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# 2023 Housing Element

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## Chapter 4 of the Santa Cruz County General Plan

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Adopted by the Santa Cruz  
County Board of Supervisors:  
November 14, 2023

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and Community Development:  
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- Appendix HE-D: Housing Constraints
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## 4.1 INTRODUCTION

Santa Cruz County has a remarkably diverse physical landscape that includes mountains, river valleys, and a coastal plain. The varied physical conditions create substantial environmental resources and constraints that limit development potential throughout parts of the urban services area and much of the rural area of the county. Regardless of the development limitations, the attractive landscape combined with a Mediterranean climate provide a high quality of life for residents and make Santa Cruz County a highly sought after community to visit and to live in. High community desirability combined with a vast under supply of available housing has resulted in an unaffordable housing market and an urgent need for more housing in both the overall number of units and the type of housing. The long-term vitality of Santa Cruz County and the local economy depend upon the availability of all types of housing to meet the county's diverse housing needs.

Consistent with Measure J, the growth management referendum of 1978, the County maintains a distinction between urban and rural areas using a stable Urban/Rural Boundary. The Urban/Rural Boundary is represented by an Urban Services Line (USL) and a Rural Services Line (RSL). Urban concentrations of development are required to be located within the unincorporated areas of Live Oak, Soquel, Aptos, and Freedom, as defined by the USL. Per Measure J, the County directs a large share of the County's housing growth into the areas within the USL to facilitate the provision of services for future growth and preservation of the character of the rural portion of the County, where environmental resources are prevalent, and services are not. Measure J also sets affordability standards for housing development. Chapter One: Introduction of this General Plan and Appendix HE-D: Housing Constraints provide further background information regarding the USL and RSL, as well as Measure J.

### PURPOSE OF THE HOUSING ELEMENT

Since 1969, California has required that all local jurisdictions plan to meet the housing needs of all people in their community (California Government Code sections 65580-65589.11). California's local governments meet this requirement by adopting a Housing Element as part of their general plan, which is also required by the state. 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 (currently every eight years) and review and certification by a State agency.



State law also 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 other elements of the General Plan. As drafted, the Housing Element is consistent with the other General Plan elements, most notably because a comprehensive General Plan update was completed in 2022 (certified in 2023) in anticipation of the preparation of the 6<sup>th</sup> Cycle Housing Element.

The California State Housing and Community Development Department (HCD) oversees and approves each local jurisdiction’s Housing Element through a review process that typically takes two HCD reviews followed by HCD certification of the Housing Element.

This 2023-2031 Housing Element represents Santa Cruz County’s intent to plan for the housing needs of the county while meeting the State’s housing goals as set forth in Article 10.6 of the California Government Code. The California State Legislature has identified the attainment of a decent home and a suitable living environment for every Californian as the State’s major housing goal. The Santa Cruz County Housing Element represents a sincere and creative effort to meet local and regional housing needs within a community with limited land availability and significant environmental constraints, and extraordinarily high costs of land and housing.

Pursuant to State law, the Housing Element must be updated periodically according to statutory deadlines. This 6th Cycle Housing Element covers the planning period 2023 through 2031 and replaces the County’s 5th Cycle Housing Element that covered the period 2015 through 2023.

Per State Housing Element law, the document must be periodically updated to:

- Outline the community’s housing production objectives consistent with State and regional growth projections
- Describe goals, policies and implementation strategies to achieve local housing objectives
- Examine the local need for housing with a focus on special needs populations
- Identify adequate sites for the production of housing serving various income levels
- Analyze potential constraints to new housing production
- Evaluate the Housing Element for consistency with other General Plan elements
- Evaluate Affirmatively Furthering Fair Housing

## ORGANIZATION OF THE HOUSING ELEMENT

This document is organized into five sections and several appendices, as follows:





- Section 4.1—Introduction
- Section 4.2 – Goals, Policies, and Programs—provides the goals and policies and implementation programs intended to address housing needs
- Section 4.3 – Overview of Housing Needs and Constraints—summarizes housing needs and constraints in the county
- Section 4.4 – Vacant and Available Sites—quantifies the County’s existing and projected land available for housing for all income levels and share of the regional housing need in accordance with Section 65584
- Section 4.5 – Energy Conservation—summarizes opportunities for energy conservation in the construction of housing
- Appendices
  - Appendix HE-A: Fair Housing Report
  - Appendix HE-B: Review of Previous Housing Element Programs
  - Appendix HE-C: Public Engagement Results
  - Appendix HE-D: Housing Constraints
  - Appendix HE-E: Housing Site Inventory
  - Appendix HE-F: Housing Inventory Maps

## CALIFORNIA’S HOUSING CRISIS

The 6<sup>th</sup> Cycle Housing Element update comes at a critical time because California is experiencing a housing crisis, and as is the case for all jurisdictions in California, Santa Cruz County must play its part in meeting the growing demand for housing. In the coming 20-year period, Santa Cruz County is projected to add 22,800 jobs,<sup>1</sup> between 2015 and 2045, which represents a 17% increase. These changes will increase demand for housing across all income levels, and if the region can’t identify ways to significantly increase housing production, it risks worsening the burden for existing lower-income households, many of whom don’t have the luxury or skill set to move to new a job center but that are nonetheless faced with unsustainable increases in housing cost. If the region becomes less competitive in attracting high-skilled workers and increasingly unaffordable to lower-income workers and seniors, then social and economic segregation will worsen, only exacerbating historic patterns of housing segregation. This potentiality has become

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<sup>1</sup> Source: 2022 Regional Growth Forecast Association of Monterey Bay Area Governments, June 2022



so acute in recent years that the California Legislature addressed the issue with new legislation in 2018. Senate Bill (SB) 686 requires all state and local agencies to explicitly address, combat, and relieve disparities resulting from past patterns of housing segregation to foster more inclusive communities. This is commonly referred to as Affirmative Furthering Fair Housing, or AFFH (more on this below).

## POLICY AND REGULATORY UPDATES, PLANS AND STUDIES

Since the last Housing Element, the County of Santa Cruz now has the benefit of many new adopted policy and regulatory documents and technical studies. These updates support more robust housing development while also addressing environmental hazard mitigation, global warming, and climate adaptation to ensure the safety and wellbeing of the community. These include:

- “Sustainability Policy and Regulatory Update” (2022)

The Sustainability Policy and Regulatory Update (Sustainability Update) was a comprehensive update to the County’s General Plan/Local Coastal Program and modernization of the County Code. The goal of this Update was to implement new policies and code regulations that support more sustainable communities in Santa Cruz County, with a special focus on supporting the development of housing in urban areas to meet the needs of the entire community.

Residential standards and densities were adjusted to facilitate more units, residential allowances in mixed-use developments were increased from 50% to 80% of building square footage, and a new high-density zoning district called “Residential Flex” was developed, allowing multi-family development at a density range of 22 to 45 dwelling units per acre.

- Public Facility, School Employee, and Farmworker Housing Ordinance (2018)

The Sustainability Update updated agricultural policies and corresponding agricultural zone district uses and development standards to be in alignment with the State Agricultural Employee Housing Act establishing farmworker housing as an agricultural use by right outside the coastal zone, establishing up to 12 dwelling units, mobile homes, or recreational vehicle spaces, or five to 36 beds in group quarters, including permanent, temporary, or seasonal farmworker housing projects, and for streamlined affordable farmworker projects of up to 36 units and Affordable Rental Farmworker Housing projects pursuant to the Development Reserve, located outside the Coastal Zone in mapped eligible areas, which allows 200 dwelling units.



The Sustainability Update also updated the public facility policies and zone district standards to include school employee housing and affordable rental housing for occupancy by lower income households developed to the Urban High General Plan Density Range. Housing became a principally permitted use on public facilities sites, instead of ancillary to another use.

The General Plan and County Code amendments are expected to be certified by the California Coastal Commission by the end of 2023, after which the Sustainability Update will take effect countywide. Updated General Plan Elements include the Built Environment; Access and Mobility; Agriculture, Natural Resources, and Conservation; and Parks, Recreation, and Public Facilities elements.

- “Permanent Room Housing” (2020)

The Permanent Room Housing project involved creating a new combining (overlay) zone district to recognize and legalize the conversion of motels and care facilities to permanent housing. This policy project implemented Program 4.5 of the 2015 Housing Element (“Explore regulatory options for recognizing and legalizing hotels/motels that have over time been converted to permanent occupancy”).

- “Tiny Homes on Wheels (THOW)” (2022)

The THOW ordinance provides needed housing units of a maximum 400 square feet for County residents and furthers the housing goals of the Housing Element to provide a small, flexible, and relatively low-cost housing option for residents in Santa Cruz County supporting the objective to provide affordable housing.

- “Accessory Dwelling Unit (ADU) Regulations” – A host of updated ADU regulations were accomplished during the 5th Cycle Housing Element to align the County ADU regulations with the State regulations. See discussion under “Incentives for Accessory Dwelling Units.”

- “County of Santa Cruz Local Hazard Mitigation Plan, 2021-2026” (2021)

County departments evaluated the hazards, risks, and mitigation measures identified in the previous plan within their respective areas of expertise and incorporated the results of these evaluations into the update of the plan to reflect current information, changes in development, progress in local mitigation efforts, and changes in priorities. The 2021 update of the County’s Local Hazard Mitigation Plan received required review and approval from CalOES in August 2021 and from FEMA in October 2021.

- “Climate Action and Adaptation Plan” (2022)



The 2022 Climate Action and Adaptation Plan (2023-2027) includes the most current data on climate impacts in unincorporated Santa Cruz County that inform a strategic framework with actionable steps towards reducing the causes of global warming, adapting our communities to climate hazards, and ensuring the safety and wellbeing of those most vulnerable to climate change.

HCD Requirement: The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing.

## REGIONAL HOUSING NEEDS ALLOCATION

Under state law and HCD oversight, the Association of Monterey Bay Area Governments (AMBAG) prepares the Regional Housing Needs Allocation (RHNA) plan for Monterey and Santa Cruz counties. The RHNA establishes the total number of housing units that each city or county must plan for within an eight-year planning period (currently the “6th Cycle” and relevant from 2023 to 2031). The amount of housing allocated is determined by HCD and distributed among the relevant jurisdictions by AMBAG.

AMBAG forecasts that the counties of Santa Cruz and Monterey within the Monterey Bay Region will add 42,240 new households between 2015 and 2045. For the eight-year time frame covered by this Housing Element Update, HCD has identified the region’s housing need as 33,274 additional units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing.<sup>2</sup> This calculation is based on population projections produced by the California Department of Finance, as well as adjustments that incorporate the region’s existing housing need.

Almost all jurisdictions in the Monterey Bay Region and California received a larger RHNA this cycle compared to the last cycle, primarily due to changes in state law that led to a considerably higher RHNA compared to previous cycles. Santa Cruz County’s was approximately 3.5 times the amount of the 5<sup>th</sup> Cycle RHNA.

On November 8, 2022, AMBAG’s adopted RHNA Methodology, was approved by HCD. For Santa Cruz County, the RHNA to be planned for this cycle is 4,634 units, a slated increase of

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<sup>2</sup> HCD divides the RHNA into the following four income categories:  
 Very Low income: 0-50% of Area Median Income  
 Low income: 50-80% of Area Median Income  
 Moderate income: 80-120% of Area Median Income  
 Above Moderate income: 120% or more of Area Median Income



353 percent from the last cycle. Table 4.1-1 shows the RHNA for Santa Cruz County for the period 2023 through 2031.

<b>Table 4.1-1: Regional Housing Needs Allocation</b>		
<b>Income</b>	<b>Percentage of AMI</b>	<b>Units</b>
Very Low Income	<50	1,492
Low Income	51-80	976
Moderate Income	81-120	586
Above Moderate Income	121 +	1,580
<b>Total</b>		<b>4,634</b>

Source: AMBAG

## AFFIRMATIVELY FURTHERING FAIR HOUSING

In 2018, Assembly Bill 686 (AB 686), signed in 2018, established a state mandate related to affirmatively furthering fair housing (AFFH). AB 686 extends requirements for federal grantees and contractors to “affirmatively further fair housing,” including requirements in the federal Fair Housing Act, to public agencies in California. Affirmatively furthering fair housing is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity by replacing segregated living patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

AB 686 requires public agencies to:

- Administer their programs and activities relating to housing and community development in a manner to affirmatively further fair housing;
- Not take any action that is materially inconsistent with the obligation to affirmatively further fair housing;
- Ensure that the program and actions to achieve the goals and objectives of the Housing Element affirmatively further fair housing; and
- Include an assessment of fair housing in the Housing Element.

