirements and sets realistic numeric objectives around those requirements.

Affordable Housing Objectives

Figure 4.7.1 lays out quantified objectives for affordable housing production to address the RHNA requirements. It was prepared through a conservative assessment of existing zonings and existing housing policies and programs. This figure illustrates that the County can accommodate the RHNA quantified objectives within the context of existing zoning, policies, and programs for all income categories for the 2007-2014 planning period. To facilitate understanding these numbers in the context of potential build-out capacity, a column has been included in Figure 4.7.1 to recognize the build-out capacity for housing units, as described in Section 4.6 of this document.

Figure 4.7.1: Summary of Housing Objectives by Affordability Level for Planning Period 2007-2014 to Address Required Regional Housing Needs

	Land Use Capacity (from 4/6)	2007-2014 Total Units	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate
Housing Element Goal (from RHNA)	N/A	1,289	144	144	217	244	540
Permits Issued (1/1/07 - 12/31/08)							
1. Market Rate units - permits issued	N/A	137					137
2. Second Units - permits issued	N/A	71			20	20	31
3. Parkhurst Terrace (deed restricted)	N/A	68		62	5	1	
4. Cabrillo Commons (deed restricted) ¹	N/A	5				5	
SUBTOTAL		281		62	25	26	168
Available sites for planning period							
1. Urban sites < 14.5 u/acre ²	2,249	978				84	894
2. Urban sites 14.5-17.4 acres ³	176	88				44	44
3. Urban sites (20 u/acre) ⁴	610	610	155	155	300		
4. Rural Units ⁵	2,796	525					525
5. Mixed Use, Vacant Sites ⁶	155	70				35	35
6. Mixed Use - Underutilized Sites ⁶	899	30				15	15
7. Second Units - urban ⁷	4,857	93		15	15	30	33
8. Second Units - rural ⁷	3,026	151		23	23	44	61
9. Agricultural Employee Housing	2,423	35	17	18			
SUBTOTAL		2,668	172	211	338	252	1,607
TOTAL POTENTIAL	17,191	2,949	172	273	363	278	1,777
REQUIRED BY RHNA	N/A	1,289	144	144	217	244	540
(OVER)/UNDER GOAL	N/A	(1,660)	(28)	(129)	(146)	(34)	(1,235)

¹ Includes 3 deed-restricted units sold by developer, and 2 units with deed restrictions that were purchased by RDA for sale as moderate units

² Above moderate units are limited by local ordinance, and are expected to average 258 units per year for the remaining 5.5 years of the planning period, based upon an annual growth rate of 0.5%. Of the 258 units projected annually, it is anticipated that 67% will be allocated to urban areas, and 33% will be allocated to rural areas. The number of affordable units, which are not subject to the allocation system, are based on 15% of projects of seven or more units (projects of 5 or 6 units contribute an in-lieu fee). Projections for moderate units are based on build-out estimates, excluding density bonus units.

³ Units constructed at densities of 14.5-17.4 units per acre are anticipated to be 50% affordable to moderate income households and 50% above moderate income.

⁴ Density of 20 units per acre meets the state's criteria for units affordable to lower income households.

⁵ Rural units are not anticipated to be affordable to low or moderate income households due to generally lower densities. Affordable rural units are not subject to permit allocation system. (see note 2).

⁶ Estimate for mixed-use residential units based upon an average rate of applications for the past 3 years, included approved units (35 units) and pending projects (49 units), with an anticipated 10% increase due to new programs encouraging mixed-use developments. Percentage of units anticipated on vacant or underutilized sites is based upon the number of applications for vacant or underutilized sites during the past 3 years.

⁷ Estimate for second units based on number of second unit permits issued in 2007 and 2008, with a projected 25% increase due to elimination of restrictions on units. Projections for number of urban and rural units projected based upon the percentage of urban and rural sites available for second units.

A review of Figure 4.7.1 indicates that excess capacity exists within the County's zoning and other land use regulations to accommodate far more units than is required to meet the RHNA goals for the 2007-14 planning period. In addition to total potential units, assumptions were made with regard to the level of affordability that could be realized for the various land use capacities. Those are discussed below.