The requirement for AFFH is derived from The Fair Housing Act of 1968, which prohibited discrimination concerning the sale, rental, and financing of housing based on race, color, religion, national origin, or sex—and was later amended to include familial status and disability. The 2015



U.S. Department of Housing and Urban Development (HUD) Rule to Affirmatively Further Fair Housing and California AB 686 (2018) mandate that each jurisdiction takes meaningful action to address significant disparities in housing needs and access to opportunity. AB 686 requires that jurisdictions incorporate AFFH into their Housing Elements, which includes inclusive community participation, an assessment of fair housing, a site inventory reflective of AFFH, and the development of goals, policies, and programs to meaningfully address local fair housing issues.

A comprehensive AFFH analysis was prepared by Root Policy Research and is included as an appendix to this Housing Element (see Appendix HE-A: Fair Housing Report).

## DEFINING SEGREGATION

Segregation is the separation of different demographic groups into different geographic locations or communities, meaning that groups are unevenly distributed across geographic space. Appendix A examines two spatial forms of segregation: neighborhood level segregation *within* Santa Cruz County and segregation *between* jurisdictions in the Monterey Bay Area.

***Neighborhood level segregation (within a jurisdiction):*** Segregation of race and income groups can occur from neighborhood to neighborhood within a jurisdiction. For example, if a local jurisdiction has a population that is 20% Latinx, but some neighborhoods are 80% Latinx while others have nearly no Latinx residents, that jurisdiction would have segregated neighborhoods.

***Jurisdiction-level segregation (between jurisdictions in a region):*** Race and income divides also occur between jurisdictions in a region. A region could be very diverse with equal numbers of white, Asian, Black, and Latinx residents, but the region could also be highly segregated with each jurisdiction comprised solely of one racial group.

There are many factors that have contributed to the generation and maintenance of segregation. Historically, racial segregation stemmed from explicit discrimination against people of color, such as restrictive covenants, redlining, and discrimination in mortgage lending. This history includes many overtly discriminatory policies made by federal, state, and local governments (Rothstein 2017). Segregation patterns are also affected by policies that appear race-neutral, such as land use decisions and the regulation of housing development.

Nationally, segregation has resulted in vastly unequal access to public goods such as quality schools, neighborhood services and amenities, parks and playgrounds, clean air and water, and public safety (Trounstine 2015). This generational lack of access for many communities, particularly people of color and lower income residents, has often resulted in poor life outcomes, including lower educational attainment, higher morbidity rates, and higher mortality rates (Chetty and Hendren 2018, Ananat 2011, Burch 2014, Cutler and Glaeser 1997, Sampson 2012, Sharkey 2013).



## SEGREGATION AND LAND USE

It is difficult to address segregation patterns without an analysis of both historical and existing land use policies that impact segregation patterns. Land use regulations influence what kind of housing is built in a city or neighborhood (Lens and Monkkonen 2016, Pendall 2000). These land use regulations in turn impact demographics: they can be used to affect the number of houses in a community, the number of people who live in the community, the wealth of the people who live in the community, and where within the community they reside (Trounstine 2018). Given disparities in wealth by race and ethnicity, the ability to afford housing in different neighborhoods, as influenced by land use regulations, is highly differentiated across racial and ethnic groups (Bayer, McMillan, and Reuben 2004).

## RACIAL AND ETHNIC SEGREGATION IN SANTA CRUZ COUNTY

The following are highlights of segregation metrics (see Appendix HE-A: Fair Housing Report) as they apply to Santa Cruz County.

- Between 2010 and 2020, the demographic composition of most of the Census tracts in the unincorporated county did not change dramatically.
- Almost all of unincorporated Santa Cruz County is comprised of White majority census tracts—ranging from slim majorities (less than 10%) to predominant majorities (greater than 50%).
- Hispanic majority census tracts are found in the communities of Interlaken, Freedom, Amesti—all located adjacent to Watsonville.
- In the Santa Cruz-Watsonville region, the highest segregation is between Hispanic/Latinx and White residents.
- The northern part of unincorporated county mainly consists of Census tracts with High White Segregation and Low-Medium segregation. while the southern part of unincorporated Santa Cruz County mainly consists of Low-Medium Segregation and High Person of Color Segregation—located in Freedom and Amesti.
- Census tracts that are racially integrated are located in Live Oak, and Census tracts south of La Selva Beach, west of Highway 1, and north of the Santa Cruz and Monterey counties boundary line.
- Census tracts east of Scotts Valley, north of Capitola and Aptos, and the Census tract including Ben Lomond, have all shifted from High White Segregation Census tracts in 2010 to Low-Medium Segregation Census tracts in 2020.



The following are highlights of regional segregation metrics (Appendix HE-A: Fair Housing Report) as they apply to Santa Cruz County.

- According to the dissimilarity index, which can be interpreted as the share of one group that would have to move to create a perfect Santa Cruz-Watsonville region,
  - The Latinx/White dissimilarity index is 0.583 or 58.3% of the Latinx (or white) or a moderate level of dissimilarity.
  - The highest segregation is between Hispanic/Latinx and White residents.
  - Non-White households are significantly more concentrated in the southern part of the County
  - Segregation of Asian and Black or African American and White residents is low—although it is on an increasing trend.

## OVERVIEW OF PLANNING EFFORTS

This section provides an overview of planning and legislative efforts that provide the context for development of the 6th Cycle Housing Element.

### EFFECTIVENESS OF PREVIOUS HOUSING ELEMENT

The 2015 Housing Element identified a Regional Housing Needs Allocation of 1,314 housing units in Santa Cruz County between 2015 and 2023. The RHNA was divided into the following income categories:

- 317 units affordable to very low-income households
- 207 units affordable to low-income households
- 240 units affordable to moderate-income households
- 550 units affordable to above moderate-income households

Santa Cruz County had considerable success in meeting its housing needs in the last housing element cycle (2015 to 2023). For example, the County permitted 1043 housing units, which represented 79% of its Regional Housing Needs Allocation (RHNA) (1,314 new housing units). Of the units permitted, approximately 37% (381 units) were affordable to low to very low- income households,<sup>3</sup> and 63% (663 units) were affordable to moderate to above moderate -income households. **Most notably, the County permitted approximately 94% of the required low-**

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<sup>3</sup> Source: Santa Cruz County.





income units and approximately 87% of the required moderate-income units allocated in the 5<sup>th</sup> cycle. Additionally, the County permitted 83% of its above moderate-income allocation and 59% of its very low-income allocation.

The goals, objectives, policies, and actions in the 2015 Housing Element complied with State Housing Law and provided proper guidance for housing development in the county. In the 2023 Housing Element update, objectives for each of the goals will be modified as appropriate to specifically respond to the housing environment in Santa Cruz County from 2023 to 2031. Policies will also be modified as needed to respond to current Housing Element Law and existing and anticipated residential development conditions. See Appendix HE-B for a complete review and analysis of the County's 5<sup>th</sup> Cycle Housing Element (2015-2023).

## NEW STATE LAWS AFFECTING HOUSING

While the County has taken steps throughout the 5<sup>th</sup> cycle to increase housing production locally, the State passed numerous laws to address California's housing crisis during the same period. As the State passes new legislation in the remainder of the 5<sup>th</sup> cycle and during the 6<sup>th</sup> cycle, the County will continue to amend the regulations to facilitate housing opportunities; to monitor and evaluate policies and programs designed to meet State requirements; and to proactively implement new policies and programs to help increase housing production County wide.

In 2019, several bills were signed into law that include requirements for local density bonus programs, the Housing Element, surplus lands, ADU streamlining, and removing local barriers to housing production. The County implements changes required by State law, generally through continued amendments to the County General Plan and County Zoning Ordinance. The following is a summary of recent legislation and proposed County activities that will further the County's efforts to increase housing production during the 6<sup>th</sup> cycle. Please see the section above for a discussion of AB 686 (Affirmatively Furthering Fair Housing).

### *Incentives for Accessory Dwelling Units*

On January 1, 2020, new state ADU laws went into effect that required updates to the County's ADU ordinance. These laws include [AB 68](#), [AB 587](#), [AB 671](#), [AB 881](#) and [SB 13](#) to further incentivize the development ADUs.

January 1, 2022, SB9 went into effect to further address California's housing shortage. This law established a ministerial streamlined process to develop two primary residential dwelling units on one eligible single-family zoned parcel, and to split one eligible single-family zoned parcel into two separate parcels of approximately equal size ministerially. SB9 also provides more flexible property setbacks and parking standards and extends subdivision approval expirations for eligible parcels. The law requires the local agency to establish objective zoning standards, objective subdivision standards, and objective design standards.



Key provisions contained in these laws cover the topics of streamlined ADU and SB9 land division reviews, reduced fees, more lenient development standards such as reduced setback standards, increased allowable square footage, lower parking requirements, as well as allowance of Junior ADUs (JADUs), multifamily dwelling ADUs, owner occupancy requirements, short-term rentals, nonconformities, code enforcement, and separate sale of ADUs. In January 2020 and again in March 2022, the Santa Cruz County Code was updated in alignment with these state law requirements.

In addition, during the 5<sup>th</sup> Cycle Housing Element, the County created an ADU and JADU webpage that provides information on State laws and County regulations and streamlined application processes for developing ADUs and JADUs. Online resources include, among other non-planning department agency resources and Geographic Information System links, design assistance, cost considerations and financing, and ADUs and JADUs construction tools. Online design information includes an ADU design guide, ADU unit building plans, and building advisory weblinks and a how-to guide. Financial assistance programs include property valuation, mortgage calculators, cost and rental cash flow estimator, local landlord and rental information, and financing and lender information. Construction cost related resources include a construction cost calculator, construction management links, unit fees, and a fee calculator. The webpage includes both weblinks and downloadable material. Lastly, pre-Approved ADU plans, meeting the California Building Code, will be added to the County's website in the next few months.

The adopted Tiny Homes on Wheels Ordinance allows small homes on wheels as single-family dwellings or ADUs, significantly reducing the cost of construction of dwellings and thereby removes financial barriers for needed housing.

The County's Zoning Ordinance further facilitates the legalization of unauthorized accessory dwelling units through the zoning clearance/building permit process. The County's Safe Structures Program promotes special inspections and safety modifications of existing unpermitted structures to ensure they are safe, healthy and habitable, and once certified as safe, to allow these structures to continue to provide needed housing and other resources to the Santa Cruz County community. During the 5<sup>th</sup> Cycle Housing Element, the County completed 67 such inspections. In addition, and pursuant to SB 13, the County continues the five years stay of code enforcement action on unpermitted units until January 1, 2025. There were 13 SB13 inspections.

### *Low-Barrier Navigation Centers*

AB 101 requires jurisdictions to allow "low-barrier navigation centers" (service-enriched shelters with emphasis on provision of temporary to permanent housing facilities for those experiencing homelessness) by-right in areas zoned for mixed uses and in nonresidential zones permitting multifamily uses if the center meets specified requirements.

The County Sustainability Update includes General Plan Policies and Zoning Ordinance regulations to allow by right shelters in the Public Facilities zone district.



### *Surplus Public Land*

AB 1255 and AB 1486 seek to identify and prioritize state and local surplus lands available for housing development affordable to lower-income households. The County of Santa Cruz has identified surplus lands through the adequate sites inventory of the 6<sup>th</sup> Cycle Housing Element and will report on these lands annually through the Housing Element Annual Progress Reports. Available sites are under evaluation for potential affordable housing development. The County has one such site located at the intersection of 7<sup>th</sup> Avenue and Brommer, which will be surplus in 2023.