- **Available Sites – Urban Less Than 14.5 units/acre.** Projected development on these sites was assumed to be primarily affordable to above-market households. The number of units that could be constructed was based on permits being issued consistent with the 0.5% growth rate that has occurred for several years. Based on historic distributions, those were spread among urban and rural sites. Finally, it was assumed that 15% of projects of seven or more units would be priced at levels affordable for moderate income households, and that projects of 5 or 6 units would be contributing financially to the County's affordable housing fund. This pattern is supported by historic construction figures, and in fact is relatively conservative, given that some 100% affordable projects have been built at these densities over the years. In fact, a 19 unit 100% moderate income project is currently in the development review process.
- **Available Sites – Urban 14.5-17.4 units/acre.** Given that State law presumes that sites with densities of 20 units per acre are affordable for lower income households, it is reasonable to assume that units in this density range would be affordable to moderate income households. Nonetheless, the Housing Element conservatively assumes that only 50% of such units would be affordable to such households, with the balance priced for above moderate-income households.
- **Available Sites – Urban 20 units/acre.** Created in June of 2007, the Regional Housing Need Combining District was established by the 2000-2007 Housing Element as the tool for Santa Cruz County to meet its goal of providing 30.5 acres of land for housing at a density of 20 units per acre. This combining district has been applied to 6 sites located throughout the urban areas of the County, which results in a total of 30.5 acres of land and will provide 610 housing units. It is assumed that 50% of these sites would be available for housing affordable for low-income households, with the balance split between the very low and extremely low income categories. In fact, a 100% affordable project was recently approved and funded on the first of these sites, which will be affordable rental housing for very low-income households. The Redevelopment Agency has set aside a minimum of \$15 million to assist in financing affordable housing on these six sites.
- **Available Sites – Rural Areas.** The total residential build-out capacity of the General Plan Land Use Plan for the rural areas of the County (outside the Urban Services Line) was estimated at 2,796 housing units in Section 4.6. The projected units for the planning period are consistent with historic building permit allocations for the rural areas. Because there are not full urban services available for development on these parcels, development of affordable housing

is not generally expected in the rural areas. Additionally, the lack of services, amenities and conveniences often desired by residents in affordable housing are scarce in the rural area. As such, all units are conservatively assumed to be above moderate income pricing.

- **Available Sites – Commercial Mixed Use Projects.** As is discussed in Section 4.6, mixed-use development is allowed in PA (Professional and Administrative Office), C-1 (Neighborhood Commercial) and C-2 (Community Commercial) zones. In these zones, residential use is allowed in 50% of the square footage of the structure(s), or in up to 67% of the structure if the units are deed restricted as 100% affordable. There are more than 130 suitably zoned sites in the County with the potential for mixed-use development, including both vacant and underutilized properties. Conservative projections of development on these sites have been made. Based upon the rate of applications approved for mixed-use projects during the past 3 years (2006 through 2008) and recent changes to the mixed use regulations, it is very conservative to anticipate the development of 15-20 residential units per year as part of mixed-use projects, conservatively projected at 100 residential units during the remainder of the planning period (see Figure 4.7.1). The estimate of 100 potential units is well below the potential overall capacity in the County for 1,054 residential units in potential mixed-use projects. Of the units projected as part of mixed-use development projects during the planning period, it is presumed that 50%, or 50 units, would be affordable to moderate-income residents, with the balance for above moderate-income households.
- **Available Sites – Second Units.** The County has aggressively pursued second units as a strategy to provide affordable housing in the community. To this end, second units are allowed in rural residential areas on lots greater than 1 acre, in all urban residential zone districts, and on agricultural parcels outside the Coastal Zone. In conformance with AB 1866, the County requires only a building permit for second unit construction. Additionally, in 2008 the County removed rent and occupancy restrictions on second units. It is anticipated that these policy changes will increase the rate of second unit construction in the planning period. Because of the regulatory changes, a 25% increase in the rate of development of second units is expected during the remainder of the planning period. Given the average of 36 second unit permits that were issued each year in 2007 and 2008, it is assumed that an average of 44 second unit permits issued annually in 2009 through June of 2014. Due to their smaller size and configuration, second units should be affordable to all income levels. Therefore, second units are divided among from the very low to above moderate income levels. Figure 4.7.1 reflects this distribution.
- **Agricultural Employee Housing.** It is projected that, through the efforts of the proposed programs in this Section, 25-50 agricultural employee housing units will be created in the planning period. It is assumed that these will address housing needs for extremely low and very low-income farmworker households.

LOCAL HOUSING NEEDS (LOCAL RECOMMENDATIONS)

The State's RHNA goals primarily focus on the larger regional needs for new housing production, with some attention to potential income levels that the new housing could serve. In addition, only zoning-related opportunities are included in the RHNA objectives, even though there are a wide range of initiatives that are currently underway and new initiatives that are anticipated over the planning period that are not reflected in the RHNA numbers. The RHNA objectives therefore are not a direct reflection of the real housing needs of a community or active local measures that can be taken to address our housing challenges. As a result, while not required by Housing Element law, this section attempts to create additional local housing objectives, focused on the need for expanded affordable housing opportunities to serve the general population as well as the special needs populations discussed in Section 4.3. In most cases, in contrast to the passive RHNA objectives, these objectives require active pursuit of the County/RDA, and the Cities. By the nature of these objectives, these numbers are in many instances not in addition to the RHNA objectives, but serve to better focus potential projects to meet the RHNA goals. However, in many cases the units described in Figure 4.7.2 are in addition to the RHNA numeric goals. This section recognizes that there are significant housing needs in the community that can best be addressed through activities that State law does not recognize in the RHNA process and objectives. As a result, this Section proposes additional objectives to address local housing needs beyond the RHNA requirements.

Figure 4.7.2: Local Affordable Housing Initiatives 2007-2014

Program/Project Activity	Estimated No. of Units or Households Served	Owner-occupied (O) or Rental (R)	Target Income Groups (as % of Co. median)	Potential Special Populations
			EL = Extremely Low: < 30% VL= Very Low: 30-50% L= Low: 50-80% M= Moderate: 80-120%	Eld= Elderly LF = Large Family FW = Farmworker H= Homeless D= Disabled FHH - Female Head of HH
SUBSTANTIAL REHAB (UNITS)				
Mobile Home Park Reconstruction	300	O	VL, L	Eld, LF, D, FHH
Mobile Home Unit Replacements	100	O	VL, L	Eld, LF, D, FHH
Multi-Family Rehab	250	R	VL, L	LF, D, FHH, H
SUBTOTAL	650			
NEW CONSTRUCTION (UNITS)				
Funded Projects	207	R, O	VL, L, M	LF, FW, D, FHH
Additional Sites	310	O	L, M	Eld, LF, FW, H, D, FWW
SUBTOTAL	517			
ACQUIRING & PRESERVING AFFORDABILITY RESTRICTIONS (UNITS)				
First Time Homebuyer Program	160	O	L, M	FW, FHH
Acquiring At Risk Units	130	O	VL, L, M	Eld, LF, FW, D, FHH
SUBTOTAL	290			
AFFORDABLE HOUSING PROGRAMS DIRECTLY FUNDED OR OVERSEEN BY RDA* (HOUSEHOLDS)				
Eviction Protection	720	R	EL	Eld, LF, FW, H, D, FHH
Transitional Housing - families	87	R	EL	LF, FHH, FW, H, D
Gemma Transitional Housing for formerly incarcerated women	18	R	EL	H, D, FHH
Board and Care Rental Subsidy Program	43	R	EL	D
Former Foster Youth Housing Assist.	56	R	EL	H, D, FHH
Last Month's Rent and Security Deposits	175	R	EL, VL	Eld, LF,
Continuum of Care/Housing Action Partnership	548	R	EL	Eld, LF, FW, H, D, FHH
Mental Health Supportive Housing Rental Subsidies	35	R	EL	D
SUBTOTAL				
All Contracts & Programs (see Appendix 4.7-1)	1,682	O, R	EL, VL, L	ELD, LF, FW, D, FHH, H
TOTAL Potential Units/Households Served During 2007-2014 Planning Period				
	3,139			

*Only reflects programs directly administered by the Planning Department or RDA. Does not include other County-sponsored activities or community agencies that support similar programs or provide similar services.

The following describes those local efforts in more detail:

- **Substantial Rehabilitation.** Anticipated units are described in two main categories:
 - Mobile Home Parks: Includes 125 completed units (2007-09) in three mobile home parks (Pleasant Acres and Pacific Family in the unincorporated County and the Riverside Park in Watsonville) includes 175 units in two new parks during planning period; Mobile Home Unit replacements: includes 29 completed units and 18 additional per year for the remainder of the planning period.
 - Special needs populations anticipated to be served are elderly, large families, disabled and female head of households.
 - Multi-Family Rehab: Includes 109 completed units (Bay Street senior apartments in Capitola, including 5 MHSA homeless/senior units) and 150 additional units projected over the remainder of the planning period.
 - Special needs populations anticipated to be served include large families, disabled, female head of households, and homeless.
- **New Construction.** Anticipated units are described in two main categories:
 - Funded projects anticipated to be built in the planning period include the Tannery Arts Housing Project (100 units in the City of Santa Cruz), the Minto Road Housing Project (88 units outside the City of Watsonville), and the Canterbury Park Townhome Project (in Aptos).
 - Special needs populations anticipated to be served by these projects are large families, farm workers, disabled, female head of households.
 - It is anticipated that about 50% of the remaining R-zoned sites will be developed (with 250 units) and 60 units will be assisted on other new developments sites over the balance of the planning period.
 - Special needs populations anticipated to be served by these projects are elderly, large families, farm workers, disabled, female head of households.
- **Acquiring and Preserving Affordability Restrictions.** This category includes two main components:
 - The Redevelopment Agency's First Time Homebuyer Program provides financial assistance to income-eligible households. Thus far in the planning period, 56 households have been assisted; it is anticipated that 104 additional households will be served over the balance of the planning period.
 - Special needs populations anticipated to be served by these projects are farm workers, disabled, female head of households.
 - Ten Measure J units have been preserved to date in the planning period, and it is anticipated that an additional 20 will occur in the balance of the

planning period. Additionally, while it is difficult to project, given the number of larger rental projects with expiring rental restrictions, it is anticipated that that assistance will be required to protect affordability of 100 of those critical rental units.

- Special needs populations anticipated to be served by these projects are elderly, farm workers, disabled, female head of households.
- **Housing Assistance Programs.** The County and RDA manage a number of housing assistance programs to assist lower income and special needs populations. These programs generally do not create or protect units, but they are designed to assist households in need. It is anticipated that 488 households will be assisted on an annual basis over the course of the planning period. (A detailed description of these programs is provided in Appendix 4.7-1.)