In 2019, Governor Gavin Newsom signed an executive order to identify State owned sites to help address the California housing crisis.

### *Accelerated Housing Production*

AB 2162 and SB 2 address various methods and funding sources that jurisdictions may use to accelerate housing production. AB 2162 requires local governments to streamline the approval of housing projects containing a minimum amount of supportive housing by providing a ministerial approval process, removing the requirement for CEQA analysis and removing the requirement for Conditional Use Authorization or discretionary review process. SB 2 addresses various methods and funding sources that jurisdictions may use to accelerate affordable housing production. The SB 2 Planning Grants Program provides one-time funding and ongoing technical assistance to all eligible local governments in California to adopt and implement plans and process improvements that streamline housing approvals and accelerate housing production. Eligible activities include updating a variety of planning documents and processes such as general plans and zoning ordinances, conducting environmental analyses, and process improvements that expedite local planning and permitting. The Planning Grants Program is funded through the Building Homes and Jobs Act Trust Fund (SB 2, Chapter 364, Statutes of 2017).

In 2022, Santa Cruz County issued the foundation and retaining walls permits, and the building permit for construction of a four-story 26,272 sq. ft. residential building consisting of 36 housing studio units, noted as a "Home Key"<sup>4</sup> grant project, is in process, this project qualified as an AB 2162 project. Two other Home Key projects unrelated to AB 2162 are in process. The County is a co-applicant for all three approved Home Key grants associated with these developments.

Last, SB 2 funding was awarded to the County of Santa Cruz, which was used to facilitate completion of the Environmental Impact Report required for the Sustainability Policy and Regulatory Update during the 5<sup>th</sup> Cycle Housing Element.

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<sup>4</sup> <https://www.hcd.ca.gov/grants-and-funding/homekey>



### *Priority Processing*

SB 330 enacts changes to local development policies, permitting, and processes that will be in effect through January 1, 2025. SB 330 places new criteria on the application requirements and processing times for housing developments; prevents localities from decreasing the housing capacity of any site, such as through downzoning or increasing open space requirements, if such a decrease would preclude the jurisdiction from meeting its RHNA housing targets; prevents localities from establishing non-objective standards; and requires that any proposed demolition of housing units be accompanied by a project that would replace or exceed the total number of units demolished. Additionally, any demolished units that were occupied by lower-income households must be replaced with new units affordable to households with those same income levels.

The County provides SB 330 guidance and application materials, available on its website for developers of residential projects. The 6th cycle Housing Element further includes objectives, policies and goals that align with the SB 330 mandates.

### *Housing and Public Safety*

Finally, in response to SB 379 and other recent state legislation, local jurisdictions must update their Public Safety Element to comprehensively address climate adaptation and resilience (SB 379) and SB 1035 (2018) and identify evacuation routes (SB 99 and AB 747). These updates are triggered by the 6<sup>th</sup> Cycle Housing Element update. If a community has adopted a separate plan addressing climate adaptation and resilience, as required, this can satisfy the requirement by reference. In 2013 the County of Santa Cruz adopted a Climate Action Strategy (CAS) that includes strategies for reduction of greenhouse gases in both government operations and community activities, and strategies for climate adaptation. In 2022 a new and updated Climate Action and Adaptation Plan (CAAP) was adopted by the Board of Supervisors. The County has also adopted and updated a Local Hazard Mitigation Plan (LHMP) that has been approved by the Federal Emergency Management Agency (FEMA) and includes climate adaptation and resilience measures consistent with the CAS/CAAP. The Public Safety Element has been updated to incorporate the CAS/CAAP and LHMP by reference (GC 65302[g][4]).

As required by its participation in the National Flood Insurance Program (NFIP) the Public Safety Element includes policies and programs comprehensively addressing flood hazards and the County has adopted an NFIP compliant floodplain management ordinance. The Public Safety Element contains information identifying the flood hazards in the county, a comprehensive set of goals, policies, and objectives based on the information, and a set of feasible implementation measures for the protection of the community from the unreasonable risks of flooding (65302[g][2]).



To protect the community from the unreasonable risk of wildfire, the Public Safety Element includes information identifying fire hazards in the county and a comprehensive set of goals, policies, and objectives addressing fire hazards throughout the county, including in state responsibility areas and all fire hazard severity zones (GC 65302[g][3]). Regarding evacuation route planning (SB 99 and AB 747), the Public Safety Element includes policies and programs to both require evacuation route planning as part of new development and commitments to identify and address existing developed areas that lack adequate secondary evacuation routes (65302[g][5]).

The Public Safety Element contains goals, objectives, policies and programs addressing a range of natural hazards affecting the county. The County is committed to reviewing and, if necessary, revising the safety element upon the revision of the Housing Element and the next update of the LHMP to identify new information relating to flood and fire hazards and climate adaptation and

HCD Requirement: Include a diligent effort by the local government to achieve public participation of all economic segments of the community in the development of the Housing Element, and the program shall describe this effort.

resiliency strategies applicable to the city or county that was not available during the previous revision of the safety element (65302[g][6])).

Also, as sites are identified and analyzed for inclusion in the County's housing site inventory, special attention has been paid to the risk of flooding, wildfire, sea level rise, the need for evacuation routes, as well as other climate adaptation related safety program actions in accordance with state law and existing County policy. In this way, the County will coordinate updates, as needed, to all three elements (Built Environment, Housing, and Public Safety), so that it can direct future development into areas that avoid or reduce unreasonable risks while also providing needed housing and maintaining other community planning goals.

### *Disadvantaged Communities*

In 2011, the Governor signed SB 244 which requires local governments to make determinations regarding "disadvantaged unincorporated communities," defined as a community with an annual median income that is less than 80% of the statewide annual median household income. As reflected in the Built Environment Element, the County has determined that there are unincorporated islands or fringe or legacy communities by Census tract that qualify as disadvantaged communities inside or near its boundaries. These communities include Twin Lakes, Live Oak, Pleasure Point, and the Census tract east of Boulder Creek and north of Ben Lomond that incorporates the western part of Felton, as well as in the Corralitos, Amesti and Freedom communities located around the fringe of Watsonville.



The Built Environment Element of the General Plan provides the policies to achieve the General Plan objective to ensure that disadvantaged communities in the unincorporated Santa Cruz County are identified and targeted for prioritized assistance in provision of services and facilities.

## CONSISTENCY WITH GENERAL PLAN

The General Plan is a long-range planning document that serves as the “blueprint” for development for local jurisdictions in California. All development-related decisions in the county must be consistent with the General Plan, and if a development proposal is not consistent with the plan, then it must be revised, denied, or the plan itself must be amended.

State law requires a community’s general plan to be internally consistent. This means that the Housing Element, although subject to special requirements and a different schedule of updates, must function as an integral part of the overall General Plan, with consistency between it and the other General Plan elements. From an overall standpoint, the development anticipated under this Housing Element is consistent with the other elements in the County’s General Plan.

Many housing needs can only be addressed on a comprehensive basis in concert with other community concerns, such as infill development or mixed-use incentives, for example, which must consider land use, traffic, parking, design and other factors as well. The Aptos Village Plan, adopted in 2010, is an example of a more focused, comprehensive policy approach to community development in a particular area of interest. The plan authorized a mixed-use commercial and residential development, including a maximum of 63 residential units and 75,000 square feet of commercial space. A portion of the mixed-use development has been constructed and the remainder is undergoing building permit review.

As portions of the General Plan are amended in the future, the plan (including the Housing Element) will be reviewed to ensure that internal consistency is maintained.

## PUBLIC PARTICIPATION

The primary purpose of this section is to describe the effort made by the County of Santa Cruz to engage all economic segments of the community (including residents and/or their representatives) in the development and update of the 6<sup>th</sup> Cycle Housing Element. It is also responsive to AB 686 (Affirmatively Furthering Fair Housing), which requires local jurisdictions, as they update their housing elements, to conduct public outreach to equitably include all stakeholders in the housing element public participation program.

The 6th Cycle RHNA numbers are a significant change for all California communities, and the success of the update process hinges in part on a community outreach and engagement program that was robust, inclusive, and meaningful.



COVID-19 has complicated community outreach efforts whereby there are many who do not want to meet in person, but the pandemic has also catalyzed the development of new digital tools that have brought interactive engagement to a new level. In the case of Santa Cruz County, the use of the virtual meeting platforms has made meeting with the public expedient, safe, and results in fewer vehicles on local roads, and fewer vehicle emissions. Also, by using the virtual meeting platforms, participants can avoid traffic congestion. Overall, the use of the virtual meeting tools connecting people is significantly easier and with less logistical complications for the participants, thereby allowing for higher attendance and successful outcomes.

## ROBUST PUBLIC ENGAGEMENT

The County of Santa Cruz partnered with a public engagement consulting firm, CivicMakers, who facilitated the public engagement effort associated with the 6th Cycle Housing Element Update.

The County of Santa Cruz public participation program was responsive to AFFH, which requires local jurisdictions to conduct public outreach to equitably include all stakeholders in the housing element public participation program (see the discussion above for more complete information on AFFH).

Based on a comprehensive discovery process, including background document review, a demographics data analysis, and stakeholder assessment, CivicMakers convened two public deliberative bodies: a Community Panel and a Stakeholder Group.

The Community Panel reflected a demographic representation of County residents, including those community members most affected by housing instability and/or unaffordability and with a focus on those living in its unincorporated areas. CivicMakers created a demographic profile of the county's residents from U.S. Census information, and a selection of citizens who reflected the profile in terms of gender, race, income, homeownership and renters, language, tribal heritage, and home location were convened.

The Stakeholders Group included those with an interest in housing development in the county, such as local developers, affordable housing developers, community-based organizations serving under-represented community members, environmental and transportation organizations, housing advocates, and others.

In addition to the draft recommendations from the Community Panel and Stakeholder group meetings, CivicMakers also facilitated three countywide community meetings to provide an opportunity for all county residents to learn about the Housing Element update and provide input on County housing policy and programming. Public engagement meetings were held on May 15, May 31, and June 28, 2023.

Input from both the Community Panel and the Stakeholder Group was compiled into a report, with ideas for policies and programs and where housing should go, as well as prioritized



recommendations. Input from the countywide community meetings also provided similar input. See Appendix HE-C: Public Engagement Results.

## SANTA CRUZ COUNTY HOUSING ELEMENT WEBSITE

The County created a website specific to the Housing Element Update in order to further engage and educate the public.<sup>5</sup> This website provides a portal to all of the Housing-Element-related public engagement activities that are available to members of the public. This includes information on Housing Element basics, getting involved, the upcoming public meeting schedule and links to past public meetings presentations, environmental review documents, project documents, and a variety of contact methods and direct comment/questions features. There is also a link to the Interactive Housing Plan tool. Website information is available in both English and Spanish.



What is the  
Housing  
Element?



Get Involved



Environmental  
Review



Project  
Documents



Contact Us

## BALANCING ACT INTERACTIVE HOUSING PLAN

In collaboration with Balancing Act, the County and the County's consultant, EMC Planning Group, developed a Santa Cruz County specific interactive housing tool that allowed the public to "plan for housing." This interactive housing tool concentrated future housing in the urban areas of the county where transportation and services can be easily accessed. The focus was on the "high resource" areas of the county. This tool was designed to avoid rural areas of the county and areas with agricultural land and environmental constraints. The tool was made available at public meetings and on the County's Housing Element Website.

## TRIBAL CONSULTATION

This public participation effort also included formal consultation with Native American tribes, pursuant to Government Code §65352.3. The Native American Heritage Commission was mailed a request for a list of tribes and heritage sites on May 25, 2023, and emailed same on May 26,

<sup>5</sup> <https://www.sccoplanning.com/PlanningHome/Housing/2023HousingElement.aspx>





2023. The County was notified that affiliated tribes in the project area include Amah Mutsun Tribal Band, Amah Tribal Band San Juan Bautista, Costanoan Ohlone Rumsen-Mutsen Tribe, Indian Canyon Mutsun Band of Costanoan, and the Wuksache Indian tribe. Letters to the tribes were sent on June 20, 2023. No responses have been received to date.