The purpose of the objectives contained in Figure 4.7.2 is to provide some structure to the County's and Redevelopment Agency's housing efforts in the planning period. However, given the uncertain nature of the housing market, availability of financial resources, and other factors, they are not intended to create an obligation on the County or Redevelopment Agency. Nonetheless, these objectives do create a challenging blueprint for the local housing initiatives in the next several years. If achieved, over 3,100 income eligible and special needs households would have been assisted in this time period.

GOALS, POLICIES, AND PROGRAMS

In order to meet the aggressive objectives contained in both Figures 4.7.1 and 4.7.2, it is critical to define clear policies to govern land use decisions — whether to protect current zoning designations or to expedite the processing of an affordable housing project. Additionally, many of these objectives will be met through continued actions in current program areas and through development of new programs to assist affordable housing activities. These are discussed in detail in this Section.

Therefore, this Section provides goals, policies, and programs for Santa Cruz County. The policy framework sets forth six primary housing goals, organized around the State's required programs, as follows:

- Goal 1: Identify Existing Sites for New Housing and Opportunities for Additional Sites
- Goal 2: Encourage and Assist in the Development of Housing
- Goal 3: Remove Unnecessary Governmental Constraints to Housing
- Goal 4: Preserve and Improve Existing Housing Units and Expand Affordability Within the Existing Housing Stock
- Goal 5: Promote Equal Opportunity and Production of Special Needs Housing Units

- Goal 6: Promote energy efficiency in existing and new residential structures

Each of these goals is implemented through a set of policies (generally regulatory in nature) and programs (activities to continue, modify or initiate). These goals, policies and programs are described below.

GOAL 1: IDENTIFY EXISTING SITES FOR NEW HOUSING AND OPPORTUNITIES FOR ADDITIONAL SITES

Earlier sections of the Housing Element have described the inventory of available sites to address the identified housing needs for the 2007-14 planning period and documented that adequate sites are currently available to address those requirements. The following policies protect those designated sites. As well, programs are proposed to expand housing opportunities in both the urban and rural unincorporated areas.

The following policies are intended to implement Goal 1:

- Policy 1.1 Require that zoning designations for undeveloped and underdeveloped sites zoned at densities appropriate for lower income housing (extremely low, very low, and low) needed to meet the 2007-14 RHNA goals be maintained through the 2007-14 planning period. In the event that any of the sites are rezoned to a lower density, units must be replaced through suitable rezoning of alternative sites.
- Policy 1.2 Require that current multi-family housing (RM) zoning designations on other sites (in addition to those discussed in Policy 1.1) be maintained to encourage construction of attached housing units.

The following programs are intended to implement Goal 1:

- Program 1.1 Explore opportunities for rezoning other appropriate urban sites to RM zoning and increasing densities on current RM zoned sites to densities more appropriate for attached housing.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2010-2012
- Program 1.2 Explore options for expanding affordable housing opportunities in the rural portions of the County, including mixed use and other projects, primarily within established village areas.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Ongoing

GOAL 2: ENCOURAGE AND ASSIST IN THE DEVELOPMENT OF HOUSING

In order to increase the opportunities for housing production, the County must actively promote housing production and, where appropriate, financial assistance. Such activity

will be achieved primarily through maintaining existing programs to facilitate the production of housing under current policies and ordinances.

The following policies are intended to implement Goal 2:

- Policy 2.1 Require that developments that are proposed on RM zoned sites be designed and permitted as attached housing projects, unless unusual site conditions exist on the site that renders such designs impractical. In such instances, the decision-making body must make special findings relative to unique site circumstances to support the existence of the unusual site conditions.
- Policy 2.2 Require that development only be approved at or above the minimum density for the General Plan density designation, unless special findings are made by the Board of Supervisors.
- Policy 2.3 Exempt housing projects that contain 100% apartment units from the County's inclusionary housing requirements, as an incentive to create more rental housing in the community.
- Policy 2.4 Require developers of subdivisions on R-1 zoned properties (designated for single family detached housing) to evaluate the potential for including second units (detached or attached) as part of development proposals.
- Policy 2.5 Require that developers meet the County's inclusionary housing requirements, as enumerated in Chapter 17.10 of the County Code and updated from time to time (except as provided in Policy 2.4).
- Policy 2.6 Implement the State's Density Bonus Program for projects providing additional affordable units through updating local ordinances, and revise ordinance as necessary to comply with new legislation.

The following programs are intended to implement Goal 2:

- Program 2.1 Maintain increased Redevelopment Agency Set-Asides for the Low and Moderate Income Housing Fund where financially feasible.
 - Responsible Entity: Redevelopment Agency (RDA)
 - Timeframe: 2007-2014
- Program 2.2 Continue to maximize leveraging of funds when collaborating with developers of affordable housing (for-profits and non-profits) and maximize long-term affordability restrictions to promote the development of a variety of housing types to meet the needs of all Santa Cruz County Households, including those that are Extremely Low-Income, which will require consideration of additional local subsidies. Funds will continue to be leveraged from federal, state, and private sources, thereby maximizing the impact of RDA dollars.
 - Responsible Entity: RDA, Board of Supervisors, Planning Department