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## 4.2 GOALS, POLICIES, AND IMPLEMENTATION PROGRAMS

The County of Santa Cruz Housing Element is driven by two guiding principles: facilitating the development of new housing; and affirmatively furthering fair housing. The goals and policies in this Housing Element address the county's identified housing needs and are implemented through a series of housing programs. Housing programs describe specific actions the County will take to achieve the goals and policies described herein. Santa Cruz County has unique geologic, geographic and safety concerns, as well as water and sewer service availability constraints, that make developing new housing extremely costly and physically challenging in many areas of the county. Despite the challenge of providing housing affordable to all income levels, this 6<sup>th</sup> Cycle Housing Element establishes goals and policies to meet the housing needs of the community, while meeting the County's Regional Housing Needs Allocation (RHNA) for the 2023-2031 period.

The six goals of this Housing Element are as follows:

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

The programs in this chapter were prepared with an understanding of the nature and extent of housing needs in Santa Cruz County, as well as funding and land availability constraints, and the County's experience in implementing previous Housing Elements. Community engagement and public deliberation are vitally important to County of Santa Cruz governance. The County of Santa Cruz is committed to implementing the programs and policies in this Housing Element.

### WHAT'S NEW

This section provides an overview of significant new policy and program directions being taken by the County of Santa Cruz (County) to address housing issues. In addition to the two guiding principles of facilitating the development of new housing and affirmatively furthering fair housing (AFFH), the County recognizes that implementation of the programs contained in this element will greatly increase the feasibility of redevelopment at allowable densities (with or without density bonuses). The County acknowledges the urgent need to require a percentage of affordable housing through inclusionary ordinances and other programs consistent with this Housing



Element. The County is committed to various means for better understanding and addressing specific housing needs within the County.

## MILESTONES AND METRICS

Since the 5<sup>th</sup> Cycle Housing Element was adopted in early 2016, the County has adopted several updated policies, programs, zoning code and general plan amendments to make housing development, and particularly affordable housing development, more feasible. See the Introduction to this element for a list and description of these policy updates. The County is committed to timely implementation of the programs in this chapter. The feasibility of developing new housing, including affordable housing, will be increased by implementing recent state laws such as Assembly Bill (AB) 2011, Senate Bill (SB) 9 and SB 10 of 2021 which allow multifamily housing, including “missing middle” housing types, within existing neighborhoods. Within each program, the accountability list names (1) *Responsible Agency*, (2) *Funding Source*, (3) *the Objective*, and (4) *the Timeframe* for implementation.

## PRO-HOUSING COMMUNITY

As part of the State’s Fiscal Year 2019-20 Budget Act, AB 101 enacted the Pro-Housing Designation Program. This program creates incentives for jurisdictions that are compliant with housing laws, housing element requirements, and have enacted, or plan to enact, Pro-Housing policies in four category areas: Favorable Zoning and Land Use, Accelerating Production Timeframes, Reducing Construction and Development Costs, and Providing Financial Subsidies.

This program enables the California Department of Housing and Community Development (HCD) to designate jurisdictions throughout the state as *pro-housing* when they demonstrate policies and planning that accelerate the production of housing. Jurisdictions that achieve the Pro-Housing Designation will receive priority for some state-funded housing and/or infrastructure programs, and in some cases will score additional points when competing for state funds, such as the Affordable Housing and Sustainable Communities (AHSC) grant and the Infill Infrastructure Grant (IIG).

The County Board of Supervisors has passed a resolution indicating the County’s intent to become a pro-housing community, and a new policy and program to explore how best to align County development policies with the Pro-Housing Designation Program. The County intends to apply for the Pro-Housing designation in 2024. Policies and programs that support this objective are identified herein with the letters: “PRO.”

## AFFIRMATIVELY FURTHERING FAIR HOUSING

In 2018, a new State law (AB 686) was enacted that requires public agencies in California to administer their programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing (AFFH). The concept of AFFH began with the



federal 1968 Fair Housing Act (FHA), which designated the U.S. Department of Housing and Urban Development (HUD) as the primary implementing agency. HUD imposed AFFH requirements and enforcement mechanisms on its grantees, primarily public housing agencies, and cities and counties that received certain annual “entitlement” grants, such as the Community Development Block Grant (CDBG). The County is not large enough in population to qualify for CDBG entitlement grants, although it has received occasional CDBG grants from the State, and therefore the concept of AFFH is not new to the County.

After an analysis by the Government Accountability Office (GAO) in 2010 concluded that HUD’s implementation and enforcement of the AFFH requirements by its grantees was not effective, in 2015 the Obama administration issued new regulations through the federal rulemaking process to improve the effectiveness and accountability of HUD’s AFFH policies for its grantees, resulting in the “AFFH Final Rule”. In 2018 HUD published a new notice in the Federal Register postponing implementation of the AFFH Final Rule for most HUD grantees until 2025. Following that action, California lawmakers drafted AB 686, which uses housing element law as an enforcement mechanism, rather than a grant program. Unlike the federal policy, which applied only to HUD grantees which were receiving federal funds, which they could use in part to implement AFFH efforts, AB 686 applies to local and state agencies, whether or not they receive HUD funds, and does not provide any state funding for AFFH efforts. AB 686 applies to: the state itself; a city, county, or redevelopment agency; a public housing authority; a public housing agency; and any other political subdivision of the state that receives certain HUD funds.<sup>6</sup> AB 686 defined AFFH as follows:

*“Affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a public agency’s activities and programs relating to housing and community development.*

HCD Requirement: The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing.

<sup>6</sup> AB 686 (Santiago) Analysis 1: Concurrence in Senate Amendments, As Amended August 17, 2018, Lisa Engel, Assembly Housing & Community Development Analyst. [https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill\\_id=201720180AB686](https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201720180AB686)



The policies and programs in this housing element have been updated where necessary to align with the AFFH requirements of state law. Policies and programs that support this alignment are identified with the letters: “AFFH.”

### QUANTIFIED OBJECTIVES

The County’s quantified objectives for the 6<sup>th</sup> Cycle are presented in Table 4.2-1, Quantified Objectives Summary. The Quantified Objectives described under each program represent the County’s best effort to implement each type of housing effort. Assumptions are based on past program performance, funding availability, construction trends, land availability, and future programs that will enhance program effectiveness and achieve full implementation of the County’s housing goals. While the State does not issue a separate RHNA for Extremely Low-Income (ELI) units, they are a subset of the County’s Very Low income RHNA and shown below.

<b>Table 4.2- 1: Quantified Objectives Summary <sup>7</sup></b>					
<b>Income Category</b>	<b>New Construction</b>	<b>Rehabilitation</b>	<b>Conservation / Preservation</b>	<b>Total</b>	<b>RHNA</b>
Extremely Low	250	50	2	302	746
Very Low	250	69	3	322	746
Low	500	57	5	562	976
Moderate	150	0	5	155	586
Above Moderate	1,200	0	0	1,200	1,580
<b>TOTAL</b> Source: County of Santa Cruz	<b>2,350</b>	<b>176</b>	<b>15</b>	<b>2,541</b>	<b>4,634</b>

<sup>7</sup> The new construction objectives shown in Table 4.2-1 are based on approved and anticipated development projects, historic construction trends, projected permitting volumes based on past trends, and estimated permitting of new ministerial project types such as SB 9, SB 10, AB 2162, etc. Rehabilitation and conservation/preservation objectives are based on estimated affordable housing rehabilitation and/or preservation programs and projects that qualify for inclusion in this table pursuant to housing element law. More information on the preservation goal and at-risk units is provided in Appendix HE-A.



## GOALS, POLICIES AND PROGRAMS

### GOAL H-1 FACILITATE DEVELOPMENT OF NEW HOUSING, PRIMARILY IN INFILL AREAS

#### *Policies*

**Policy H-1.1 (AFFH) (PRO) Sites Inventory.** Maintain an inventory of available sites that can accommodate a range of housing developments meeting the number and type of units in the County's 2023-2031 RHNA.

**Policy H-1.2 Annual Reporting, Monitoring, Evaluation, and Revision.** Report annually to HCD and OPR on the County's progress in implementing the Housing Element, and regularly assess current housing needs, and update policies, programs and resource allocations as needed to address those needs.

**Policy H-1.3 (AFFH)(PRO) Minimum Density Standards.** Ensure that new residential and mixed-use developments in multi-family zones, including mixed-use zones, are designed to achieve residential densities equal to at least 75% of the maximum allowable density on the site, unless the Approving Body makes a finding that unusual site conditions exist that render that density infeasible, and no alternate design and/or site layout that could achieve this minimum density would be feasible on the subject site. When this policy is applied to proposed horizontal mixed-use developments, the minimum density standard shall apply only to the portion of the site offered by its owner (or proposed by the applicant) for housing development.

**Policy H-1.4 Accessory Dwelling Units.** In single-family zones, encourage and support developers to include accessory dwelling units (ADUs) in their projects, in accordance with state law and County Code. In multi-family zones, encourage and support development of multi-family housing at the minimum density level or higher, and allow ADUs in accordance with state law, encouraged as an addition after the project achieves the minimum density standard for the site. Encourage ADUs within SB 9 and SB 10 projects.

**Policy H-1.5 R-Combining District.** Maintain properties designated with the R-Combining District with that overlay unless the property owner identifies and obtains title to alternate sites to be rezoned to replace the unit capacity currently available on the remaining two R-Combining sites (Erlach and Nigh properties). Property owner shall be responsible for submitting rezoning applications, paying application fees and related costs of rezoning and/or general plan amendments as may be required to replace R-Combining sites. Replacement sites may be rezoned to R-UH or RF, which now allow higher densities than the R-Combining overlay zone.

**Policy H-1.6 (AFFH) Priority Processing.** Continue to implement priority processing in discretionary review and permitting for affordable housing projects, with an expanded definition



of affordable projects that qualify for prioritization, and a more detailed program for prioritization (See Program H-1L below). Offer reduced plan check times for multifamily housing, including multi-family housing in mixed-use projects.

**Policy H-1.7 (PRO) Pro-Housing Community.** Implement pro-housing programs and standards to become a “Pro-Housing Community” as designated by HCD. These new programs and standards are needed to increase the amount of housing available at various levels of affordability to support the local workforce and for essential workers, including but not limited to those working in healthcare, education, public safety, other public sector or non-profit jobs, services, environmental practitioners, agriculture, hospitality, and tourism.

**Policy H-1.8 (AFFH) (EJ) Farmworker Housing.** Support the development of farmworker housing through implementation of the State Employee Housing Act (EHA) in agricultural zones for by-right farmworker housing, and through County codes that also allow development of 100% affordable rental housing for farmworkers, while maintaining priority farmland in zones for commercial farming. Encourage developers of affordable housing projects located in or near farming communities to include housing for farmworkers within their projects, whether the site is in an agricultural, residential, or mixed-use zone district.<sup>8</sup>

**Policy H-1.9 (AFFH) (PRO) Site Consolidation Bonus.** When applicants for multi-family and/or multi-family mixed-use housing projects assemble multiple adjacent, contiguous parcels of less than one acre within the Urban Services Line (USL) into a development site of at least 1.5 acres under site control of the applicant, the assembled property shall qualify for a 50% density bonus for site consolidation, in addition to any other density bonus available to that project through Chapter 17.12. The bonus is based on the current density allowed for such site based on its current zoning or general plan designation, whichever yields the higher density. Where assembled sites may have varying zoning or General Plan densities, the sum of the maximum unit yield of each assembled parcel shall serve as the base unit yield to which the bonus may be applied. Zones which do not allow housing development, such as M-1 or C-4, are not eligible for this bonus unless first rezoned to a residential or mixed-use zone.

## Implementation Programs

Programs designed to implement the policies of Goal 1 are described below.

**Program H-1A** Continue to annually evaluate progress made and any improvements needed to meet the County’s RHNA, along with the Annual Progress Report (APR) submitted to HCD.