- Timeframe: Ongoing
- Program 2.3 Maintain RDA funding support, and augment if necessary, for the six sites rezoned as part of the 2006 Housing Element to 20 unit/acre densities to address the needs of lower income households. (The initial funding commitment was for \$15 million.)
 - Responsible Entity: RDA
 - Timeframe: 2007-2014
- Program 2.4 Improve community understanding of the issues related to affordable housing and the benefits of compact communities in terms of resource conservation and community vitality through developing a community-based educational program.
 - Responsible Entity: Planning Department
 - Timeframe: 2010-2012
- Program 2.5 Explore expanding local funding sources to assist in the financing of affordable housing, including transfer taxes, bonds for affordable housing projects and other opportunities.
 - Responsible Entity: County Administrator (CAO), Board of Supervisors, Planning Department
 - Timeframe: 2010-2014
- Program 2.6 In order to encourage the development of SRO's, consider ordinance and General Plan changes to enable new units that are 500 square feet of habitable area or smaller in size be counted, for the purpose of calculating density on RM zoned sites within the Urban Services Line, as 0.5 unit.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2010-2011

GOAL 3: REMOVE UNNECESSARY GOVERNMENTAL CONSTRAINTS TO HOUSING

Santa Cruz County has integrated sustainable development principles in its land use planning for decades, through protecting agricultural lands and encouraging the majority of development to occur within defined urban service areas. Additionally, a significant portion of the urban area lies within the Coastal Zone, subjecting development to special coastal permit review processes. Because of the fragile environment and heightened level of community participation in the land use review processes, the County has over the years adopted extensive regulations to govern land use permitting processes. It is valuable to revisit those regulations from time-to-time to ensure that the regulatory system is not creating unintended outcomes with regard to overly cumbersome processes and regulations. Additionally, it is critical to take appropriate actions needed to support the existence of adequate infrastructure to support reasonable housing growth.

The following policies are intended to implement Goal 3:

- Policy 3.1 Maintain current policies that require affordable housing projects to receive priority processing through both the discretionary and building permit processes.
- Policy 3.2 Require that, to the extent that they are needed to provide for adequate building permits for new homes to meet the Regional Housing Needs Goals for market rate housing, unused Measure J building permit allocations must be rolled forward to be available in the following year. Allow that "rolled forward" permit allocations would expire at the end of the year.

The following programs are intended to implement Goal 3:

- Program 3.1 Revise procedures (and regulations, if necessary) to streamline and simplify building and development permit processes and regulations, particularly focused on small-scale residential structures and non-conforming structures and uses.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Ongoing
- Program 3.2 Revise land use regulations to encourage second units through removal of income, rent and occupancy restrictions, and once adopted, promote public awareness of those changes through the zoning counter and public brochures.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2008
- Program 3.3 Explore options to reduce the costs of infrastructure requirements for Second Units through working with water and fire agencies.
 - Responsible Entity: Planning Department, Utility & Fire Districts
 - Timeframe: 2010-2012
- Program 3.4 Work with local utility districts to ensure compliance with the state law requirement that all public sewer and water providers provide priority to and retain sufficient capacity for affordable housing projects.
 - Responsible Entity: Planning Department, Utility Districts
 - Timeframe: Ongoing
- Program 3.5 Support additional incentives that will expand the opportunities for increased residential uses within mixed use developments in the County, such as flats above retail uses, including expanding the Planned Unit Development (PUD) Ordinance to facilitate such uses. Potential incentives include defining nodes/corridors where mixed use projects would be strongly encouraged or required and exploring reduced parking and other standards for mixed use projects.

- Responsible Entity: Planning Department, Board of Supervisors
- Timeframe: 2009
- Program 3.6 Explore the structure of an overlay district for encouraging mixed use projects and defining corridors and nodes for implementing such a program.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2012-2014
- Program 3.7 Explore creating a construction legalization program to legalize unpermitted Second Units and other existing residential structures.
 - Responsible Entity: Board of Supervisors, Planning Department
 - Timeframe: 2011-2012
- Program 3.9 In cooperation with the County's cities, monitor the countywide jobs/housing balance, including development that results in job or housing growth and include this data in periodic reports to the Board of Supervisors.
 - Responsible Entity: Mayor's Select Committee
 - Timeframe: Ongoing
- Program 3.10 Cooperate with the County's cities and other public agencies in resolving regional infrastructure issues including transportation, water supply, and sewage treatment.
 - Responsible Entity: Board of Supervisors
 - Timeframe: Ongoing

GOAL 4: PRESERVE AND IMPROVE EXISTING HOUSING UNITS AND EXPAND AFFORDABILITY WITHIN THE EXISTING HOUSING STOCK

Providing funding to assist residents in attaining, retaining and improving their housing is a critical aspect of the County's housing strategies. As rents and housing prices continue to exceed the reach of many households, it is important for the County to utilize its available housing resources to help residents attain, retain and improve affordable housing. Through a number of programs, the County and the Redevelopment Agency are able to provide resources to members of the community seeking affordable housing opportunities. This includes retaining affordability protections for single units and housing complexes, upgrading dilapidated housing units, and encumbering market rate units with long-term affordability covenants.