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<sup>8</sup> See Section 4, under Vacant and Available Sites, for background on past County assistance provided for the development and redevelopment of farmworker housing in recent decades, mostly through the County’s former Redevelopment Agency, which resulted in eight affordable housing properties in the County for farmworkers, several additional grants or loans provided to further improve these properties in recent years, and several more proposed farmworker housing projects in predevelopment.





Consider known barriers to development, and update development standards and/or address other constraints to residential development on the sites included in the County's Sites Inventory, where necessary to achieve the County's RHNA.

- Responsibility: Community Development & Infrastructure Department (CDI)
- Timeframe: Annually
- Funding Source: CDI Budget
- Measurable Outcome: APR Submitted Annually to HCD and the Board of Supervisors

**Program H-1B** Rezone sufficient vacant and/or underutilized property to appropriate multi-family residential and/or mixed-use zone districts to accommodate the RHNA in each income category, after deducting units accommodated on existing sites, which are shown in Appendices HE-E and HE-F. Such sites are needed to increase the amount of housing available at various levels of affordability to support the local workforce and for essential workers, including but not limited to those working in healthcare, education, public safety, other public sector or non-profit jobs, services, environmental practitioners, agriculture, hospitality, and tourism. This program will rezone sites with the appropriate zoning and development standards to facilitate achieving maximum densities as shown in Table 7 of Appendix HE-E (the Sites Inventory) as required by Government Code subsections 65583(c)(1) and 65583.2(h) and (i). Those subsections require that sites listed on Table 7 that are necessary to meet the shortfall of Lower Income units (currently estimated at 27 of the 75 parcels in Table 7, subject to reevaluation at time of rezoning) shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. Bring proposed rezonings (Appendix HE-E) to the Board of Supervisors in time for a second reading of the ordinance no later than December 2026.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2026
- Funding Source: CDI Budget
- Measurable Outcome: Rezone ~75 parcels to fit shortfall of units (at least 1,338 lower- and moderate-income units)

**Program H-1C** Develop a by-right overlay zone to permit rental and owner-occupied multi-family housing uses by right (ministerially) pursuant to Government Code section 65583.2(c), (h) and (i) for developments with 20% or more lower-income units. This overlay zone shall apply to sites included in the Inventory that were included in the Inventory as sites for lower-income housing in one or more prior cycles but were not developed. These sites are identified in Appendix HE-E with the overlay zone indicated with a "-Min" in the Proposed Zoning Column (e.g., "C1-Min"). A total of approximately 11.8 acres is proposed for rezoning into the "-Min" overlay zone, consisting of seven parcels in commercial zones, comprising a total of five sites, as shown in Appendices HE-E and HE-F. The sites range in size from 0.52 acres to 8 acres, and with a total estimated capacity of at least



200 units. All of these parcels are in commercial zones which allow mixed-use, with residential densities of 22-45 units per acre. Each site can accommodate more than twenty units at densities of 22-45 units per acre. The addition of the required by-right overlay will bring these parcels into compliance with the above-cited subsection of the Government Code.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2025
- Funding Source: CDI Budget
- Measurable Outcome: Ordinance creating new overlay zone that meets the standards of Gov. Code subsections 65583.2(h) and (i), and that rezones these parcels into that overlay zone.

**Program H-1D** Update density bonus code (SCCC Chapter 17.12) to provide additional policy incentives to encourage parcel assembly for multi-family housing projects, inclusion of extremely low-income units, and units for special needs households, and to ensure consistency with current state density bonus law. Include a clause noting that if state density bonus law is amended in the future (as has occurred very frequently over the past decade), any preemptive provisions of the law will be implemented, notwithstanding any contradictory provisions in the County’s local density bonus code.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2025 and on an annual basis thereafter as warranted.
- Funding Source: CDI Budget
- Measurable Outcome: Update to Chapter 17.12 with Policy H-1.9

**Program H-1E** Rezone appropriate urban opportunity sites to Residential Flex (RF) zoning and increase densities on current RM-zoned sites to densities of 20 units or more per acre, potentially including, but not limited to, parcels identified as opportunity sites in the Sustainable Santa Cruz County Plan (if not already rezoned through Program H-1B, or already in a zone which allows higher density residential). Such sites are needed to increase the amount of housing available at various levels of affordability to support the local workforce and for essential workers, including but not limited to those working in healthcare, education, public safety, other public sector or non-profit jobs, services, environmental practitioners, agriculture, hospitality, and tourism.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Upon request of property owner, or by December 2027
- Funding Source: CDI Budget
- Measurable Outcome: Additional parcels rezoned to RF



**Program H-1F** Update multi-family development standards such as minimum parking requirements, floor area ratio (FAR) limits, lot coverage, height, and story limits. Increasing height limits to allow 4-6 stories at key intersections, high quality transit areas, and/or within major shopping centers, to accommodate more housing near transit and services in multi-family and mixed-use zones within the Urban Services Line.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2026
- Funding Source: CDI Budget
- Measurable Outcome: Ordinance with updated standards, and updated design guidelines

**Program H-1G** Update County procedures and codes to streamline the process for filing residential parcel maps (minor land divisions) and subdivisions maps on property within the Urban Services Line, to minimize or eliminate steps that exceed the requirements of state law, and/or that add unnecessary delay to processing time, consistent with these objectives in the County's 2023-25 Operational Plan.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2025
- Funding Source: CDI Budget
- Measurable Outcome: Updated County code (Title 14, others as needed), procedural guidance, process improvements.

**Program H-1H** Develop an SB 9 implementing ordinance, and Local Coastal Program (LCP) amendments as needed to allow SB 9 housing projects within the Coastal Zone, as recently directed by the Coastal Commission<sup>9</sup>. SB 9 allows up to four units on single-family parcels that meet certain criteria specified in SB 9.

- Responsibility: CDI, Planning Commission, Board of Supervisors, Coastal Commission
- Timeframe: Complete by December 2024
- Funding Source: CDI Budget
- Measurable Outcome: LCP amendment for SB 9 projects

**Program H-1J** Rezone residential parcels per SB 10, which allows up to 10 units on qualifying infill parcels, to allow "missing middle" housing within low-density infill neighborhoods. Many of these sites are located in high resources areas as shown on the Mid-County TCAC Opportunity Map in Appendix HE-A, Figure HE-A-122, where the rezoning will enhance housing mobility (housing choices and affordability in these areas. This program includes the approximately 40 parcels

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<sup>9</sup> <https://documents.coastal.ca.gov/assets/rflg/ADU-Memo.pdf>



identified in Appendices HE-E and HE-F for SB 10 rezoning, and/or additional parcels identified later for rezoning per SB 10.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2025
- Funding Source: CDI Budget
- Measurable Outcome: Ordinance rezoning property pursuant to SB 10

**Program H-1K** Provide priority processing for projects of seven or more new units with at least 15% lower-income, or 25% moderate-income units, and/ or projects to substantially rehabilitate 10 or more subsidized rental units. Develop administrative procedures for implementing priority processing during discretionary review, plan check, permitting, (including grading, encroachment, and related permits), inspections, and processing maps associated with qualifying projects. Administrative procedures should address how to prioritize multiple projects that qualify for priority processing around the same time, and other frequently asked questions. Train relevant staff of all County review agencies at the Unified Permit Center (UPC) how to implement priority processing in their respective roles and tasks. Encourage special districts and regional agencies involved in development review, ministerial permitting, and/or utility connections to implement a similar priority processing policy for projects in the County’s unincorporated areas, to the extent possible.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2024
- Funding Source: CDI Budget
- Measurable Outcome: Creation of administrative procedures document for priority processing, code updates if needed, training for UPC staff.

**Program H-1L** Amend the special community design criteria for the East Cliff Village tourist area provided in SCCC 13.20.145, to allow buildings taller than two stories where appropriate to support economically viable development and facilitate housing development on larger parcels at an appropriate density for affordable housing, while providing design guidance to ensure compatibility with the overall character and historic properties in the area.

- Responsibility: CDI, Planning Commission, Board of Supervisors
- Timeframe: Complete by December 2024
- Funding Source: CDI Budget
- Measurable outcome: LCP amendment providing updated design criteria in SCCC 13.20.145 for the East Cliff Village tourist area

**Program H-1M** Continue to implement current [ADU Incentives Programs](#), such as the ADU Technical Assistance Program, which provides technical assistance and education to homeowners



wishing to add an ADU to their properties, through its three-year pilot period, and update County ADU codes annually, or as frequently as legally required, to ensure compliance with recently enacted, pre-emptive ADU laws. The ADU Incentives Program assists homeowners who either are low- or moderate-income themselves or agree to create an ADU that will be rented within the affordability requirements of the program for at least three years.<sup>10</sup> Evaluate program outcomes at conclusion of pilot period, and if funding and administrative capacity remains available at that time, contract for another three-year program cycle. Evaluate the continuation of other programs, such as the County's educational materials, website tools that help property owners assess the potential for development of ADUs on their properties, planning fee reductions, and marketing materials. Evaluate geographic distribution of ADU new construction and conversion projects to determine if additional actions are necessary to increase this housing choice in higher resource areas, as shown on TCAC Opportunity Maps. Add pre-approved ADU plans, developed through an earlier County contract, to the County website. Those pre-approved plans meet County standards and provide design options for various types of ADU sites. Update website to provide links to ADU designers who have had ADU plans approved by the County.

- Responsibility: CDI, Board of Supervisors
- Timeframe: Complete evaluation of current ADU Incentive Program at end of 3-year pilot period (December 2026); evaluate geographic distribution of ADU construction in same timeframe (December 2026); post pre-approved ADU plans on website no later than March 2024; Update County ADU codes within 6 months of enactment of any new pre-emptive State ADU laws and/or notice from HCD of any inconsistencies with current state law.
- Funding Source: Affordable Housing Impact Fee (AHIF) Funds or other Housing funds that may be available for this purpose, such as PLHA; CDI budget.
- Measurable outcome: Evaluation of ADU Incentives Program outcomes and launch of a new three-year program cycle with any modifications recommended by evaluation report; consideration of actions to encourage ADU construction in higher resource areas, if necessary; posting of pre-approved plans and links to ADU designers on County website; updated County ADU codes.

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<sup>10</sup> <https://www.helloadu.org/new-santa-cruz-county-how-to-apply>



## GOAL H-2 MAINTAIN AND IMPROVE THE QUALITY AND AFFORDABILITY OF EXISTING HOUSING STOCK

### *Policies*

**Policy H-2.1 Preservation of Mobilehome Parks (MHP).** Preserve the continued availability and affordability of the existing affordable housing stock located in MHPs, including the housing stock in MHPs that is affordable to all income residents of the county.

Continue to implement state and local codes and regulations intended to preserve existing mobile home parks as a more affordable housing option, and to protect their residents from displacement. These include County codes and regulations related to MHP space rent stabilization, the County's MHP overlay zone (-MH) which allows only MHP uses, and County Code Chapters 13.30 and 13.31, which limits conversion of MHPs to other uses and closures, and requires relocation assistance and/or compensation and a finding that "the conversion will not result in a shortage of housing opportunities and choices within the County of Santa Cruz as conditions of approval. The County and all parties involved with MHPs, including their owners, are also subject to similar state laws that protect residents of mobile home parks from displacement and/or substandard housing conditions. Within the unincorporated area of the county, the State HCD has jurisdiction over code compliance, mobile home installations, and related permitting within MHPs.

**Policy H-2.2 (AFFH) Condominium Conversions.** Conserve existing multi-family rental housing by continuing to regulate conversions of rental developments, primarily apartments, to condominium ownership.

**Policy H-2.3 Preservation of Existing Affordable Housing.** Strive to keep subsidized and/or inclusionary affordable housing affordable over time, and intervene, to the extent legally possible and when resources are available, to preserve such housing from expiration of affordability covenants and/or from foreclosure or other loss.

**Policy H-2.4 (AFFH) Protection of Existing Rental Housing.** Strive to ensure that the existing rental housing is maintained and implement all feasible opportunities to help maintain such housing as active rental stock.

**Policy H-2.5 Housing Rehabilitation.** Promote, enable, and facilitate the participation of lower-income homeowners and/or owners of affordable rental housing in housing rehabilitation programs that may be offered by the County, utility providers, or other entities.