The following programs are intended to implement Goal 4:

- Program 4.1 Retain existing regulatory programs regarding Mobile Homes, including: mobile home rent control, land use restrictions to limit conversions to mobile home parks to other uses, and regulations related to sham conversions.
 - Responsible Entity: Board of Supervisors

- Timeframe: Ongoing
- Program 4.2 Retain the Condominium Conversion Ordinance (County Code Chapter 14.02) to protect rental housing stock.
 - Responsible Entity: Board of Supervisors
 - Timeframe: Ongoing
- Program 4.3 Develop methods to streamline and simplify the land use regulations as they apply to non-conforming residential structures.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2010-2011
- Program 4.4 Continue to implement programs intended to assist low income households to maintain quality units in mobile home parks through the RDA's mobile home Coach Change-out Program and the Mobile Home Rehabilitation Program.
 - Responsible Entity: Redevelopment Agency, Planning Department
 - Timeframe: Ongoing
- Program 4.5 Maintain a central database that includes an inventory of affordable housing, affordable housing stock characteristics, and household and unit data for the County's affordable housing units, including inclusionary units and other affordable units built by non-profit and for-profit developers. Make such information available to interested parties who may need it for funding applications and program descriptions or for those seeking affordable housing opportunities.
 - Responsible Entity: Planning Department
 - Timeframe: Ongoing
- Program 4.6 Explore regulatory options for recognizing and legalizing hotels/motels that have over time been converted to permanent occupancy.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2010-2011
- Program 4.7 Continue to develop strategies to preserve all affordable units with expiring restrictions, including Measure J units and HUD-assisted affordable housing units.
 - Responsible Entity: Planning Department, RDA, Board of Supervisors
 - Timeframe: Ongoing
- Program 4.8 Continue to implement the Affordable Housing Preservation Program to preserve the affordability restrictions of individual affordable units faced with foreclosure by acquiring units prior to the trustee sale or other actions.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Ongoing

- Program 4.9 Continue the County First Time Homebuyer Loan Program and the Rental/Mortgage Assistance Program.
 - Responsible Entity: Planning Department, RDA
 - Timeframe: Ongoing
- Program 4.10 Continue to require that tenants' security deposits earn interest that is payable to the tenant on an annual basis or at the time tenancy ceases.
 - Responsible Entity: Board of Supervisors
 - Timeframe: Ongoing
- Program 4.11 Maintain programs to assist lower income residents in securing housing entry costs (rental deposit and security costs) and short term rental assistance when the tenant faces eviction due to lack of rent payment as a result of one-time cash-flow problems.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Ongoing
- Program 4.12 Maintain the existing requirements that owners of units deemed uninhabitable must pay relocation assistance to affected tenants.
 - Responsible Entity: Board of Supervisors
 - Timeframe: Ongoing
- Program 4.13 Develop Policies for regulating the conversion of existing housing units to vacation rentals in order to limit the impact of such conversions on the stock of housing and on the integrity of single-family neighborhoods.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2010-2011
- Program 4.14 Explore program options available to replace housing units removed by non-residential development.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2011-2013
- Program 4.15 Explore opportunities to expand the housing rehabilitation program to address dilapidated farmworker housing and substandard housing in existing neighborhoods.
 - Responsible Entity: Planning Department, Board of Supervisors, RDA
 - Timeframe: 2011-2013

GOAL 5: PROMOTE HOUSING EQUAL OPPORTUNITY AND PRODUCTION OF SPECIAL NEEDS HOUSING UNITS

Addressing the particular housing needs of people and households with special needs is an important component of the County's housing efforts. Persons served by special

needs housing include those who are homeless, elderly, disabled, farmworkers, female headed households, and large households.

The following policies are intended to implement this goal:

- Policy 5.1 Maintain the provisions in County Code (Section 18.10.128) which provide for reasonable accommodation for persons with disabilities seeking fair access to housing in the application of the County's zoning regulations.
- Policy 5.2 Continue to implement County Code Section 13.10.631(c)4, which allows existing substandard farm worker housing to be reconstructed or rebuilt and maintained as affordable units for low and very low income households.
- Policy 5.3 Continue to implement County Code Section 13.10.685 relating to the conversion of Recreational Vehicle (RV) parks to permanent occupancy.

The following programs are intended to implement Goal 5:

- Program 5.1 Implement Program 2.6 (allowing that units that are 500 square feet of habitable area or smaller in size be counted, for the purpose of calculating density under the General Plan and County ordinances on RM zoned sites, as 0.5 unit) in a manner that expands housing opportunities for special needs housing populations.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Ongoing
- Program 5.2 Continue to seek all available sources of financing for affordable housing opportunities for the special needs households in the County. Specifically target the following known sources:
 - Governor's Homeless Initiative
 - Joe Serna, Jr. Farmworker Housing Grant Program
 - Mobilehome Park Resident Ownership Program (MPROP)
 - Multifamily Housing Program (MHP)
 - CalHome
 - Home Investment Partnerships Program (HOME)
 - Responsible Entity: Planning Department, Health Services Agency
 - Timeframe: Ongoing
- Program 5.3 Review policies that affect group homes, transitional housing, and the full range of licensed healthcare programs and facilities in order to:
 - Determine whether or not local land use regulations can be changed to encourage additional use of residences or construction of new facilities for these purposes;
 - Determine long term sustainability of existing group home facilities for lower income individuals and consider providing incentives

- needed to sustain existing facilities and develop additional facilities to meet the County's needs; and
 - Ensure that local requirements conform with State Land Use Law regarding group homes, transitional housing and shelters, especially the number of beds triggering a discretionary permit.
 - Responsible Entity: Planning Department
 - Timeframe: 2010-2012
- Program 5.4 Continue support of programs to address the needs of local homeless populations, including:
 - Supporting and funding the Emergency Winter Shelter Program which provides shelter to homeless persons during the winter months;
 - Supporting efforts of the Countywide Continuum of Care Coordinating Group to address the housing and service needs of people who are homeless. These include emergency, transitional and permanent supported housing, and supportive services such as employment support, case management, and treatment for health, substance abuse, and mental illnesses; and
 - Identifying potential sites for and potential financial contributions to the construction of transitional facilities and replacing the National Guard Armory in Santa Cruz County in accordance with the priorities established in the Ten Year Strategic Plan for the Homeless.
 - Responsible Entity: Human Services Department, Housing Authority, Planning Department
 - Timeframe: Ongoing
- Program 5.5 Explore options for increasing the supply of permanent, affordable, and accessible housing for people with disabilities, including:
 - Encouraging housing projects sponsored by the County to maintain separate waiting lists for accessible units ensuring they are offered first to people who need units adapted for use by people with physical disabilities;
 - Encouraging housing developers, including developers of affordable housing projects, to build units that meet the needs of physically disabled households; and
 - Partnering with the Mental Health Services Act Housing Fund along with the Continuum of Care process, and the Housing Action Partnership
 - Responsible Entity: Health Services Agency, Human Services Department, Planning Department, Redevelopment Agency, Commission on Disabilities
 - Timeframe: Ongoing
- Program 5.6 Sustain and expand residential facilities and other affordable housing options available to foster children, youth who are aging-out of the foster care system and other children and youth in need of special services.

- Responsible Entity: Human Services Department, Housing Authority, Planning Department
- Timeframe: Ongoing
- **Program 5.7** Continue to support programs that address the needs of the local elderly populations through:
 - Supporting the Shared Housing Program for seniors and other households in Santa Cruz County;
 - Continuing to provide information on "Home Equity Conversion," currently provided by the Santa Cruz County Housing Authority;
 - Exploring options for retaining existing housing for the elderly and nursing homes;
 - Exploring options for expanding the inventory of nursing homes/board and care homes in new locations;
 - Retaining and maintaining existing senior-only mobile home parks in the County and facilitate improvements to ensure retention of senior-only status, and encourage maintenance of existing mobile homes consistent with State and federal laws; and
 - Encouraging senior housing by increasing density for smaller units through Program 2.6 (re. counting units less than 500 square feet as .5 unit on RM zoned sites) and through density bonus provisions pertaining to senior housing, reducing parking requirements, and allocating RDA funding as matching funds for senior projects that qualify for federal and/or state funding sources.
- Responsible Entity: Board of Supervisors, Planning Department
- Timeframe: Ongoing
- **Program 5.8** Encourage the development of larger-sized units (i.e. 3 or more bedrooms), as appropriate, in multi-family developments, Specifically, continue to commit Redevelopment Low and Moderate Income Housing Funds to projects applying for State and federal financing in order enhance their competitiveness and feasibility. Many multi-family housing financial tools such as federal Low Income Housing Tax Credits and the State's Multifamily Housing Program are weighted in favor of projects that provide units of 3 or more bedrooms.
 - Responsible Entity: Non Profit Housing Developers, RDA
 - Timeframe: Ongoing
- **Program 5.9** Support programs that serve the housing needs of individuals with mental health issues, including:
 - Supporting proposals for a variety of housing opportunities for people with mental illnesses, consistent with the Olmstead Act that requires that people with psychiatric disabilities have the opportunity to live in the least restrictive level of care possible;
 - Working with the Health Department to identify and consider development of a facility that includes a locked perimeter enabling