**Policy H-2.6 (AFFH) Rural Affordable Housing.** Strive to preserve any existing naturally occurring affordable housing (NOAH) in rural areas of the County, including in village centers



and at farmworker housing sites, and support ADUs on existing lots of record that are already developed with single family homes, consistent with sewage disposal regulations and state law.

## IMPLEMENTATION PROGRAMS

**Program H-2A** Seek local, state, or federal funding and/or partnerships with the Housing Authority, or other incentives to encourage property owners to extend affordability covenants or subsidy programs at subsidized affordable rental properties with expiring restrictions. One affordable rental property, Seaside Apartments in Live Oak, could expire within this cycle, in 2027. There are no more expiring “Measure J” units, as the last expiring units expired in 2019. The remaining Measure J units are restricted in perpetuity, as the County’s inclusionary policy was updated in 1990 to make all Measure units restricted in perpetuity. The County shall also target the preservation of all units that are at-risk of conversion to market rate rents during the planning period and commit to complying with all noticing requirements pursuant to Government Code section 65863.10 (e.g., 3 years, 12 months, and 6 months).

- Responsibility: CDI, Board of Supervisors, Housing Authority
- Timeframe: 1-2 years before expiration of deed restrictions or project-based Section 8 (HAP) contract
- Funding Source: Federal, state, or local housing funds that may become available to the County, Housing Authority, or property owner for this purpose.
- Measurable Outcome: Extension of affordability covenants or subsidy programs, such as project-based Section 8 contracts (“HAP” contracts) for expiring properties

**Program H-2B** Maintain existing County codes and regulatory programs to preserve existing MHPs in the unincorporated area. These include the County’s MHP rent stabilization program (SCCC Chapter 13.32), the MHP conversion and closure codes (SCCC Chapter 13.30 and 13.31), County deed restrictions on MHPs assisted by the former redevelopment agency, and may include, when available, funding for various MHP preservation, acquisition and/or maintenance projects through State programs such as the MORE program (formerly MPROP).

- Responsibility: CDI, Mobile and Manufactured Home Commission, Board of Supervisors
- Timeframe: Ongoing
- Funding Source: CDI Budget, County MHP space fees, MORE (when available)
- Measurable Outcome: Preservation of existing MHPs and the continued affordability of the housing stock that is currently located in them

**Program H-2C** Maintain and implement, when conversions are proposed, the Condominium Conversion Ordinance (SCCC Chapter 14.02) to preserve existing rental housing. This chapter



provides various protections and benefits for tenants of rental housing proposed for conversion, and requires, with limited exceptions, converted condominiums to be restricted affordable to lower- and moderate-income buyers for the life of the unit.

- Responsibility: CDI, County Counsel
- Timeframe: Ongoing
- Funding Source: CDI Budget
- Measurable Outcome: Few if any conversions of existing rental units to condominiums during the 6<sup>th</sup> Cycle

**Program H-2D** When adequate resources are available, continue housing rehabilitation programs to help low-income mobile/manufactured homeowners and/or income-eligible, disaster-affected homeowners rehabilitate and/or replace their homes using state, federal, and/or local funding sources, when available, to the extent insurance or FEMA proceeds are not adequate to cover these costs. Assist owners of affordable rental housing to obtain state funding for rehabilitation and/or provide County assistance for rehabilitation, if available. Ensure that budgeting for owner-occupied housing rehabilitation programs covers the full cost of administering such programs, including appropriate staffing by a qualified rehabilitation specialist and/or contract program administrator, standard legal costs, as well as loan servicing and/or unit monitoring for the life of the proposed rehabilitation loan or grant terms. Continue to coordinate with HCD Disaster Recovery unit on planning and outreach to local homeowners and housing providers in need of CDBG-DR assistance.

- Responsibility: CDI, Board of Supervisors
- Timeframe: On an annual basis, County staff will review state and federal notices of funding availability and will apply for funding whenever financial resources for this purpose become available, and the County meets the eligibility criteria to apply.
- Funding Source: Various, as available (CalHome OOR, CDBG, CDBG-DR, MORE, PRP)
- Measurable Outcome: Rehabilitation or replacement of at least six substandard mobile homes during the 6<sup>th</sup> Cycle, or more if adequate state or federal funding is obtained, and rehabilitation of 176 affordable rental units.

**Program H-2E** Continue to implement the County’s Affordable Housing Preservation Program (AHPP), administered by the Housing Authority, to preserve County-assisted affordable homeownership units at risk of foreclosure or loss due to bankruptcy, egregious non-compliance, death of owner without heir, or other reasons, prior to trustee sale or other court/compliance actions, and when preservation is feasible with available AHPP resources.

- Responsibility: CDI, County Counsel, Housing Authority





- Timeframe: Ongoing, as needed when affordable homes are at risk and can be preserved through AHPP
- Funding Source: AHPP revolving loan fund (RLF) administered by Housing Authority
- Measurable Outcome: Preservation of affordable homeowner units at risk of loss

**Program H-2F** Continue to implement First-time Home Buyer (FTHB) programs to help lower-income households purchase manufactured homes in non-profit and/or resident-owned MHPs, and/or standard homes (i.e., condominiums, townhomes) when funding is available, and when sufficient homes meeting housing quality standards (HQS) are available for sale within the program-feasible price range in the higher opportunity areas of the unincorporated area, or in other portions of the unincorporated area, if that is where the buyer prefers to purchase a home. Ensure that program budget covers all necessary costs of program operation, including outreach/marketing, initial program administration and lending, and long-term loan servicing and unit monitoring.

- Responsibility: CDI
- Timeframe: On an annual basis, County staff will review state and federal notices of funding availability and will apply for funding whenever it is available for this purpose and the County is eligible to apply.
- Funding Source: CalHome or HOME grants and/or reuse funds, and/or other funding sources that may become available for this purpose.
- Measurable Outcome: Number of new homebuyer loans made. Based on the County's historical track record, achieved during several decades when plentiful redevelopment agency housing set-aside funds were available for this purpose, and which time period included several recessions when home prices were significantly more affordable, staff anticipates making an average of two loans per year during the sixth cycle. Achieving this target would require the amount of inventory available for sale within the program-feasible price range to increase significantly within the first several years of the cycle and is subject to funding availability for this program.

**Program H-2G** Continue to implement SB 13 of 2019 for ADUs subject to Notices of Violations (similar to the County's prior Safe Structures Program), to allow property owners a five-year postponement of code enforcement action on unpermitted ADUs built before 2020 that meet all health and safety standards, so they can continue to provide needed housing while permits are being sought for the ADU.

- Responsibility: CDI
- Timeframe: Ongoing
- Funding Source: CDI Budget



- Measurable Outcome: Five-year postponement of enforcement action on qualifying ADUs

**Program H-2H** Develop a proactive code enforcement program to bring unpermitted vacation rentals into compliance with County Code (primarily Chapter 13.10.694) restricting vacation rental use of housing units, and to improve compliance with transient occupancy tax (TOT) requirements applicable to vacation rentals.

- Responsibility: CDI, Auditor, Board of Supervisors
- Timeframe: By end of 2024
- Funding Source: CDI Budget
- Measurable Outcome: Reduction of unpermitted vacation rental uses of existing housing stock and increased TOT collections from vacation rentals

**Program H-2I** To the extent funding is or will be available to the County and/or Continuum of Care (CoC) for this purpose, support local legal aid programs that provide legal aid and housing counseling to lower-income and at-risk tenants with rental housing concerns such as unlawful evictions, unlawful rent increases, and/or fair housing violations.

- Responsibility: HSD Housing for Health (H4H), CoC
- Timeframe: On an annual basis, County and/or CoC staff will review state and federal notices of funding availability and apply whenever grants are made available for this purpose.
- Funding Source: State, federal and/or local grant funds available for this purpose
- Measurable Outcome: Additional legal aid for local renters facing eviction, unlawful rent increases, and/or fair housing violations.

## GOAL H-3 FACILITATE THE DEVELOPMENT OF AFFORDABLE AND EQUAL OPPORTUNITY HOUSING

### *Policies*

**Policy H-3.1 (AFFH) Inclusionary Housing.** Continue to require new housing developments to meet the applicable inclusionary housing requirements of County Code Chapter 17.10 and implementation guidance in the Affordable Housing Guidelines.

**Policy H-3.2 (AFFH) Density Bonuses.** Continue to implement and actively promote the density bonus program for developments that provide affordable units, land donations, or other contributions consistent with State Density Bonus and County Code Chapter 17.12. Require



affordable units in density bonus projects to be distributed proportionately throughout the project so as not to be concentrated within one area of the site, floor of the building, or otherwise concentrated within the project, to the extent this requirement is not preempted by state law.

**Policy H-3.3 (AFFH, PRO) Maintenance of Adequate Housing Sites.** Maintain adequate sites with appropriate multi-family and/or higher-density zoning to accommodate the County's RHNA for very low-income and low-income housing units during the 2023-2031 planning period, as required by State "no net loss" housing law, and to address the County's affordable housing needs.

**Policy H-3.4 (AFFH) Financial Assistance for Affordable Housing.** Continue to use available County Housing funds, such as Low-Moderate Income Housing Asset funds, state or federal grants, housing impact fees, and program income/reuse accounts, and any available state, federal, or charitable grants for affordable housing the County may obtain in the future, to assist development of new affordable rental housing and/or substantial rehabilitation or preservation of at-risk affordable rental units.

**Policy H-3.5 (AFFH) Long-Term Affordability Controls.** Continue to require all for-sale affordable units to be deed-restricted to maintain affordability on resale, consistent with Chapter 17.10.

**Policy H-3.6 (AFFH) Minimize Displacement.** Require property owners/developers to provide relocation assistance to affected parties as required by applicable County Code and/or state/federal regulations (which may include one or more of the following: the federal Uniform Relocation Assistance and Real Property Acquisition Act (URA), California relocation laws, or County Code Chapters 8.45 and 12.06). When replacement housing units are required by law within projects that remove existing units from the site, the replacement units shall be affordable to the same or lower income level as the unit(s) that were lost due to the project, consistent with Chapter 17.12 (for density bonus projects). To the greatest extent feasible, new housing developments should avoid the permanent displacement of current residents, especially those who are members of a protected class.

**Policy H-3.7 (AFFH) Do Not Allow Development of Single-Family Homes in Multi-Family Residential Zones.** Given that vacant or underutilized land in multi-family zoning districts is a very limited resource within the County, and such sites are the primary location where the County's RHNA for lower- and moderate-income housing can be accommodated, and that market forces generally do not produce single-family homes at prices affordable to lower- and moderate-income households, do not allow single-family homes to be developed in multi-family zones, as they are not multi-family units (just as multi-family units are generally not allowed in single-family zones).



**Policy H-3.8 Interest on Security Deposits.** Continue to require landlords to pay interest on their tenants' security deposits, on an annual basis or at the time tenancy ceases, consistent with current County code.

**Policy H-3.9 (AFFH) Affordable and Multi-Family Housing in the Coastal Zone.** Continue to implement the Mello Act (CA Government Code Section 65590-65590.1, as codified in County Code 12.06.060 and in the LCP) to preserve affordable housing within the Coastal Zone, and require replacement thereof when required by the Mello Act and/or local regulations. Encourage and improve the feasibility of new affordable and/or higher density, multi-family rental housing developments within multi-family or mixed-use zone districts in the Coastal Zone, to improve fair housing access within existing Coastal Zone neighborhoods (which comprise a significant portion of the County's urbanized, unincorporated infill areas). Reevaluate existing land use policies, prioritization of land uses, and residential/mixed use development standards in the County's Local Coastal Program, including those applicable within "Special Communities" so-designated within the LCP, as well as County and/or Coastal Commission staff policies and practices of development review for proposed multi-family housing projects within the coastal zone, to determine if policies and standards are objective, are directly related to and necessary for preservation of coastal resources and/or coastal priority uses, and whether any of these policies, regulations, or practices have had a disparate impact on the access of protected classes to housing in or near the Coastal Zone.