- people who require this feature to continue to safely live in our community;
- Supporting and facilitating the programs of the Human Services Department and the Health Services Agency to provide additional crisis treatment facilities, transitional housing, social rehabilitation programs, permanent supportive housing beds, and Skilled Nursing beds for people who are elderly and have a mental illness; and
- Coordinating with the Health Services Agency Mental Health and Substance Abuse Services to develop housing projects and programs targeted for people with mental illness as defined by the Mental Health Services Act.
- Responsible Entity: HSA, Planning Department
- Timeframe: Ongoing
- Program 5.10 Promote additional incentives to expand the supply of housing for farmworkers by amending the Zoning Ordinance to allow for the creation farmworker housing on agriculturally zoned parcels, pursuant to Section 51230.2 of the California Government Code;
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: 2010-2011
- Program 5.11 Encourage developers of affordable housing projects to pursue funding sources that would allow incorporating units that meet the needs of farmworker households by continuing to provide local matching funds for such projects that come forward with HCD funding through the Joe Serna Jr. Farmworker Housing Grant Program.
 - Responsible Entity: Planning Department, Redevelopment Agency
 - Timeframe: Ongoing
- Program 5.12 Adopt an ordinance to allow homeless shelters as a principally permitted use in the Public Facilities (PF) zone and define appropriate management and development standards, similar to those imposed for other uses in the zone district.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Before end of 2010
- Program 5.13 Consider allocating a portion of in-lieu fees and/or housing rehabilitation funds for farmworker housing.
 - Responsible Entity: Redevelopment Agency, Housing Advisory Commission, Agricultural Policy Advisory Commission, Board of Supervisors
 - Timeframe: 2012
- Program 5.14 Support services and programs that address the needs of the physically disabled population, regardless of income level:

- Consider policy changes that would provide for priority processing of multi-family housing units that significantly exceed the accessibility standards of the California Building Code.
- Develop a program to provide funding assistance for accessibility improvements for moderate and lower income households.
- Work with the Commission on Disabilities to develop and maintain an inventory of accessible units in the community.
- Promote visitability of all housing units in the County through public information and education targeting applicants for building permits.
- Pursue funding sources including HOME funds and Section 8 vouchers, which can be targeted to households in need of accessible housing options.
- Responsible Entity: Board of Supervisors, Planning Department, Redevelopment Agency, Housing Authority, Commission on Disabilities
- Timeframe: 2010-2014

GOAL 6: PROMOTE ENERGY EFFICIENCY IN EXISTING AND NEW RESIDENTIAL STRUCTURES

The need for energy efficiency has grown over the years as a national priority, particularly as concerns have grown about green house gases and global warming. The County has the opportunity to encourage energy-efficient designs for new homes to accomplish this goal. But equally important, given the large number of older homes in the community, is the need to retrofit existing homes for greater energy efficiency. Besides being an urgent issue from an environmental perspective, energy efficiency is an important economic issue. Lower income residents of older energy consuming residents end up paying a disproportionate amount of their income for utility costs, something that they can ill afford.

The following programs are intended to implement Goal 6:

- Program 6.1 Continue to implement existing policies that encourage the design of energy-efficient projects.
 - Responsible Entity: Planning Department, Board of Supervisors
 - Timeframe: Ongoing
- Program 6.2 Adopt a Green Building Program to govern new home construction and remodels to encourage energy-efficiency, use of recycled or sustainably-produced products, improved indoor air quality, and reduced resource demands. Promote compliance with this program by making the requirements easy to understand and follow, and by offering Green Building Awards to projects that achieve a very high level of sustainability.
 - Responsible Entity: Board of Supervisors, Planning Department
 - Timeframe: 2009-2010

- Program 6.3 Explore programs to finance the retrofit of existing affordable housing projects to improve energy efficiency.
 - Responsible Entity: RDA, Non-Profit Housing Providers
 - Timeframe: Ongoing

APPENDICES FOR THIS SECTION

- 4.7-1 A—Affordable Housing Programs Directly Funded by RDA
 - B—Continuum of Care/Housing Action Partnership
 - C—Program Totals
- 4.7-2 Total Assisted During Planning Period
- 4.7-3 Available Land in the Public Facilities (PF) Zone District

4.8: CONCLUSION

The issue of housing needs in general and the unique needs of lower income and special needs populations in our community are very complex. In spite of the sometimes arcane requirements of State law with regard to the contents of housing elements, hopefully this document has provided a clear statement of the housing challenges facing the unincorporated Santa Cruz County community – its demographics, housing needs, constraints and opportunities.

Many of the factors that contribute to the large numbers of households unable to afford housing as a reasonable proportion of their incomes are outside the control of County government – the jobs/housing imbalance of Santa Clara County, the growing student and faculty population at UCSC, and the worldwide attraction of the area as a place to settle down. But there are things that can be accomplished at the local level to at least partially address some of the resulting housing challenges.

While the Housing Element informs the community about our housing challenges, it also serves as a critical policy document – defining General Plan policies that future development projects must be found consistent with. But, even more importantly, the Housing Element lays out a plan of action for what areas the County can actively pursue in its efforts to address our local housing challenges.

In past years there has been considerable attention paid to the Housing Element in defining how the County would meet the State-imposed RHNA objectives for the prior planning period. As a result of the RHNA goals being reduced by the State for the new planning period due to a stagnant housing market and the recently completed rezoning of sites to meet a program requirement of the last Housing Element, for the first time in years there is not an issue with regard to meeting the RHNA objectives. As a result, this Housing Element proposes a set of local housing activity goals to remind the community of the need to continue to pursue new ways to address our local housing challenges.

Substantial resources will be required to accomplish those goals. In order to maintain attention on the proposed new programs, it is suggested that the Planning Department prepare summary reports to the Board of Supervisors on the status of progress of the outlined efforts in January of 2012 and 2014.

APPENDICES FOR THIS SECTION

- No Appendix Items