**Policy H-3.10 Housing on Publicly Owned Properties.** Encourage development of affordable housing units, especially special needs and workforce housing, when considering future development on properties zoned for Public Facilities, and/or those owned by the County, school districts and other public entities.

**Policy H-3.11 Place-Based Strategies.** Revitalize communities through place-based strategies in lower resource, lower income and higher poverty areas.

## Implementation Programs

**Program H-3A** Use County Affordable Housing Impact Fee (AHIF) revenues, generated through payment of housing impact fees by market-rate housing developers and those constructing non-residential buildings (i.e., commercial linkage fees), primarily to assist development of new deed-restricted, affordable rental units, and to support ongoing administration and monitoring of the County's portfolio of deed-restricted affordable homes (Measure J and other County-assisted units), consistent with the AHIF authorizing resolution and related codes and policies. Other special affordable housing programs or initiatives, such as the recently launched ADU Incentives Program, may be funded from this source from time to time when adequate AHIF funds are available. The AHIF fund, established in 2015, has averaged slightly over \$500,000 per year in



annual revenues, including both fee payments and interest on the fund balance, over the past five fiscal years, beginning in 2019.<sup>11</sup>

- Responsibility: CDI
- Timeframe: Ongoing. Commit currently available funds within 12 months, and subsequently issue NOFAs every 2-3 years, or whenever a sufficient balance of \$1 million or more has accrued in the fund, or in coordination with H4H NOFAs when appropriate.
- Funding Source: AHIF Fund
- Measurable Outcome: Make AHIF loans to assist in the development of new affordable rental units and/or preservation of existing affordable units, and to fund ongoing administration of County affordable housing programs. Commit the accrued AHIF balance, net of the amounts necessary for annual operation of inclusionary and/or ADU programs, to affordable housing developers requesting such funds for development of affordable housing on sites in the Inventory, with a priority for projects including ELI units and/or special needs units for farmworkers, disabled households, and formerly homeless households, and prioritizing funding applications that meet readiness and capacity thresholds, such as site control, developer capacity, and related factors (similar to those used by HCD in its NOFAs).

**Program H-3B** Continue to leverage available County affordable housing funds with other public or private sector housing resources, by collaborating with for-profit and non-profit developers of affordable housing projects to maximize long-term affordability restrictions and to promote the development of a variety of housing types, including those that serve Extremely Low-Income households, which will require additional local subsidies. Local funds may include but are not limited to: RDA Successor Agency Housing Asset Funds (as former RDA loans are re-paid), County AHIF Funds, PLHA funds, and other state/federal grant funds or grant reuse accounts held by the County.<sup>12</sup>

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<sup>11</sup> Since its creation eight years ago, the County has been saving most of the AHIF revenues to provide local matching funds for one or more new affordable rental housing development(s) seeking tax credits, which typically requires several million dollars. Several housing developers have inquired or requested funding commitments that collectively exceed the current AHIF fund balance, to finance development of several housing sites in the inventory and assist pipeline County-assisted projects with funding gaps due to increased interest rates. In October 2023, the County awarded \$350,000 in AHIF funds to assist the renovation of the San Andreas affordable farmworker housing property, funded through HCD's Portfolio Reinvestment Program, but which needed additional funding to upgrade the septic system.

<sup>12</sup> County CDI has four full-time Housing staff available daily to respond to inquiries and/or coordinate with housing developers and other public or private entities interested in housing development and/or partnering with the County or other parties to develop housing or implement affordable housing programs. In addition, a CAO Analyst frequently handles inquiries about local housing sites and meets often with those interested in housing development, and currently participates in a housing development committee of the Live Oak School District. Current active partners for various County-funded housing projects and programs include but are



- Responsibility: CDI, CAO
- Timeframe: Ongoing (daily, weekly, monthly, or quarterly, as needed)
- Funding Source: CDI Housing Funds
- Measurable Outcome: At least three new affordable housing developments financed in part with County Housing Funds during the 6<sup>th</sup> Cycle, and regular facilitation and coordination with interested parties as needed to assist in development of housing on sites in the inventory, regular attendance and presentations to regional and local housing groups during quarterly, biannual or annual meeting and events.

**Program H-3C** Seek documentation from local utility districts to verify their compliance with state law that requires that all public sewer and water providers provide priority to, and retain sufficient capacity for, affordable housing projects built within their service areas.

- Responsibility: CDI, local public water, and sewer districts
- Timeframe: By December 2024 and every 4 years thereafter, or upon notice of non-compliance from affordable housing developers
- Funding Source: CDI Budget
- Measurable Outcome: Documentation of compliance from each water/sewer agency that is no more than 4 years old, maintained on file at CDI for reference; and increased awareness of this requirement among local water/sewer district staff.

**Program H-3D** Advocate with state representatives representing any portion of the county to consider state legislation to further limit (beyond the existing limits in CA Civil Code Section 1950.6) the amount of rental housing application fees that may be charged by rental property managers, and/or increase grant funding for rental assistance programs that can pay for such fees for lower-income applicants, and/or to require landlords to accept a standardized rental housing application (“universal application”) in a form to be developed by the State or the appropriate housing industry association.

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not limited to (in no particular order): Eden Housing, MidPen Housing, Habitat for Humanity Monterey Bay, CFSC, Inc., Front St. Inc., Hello Housing, Community Action Board, Community Bridges, the Housing Authority of the County of Santa Cruz, and Families in Transition. In addition, in recent years, County staff have met with representatives of multiple school districts and private school entities, local faith institutions, and other private-sector developers regularly to answer their questions about housing development and County housing programs. County staff also participates regularly in regional housing collaboratives and groups, such as the Monterey Bay Economic Partnership (MBEP) Housing Advisory Committee, the MBEP Housing Trust, Affordable Housing Now, and Housing Santa Cruz County. Staff also makes presentations twice a year, by invitation, to the Santa Cruz County Association of Realtors (SCCAR) on County land use, planning, and housing policies and activities.



- Responsibility: CDI, Board of Supervisors, and state legislators representing County voters
- Timeframe: December 2026
- Funding Source: CDI budget, possibly state funds
- Measurable Outcome: New state law, new standard (“universal”) rental application, and/or additional funding for application fees

**Program H-3E** Complete the nexus study recently commissioned by County Public Works to study possible updates to its impact fee schedule for development projects. Encourage other local agencies that assess impact fees on new housing development within the unincorporated area (i.e., water, drainage, fire, sanitation, schools, environmental health agencies) to evaluate their impact fees applicable to new housing development every 5-10 years to ensure that their fee rates have an appropriate nexus and proportionality to the impacts of new units on their respective infrastructure or services, particularly for multifamily (apartment) units, and to consider exemptions or reduced rates for deed-restricted affordable units, when fiscally possible.

- Responsibility: CDI (Public Works, Policy), other agencies that levy impact fees
- Timeframe: December 2024 (current study); ongoing for other studies
- Funding Source: CDI Budget, budgets of other agencies levying impact fees.
- Measurable Outcome: Completed DPW nexus study, possibly additional studies by other agencies.

**Program H-3F** Continue to implement County codes and applicable state and federal laws regarding tenant relocation assistance and replacement of existing affordable housing proposed for removal as part of redevelopment projects, or at risk due to substandard conditions or other property owner actions. Where such requirements apply, include conditions of approval in project entitlements (or for ministerial projects, place a hold on demolition permit issuance) to ensure developer compliance with applicable tenant relocation assistance requirements and/or replacement housing requirements. Ensure that UPC, Code Enforcement, and Housing staff are trained on implementation of this program. Evaluate County Code Chapters 8.45 and/or 12.06 to determine if any updates are warranted to improve implementation of Policy H-3.6, while not creating significant new constraints to redevelopment of underutilized sites with one or several existing, usually substandard units.

- Responsibility: CDI, County Counsel
- Timeframe: December 2025
- Funding Source: CDI Budget, Property Owner/Developer funds



- Measurable Outcome: Continued implementation and enforcement of relocation assistance and/or replacement housing requirements applicable to County permittees and/or developers

**Program H-3G** Commission an independent study to evaluate all aspects of the County's Local Coastal Program (LCP), including its implementing ordinances and procedures, that apply to proposed multi-family and/or mixed use developments in the Coastal Zone, and/or that have historically served to, or may in the future impede the development of lower-income and/or multi-family rental housing on sites within the Coastal Zone included on the Sites Inventory; and evaluate the development review practices of any/all agencies involved in development review of proposed multi-family and mixed-use multi-family housing projects within the County's Coastal Zone. The study shall determine if LCP regulations, development standards, design guidelines, and local development review practices applied to multifamily housing development are any of the following:

- 1) Objective;
- 2) Directly related to, necessary for, and effective in preserving coastal resources and/or coastal priority uses;
- 3) Helping or hindering achievement of the goals and objectives of the County's General Plan/LCP, including the Housing Element, and/or those of the Coastal Act;
- 4) Comparable to policies and practices of peer agencies operating elsewhere in the state, and/or consistent with current best practices available to achieve the same goals of coastal protection, while not overly hindering general community development goals and effective use of limited development sites within the County's urbanized Coastal zone (but non-waterfront) areas.

The study shall also determine whether any of the LCP policies, regulations, or practices applied to proposed multifamily developments within the Coastal Zone have: served as a barrier to fair housing access; a constraint to multi-family housing development and County achievement of its RHNA goals in current or prior cycles; imposed more restrictive development standards on multifamily housing than for non-residential uses in the same zone; and/or have resulted in a disparate impact on protected classes, many of whom may be employed in coastal priority industries such as hospitality, agriculture, fishing, or visitor-serving commercial establishments, by limiting their access to available, attainable and/or affordable housing in or near the Coastal Zone. The study shall be completed by a qualified independent consulting entity with expertise in fair housing, urban design, sustainability, environmental and coastal resource protection, sea level rise and adaptation, multi-family housing development standards, current economics of and development trends in multi-family development in the region, and the creation and use of objective standards for residential development. The selected entity shall not have any actual or potential conflicts of interest related to the subject matter or geographic focus area of the study.





- Responsibility: CDI
- Timeframe: December 2025
- Funding Source: CDI Budget
- Measurable Outcome: Completion of the study, report to the Board with its findings

**Program H-3H** Commission a new nexus study and evaluation of the County’s inclusionary housing program (aka “Measure J”) codified in County Code Chapter 17.10. The study should, at minimum, evaluate the nexus related to the following aspects of the program, and provide recommendations for legally defensible and warranted updates: possible updates to the Affordable Housing Impact Fee (AHIF) rates and fee structure, which provides different fee rates for various categories of residential developments; the mandatory inclusionary percentage required of ownership projects subject to the ordinance (currently 15%); which types of projects are required to meet the mandatory inclusionary requirements (ownership and/or rental) rather than being allowed to pay the housing impact fees; the project size threshold that triggers the mandatory inclusionary requirements (currently seven net new units); requirements related to replacement of existing affordable units on the site; whether or not replacement affordable units can or should be counted toward the mandatory inclusionary requirements; affordability levels; and harmonizing the program with State density bonus law. The study shall comply with applicable State law regarding nexus studies and inclusionary housing, including, to the extent applicable, Government Code Section 65850.01. If the outcome of the study results in a proposal to increase the mandatory inclusionary requirements above 15%, the State HCD may require the County to produce an economic feasibility study as set forth in GC 65850.01. If that is the case, the required feasibility study shall be produced within one year of completion of the nexus study and prior to consideration of any ordinance to increase the inclusionary percentage. Any updates to the County’s inclusionary program shall not be a constraint on residential development.

- Responsibility: CDI Planning, County Counsel
- Timeframe: June 2025 (for nexus study)
- Funding Source: CDI Budget
- Measurable Outcome: Completed nexus study and evaluation; and if directed by the Board, completion of draft ordinance to amend Chapter 17.10 within one year of study completion (or within two years, if an economic feasibility study is required).

**Program H-3I** Ensure compliance with the Surplus Lands Act when County-owned sites are surplus, including noticing procedures to affordable housing developers, as required by the law, as it may be amended in the future. With respect to the County-owned site at 7<sup>th</sup> Avenue and Brommer Street, release a Notice of Intent and Request for proposals that incorporates an



affordable housing component consistent with the Housing Sites Inventory. Conduct outreach with potential developers and priority permit processing for residential development on these properties.

- Responsibility: CAO, Board of Supervisors, CDI Real Property
- Timeframe: December 2024 (Request for Proposal for 7<sup>th</sup> Avenue and Brommer site)
- Funding Source: General Budget
- Measurable Outcome: Selection of development team for 7<sup>th</sup> Avenue and Brommer site.

**Program H-3J** Modify the County’s inclusionary housing requirements in SCCC Chapter 17.10 to make the following changes: 1) Require 15% of all rental units developed in residential rental projects subject to the inclusionary requirements of Chapter 17.10 to be provided as affordable (“Measure J”) units (consistent with SCCC 17.10.039, except that this section shall serve as the mandatory compliance option for rental projects of 7 or more new units, rather than an alternative compliance option); and 2) Do not count replacement units (those required to replace any existing affordable units on the site, as defined in SCCC 17.12.025) toward the 15% inclusionary requirements of Chapter 17.10.

- Responsibility: CDI, Housing Advisory Commission, Planning Commission, Board of Supervisors
- Timeframe: December 2025, or as soon as practicable following completion of Program H-3H
- Funding Source: General Budget
- Measurable Outcome: Ordinance amending SCCC Chapter 17.10 to make the changes described above.

**Program H-3K** Continue to work with owners of Public Facility (PF) zoned sites to facilitate affordable and employee housing projects. Monitor the development on these sites for progress toward the number units included in the Housing Sites Inventory during the eight-year planning period. If the number of units developed is not keeping pace, conduct outreach to owners to determine constraints and review the development standards for housing on these sites, including an increase in allowed density from Urban High to Urban High Flex.

- Responsibility: CDI
- Timeframe: Annually (monitoring); December 2027 (outreach and necessary General Plan and SCCC amendments to adjust development standards)
- Funding Source: General Budget



- Measurable Outcomes: Development of housing units tracks with the number of units in the Housing Sites inventory; or, if necessary, General Plan and Ordinance amendments to development standards

Program H-3L Maintain, implement, and update community plans, programs, and initiatives for community preservation and revitalization and displacement protection through place-based improvements in lower resource, lower income and higher poverty areas.

- Responsibility: County Departments
- Timeframe: As outlined in the plans described below
- Funding Source: Grants, General Budget, dedicated tax revenue
- Measurable Outcomes:
  - Infrastructure: South County Service Center. Improve the County-owned Westridge property in the South County to increase public services in South County and reduce traffic and emissions associated with travel to the North County government center. Complete tenant improvements by December 2024.
  - South County Sewer Rehabilitation Project. Pursue a SWRCB grant in 2024 for Phase II of the Freedom Sewer Rehabilitation Project, which will protect the environment, public health, and reduce maintenance and treatment costs.
  - Pajaro River Flood Risk Reduction Project. Break ground in Summer 2024 on the Pajaro River levee project to reduce flood risk for resident so the South County and pursue the completion of the project in phases over approximately 5 years.
  - Green Valley Road Multi-Use Trail Improvements project. Complete the public contracting process by June 2024 and begin construction in Summer 2024. This project located in the South County will establish a 2-mile-long multimodal corridor for bikes, pedestrians, and transit, greatly improving mobility in an underserved community with a very high usage rate of these types of transportation.
  - Transportation Improvements. Pursue various projects to improve transportation infrastructure in the South County and San Lorenzo Valley, two under resourced areas, according to project timelines in the Capital Improvement Program.
  - Freedom Boulevard Multi-Purpose Trail Project. Bid and construct the bike and pedestrian trail along Freedom Boulevard to provide a non-motorized facility consistent with the County's Active Transportation Plan by December 2024.
  - Local Hazard Mitigation Plan. Maintain, implement, and update the County's LHMP on the required schedule to reduce the likelihood of displacement associated with flooding, sea level rise, and wildfire.
  - Santa Cruz County Parks Strategic Plan 2023. Over the next 5 years implement the actions identified in the Strategic Plan to identify disadvantaged communities



and prepare a plan of action to improve County Parks facilities and programs in disadvantaged communities.

- o Safe Routes to School. Each year expend \$20,000 of Measure D funding on Safe Routes to School Programs for bike/pedestrian education at schools.

## GOAL H-4 PROVIDE HOUSING OPPORTUNITIES FOR SPECIAL NEEDS POPULATIONS

### *Policies*

**Policy H-4.1 (AFFH) Special Needs Groups.** Provide opportunities and support, through affordable housing programs, County policy, or other available means, for various types of affordable housing to be built, rehabilitated, and/or acquired for special needs households, such as: people who are homeless, including those exiting the criminal justice system and/or overcoming addiction; people with physical and developmental disabilities; seniors; large households (5+ people); female-headed households; young adults aging out of foster care, and farmworker households.

**Policy H-4.2 (AFFH) Reasonable Accommodation.** Maintain the provisions in County Code Chapter 18.20, which provides reasonable accommodations for people with disabilities seeking fair access to housing, by establishing a process for providing relief from various land use, zoning, or building laws, rules, policies, practices, or procedures of the County when necessary to ensure fair access to housing, in compliance with federal law.

**Policy H-4.3 (AFFH) Farmworker Housing.** Continue to implement County Code provisions (primarily Section 13.10.631) for the development of various types of farmworker housing, including by-right (ministerial) processing for qualifying types of farmworker housing projects, as required by the state Employee Housing Act and/or as otherwise allowed by County Code. Continue to use available County affordable housing funds to provide financing to assist affordable housing being developed or rehabilitated for farmworkers.

**Policy H-4.4 Alleviating Homelessness.** Continue to promote programs and projects that provide and/or create permanent housing for people experiencing or at risk of homelessness. Continue to support programs that provide a continuum of care for homeless and at-risk households, such as emergency shelter, transitional housing, rental assistance, supportive services, affordable housing and/or permanent supportive housing.

**Policy H-4.5 Senior Housing.** Support and encourage the construction, rehabilitation and preservation of senior housing developments that comply with state law regarding imposing age restrictions on housing, with a focus on affordable and/or mixed-income multi-family rental housing for seniors, in locations that are easily accessible and close to transportation and



community services. Encourage developers of all types of housing to incorporate universal design techniques into their housing plans as much as possible to allow for easier aging in place, visiting, and adaptability.

**Policy H-4.6 Larger and All-Age Units** Support and encourage the development of housing without age restrictions (all-age housing) that include some units with three or more bedrooms, adequate for larger households, such as families with children, particularly affordable and/or mixed-income rental housing, in locations that are easily accessible and close to transportation, schools, jobs, and community services.

**Policy H-4.7 Emergency Housing Assistance.** Participate in regional collaboratives, such as the countywide continuum of care (Housing Action Partnership) and provide funding when available to local/regional public and/or non-profit programs that provide emergency shelter, case management, and/or supportive services.

**Policy H-4.8 (AFFH) Equal Housing Opportunity.** Continue to ensure that individuals and families seeking housing in Santa Cruz County are not discriminated against on the basis of race, color, religion, marital status, disability, age, sex, family status (due to the presence of children), national origin, or other arbitrary factors or protected classes, consistent with the Federal Fair Housing Act and California fair housing laws and regulations.

**Policy H-4.9 Provide Affirmative Vacancy Marketing to Special Needs Households.** Continue to encourage local housing providers to provide targeted outreach/advertising to local seniors and residents with disabilities, or to local agencies that serve disabled and/or senior clients, whenever ADA accessible units and/or units in senior housing complexes are expected to become available for rent or purchase in the near future. Refer special needs households and other residents seeking affordable rental housing to sign up for the local “Affordable Housing Alerts” email notification service operated by the Housing Authority.<sup>13</sup>

## Implementation Programs

**Program H-4A** Implement actions listed in the “[Housing for a Healthy Santa Cruz](#)” Strategic Framework to address homelessness throughout the county. Organize actions in four strategic work areas:

- Build a Coalition. Develop a strong and informed action-oriented partnership with leaders and stakeholders within the community.
- Prevent Homelessness. Use targeted prevention and early intervention housing problem solving to help people and families keep or return to housing as quickly as possible.

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<sup>13</sup> <https://app.simplycast.com/?q=lp/show&lp=RZrSbFtKZXYQEKMh>



- Increase Connections. Expand and improve “Front Door” programs and services including outreach, temporary housing and supportive services.
- Expand Permanent Housing. Increase permanent housing and income growth resources and opportunities to become housed.

Utilize the framework to obtain funding for projects utilizing Homekey and other sources to create supportive and temporary housing units in higher resourced areas, such as projects in Soquel, Santa Cruz, and Ben Lomond.

- Responsibility: Santa Cruz Housing for Health Partnership (local “Continuum of Care” or CoC), administered by the County Human Services, Housing for Health Division (H4H)
- Timeframe: Complete framework actions by January 2024. In February 2024, update the Framework to, at a minimum, ensure compliance and consistency with federal and state plan requirements and goal alignment with resource availability. Occupancy of units by December 2025.
- Funding Source: CoC resources, H4H Budget, Project Homekey Funding.
- Measurable Outcome: Number of households experiencing unsheltered homelessness will decrease by 50%; progress on other goals described in the Framework.

**Program H-4B** Continue to partner with qualified developers and service providers to seek all available sources of funding for development and/or preservation of affordable housing for special needs households, in partnership with property owners/developers that have a site available for such housing development, and/or for supportive and rehousing services for special needs households, including but not limited to, those listed below.<sup>14</sup>

State of California-administered funding programs:

- Community Development Block Grants (CDBG), including CDBG-Disaster Relief (DR)
- Affordable Housing and Sustainable Communities program (AHSC)
- Joe Serna, Jr. Farmworker Housing Grant Program
- Infill Infrastructure Grant (IIG)
- Manufactured Housing Opportunity and Revitalization Program (MORE, formerly MPROP)
- Multifamily Housing Program (MHP)

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<sup>14</sup> The County is not able to become an entitlement community for certain federal entitlement programs such as CDBG, HOME, and ESG due to its insufficient population size. It must compete with all other non-entitlement communities throughout the state for limited federal funds, whenever the State issues notices of funding availability for such programs. The County has a successful track record, dating back to the 1970s of pursuing and obtaining such funds and using them to assist lower-income and special needs households.



- CalHome Program
- Home Investment Partnerships Program (HOME)
- Homekey Round 3
- Homeless Housing Assistance and Prevention (HHAP) round 3-5
- Emergency Solutions Grants Program (ESG)
- Housing and Disability Advocacy Program (HDAP)
- BCSH Encampment Resolution Fund (ERF 1)
- Bringing Families Home (BHF)
- Transitional Housing Program/Housing Navigators Program (THP/HNP)
- California Emergency Solutions and Housing Program (CESH – 18/19)
- Permanent Local Housing Allocation Program (PLHA)

Federal (HUD) funding programs available to the local Continuum of Care or the Housing Authority:

- HUD Continuum of Care Grant Program
- HUD Unsheltered SNOFO Grant program
- HUD 202 or HUD 811 grants
- Project-based Section 8 Vouchers
- Housing Opportunities for Persons living with AIDS (HOPWA)
- Responsibility: CDI, H4H, CoC, Affordable Housing Developers, Housing Authority
- Timeframe: Ongoing when funding opportunities arise that the County or other entities are eligible to apply for. Typically, the County submits multiple funding applications to HCD each year, including an annual PLHA allocation, some of which are successful in obtaining an award. The CoC also typically applies for HUD funding one or more times per year.
- Funding Source: CDI or H4H/CoC budget for costs of application, funds listed above for the stated uses.
- Measurable Outcome: State, federal, or other funding awards for local housing projects and special needs programs

**Program H-4C.** Review land use policies and County Codes related to group homes, community care facilities, transitional housing, emergency shelters (also known as navigation centers or interim housing, including such facilities consisting of multiple emergency sleeping cabins and/or tiny homes with supportive services), and permanent supportive housing, for consistency with recently updated, preemptive state laws.

- Responsibility: CDI
- Timeframe: Complete the review by December 2024 and complete code updates by December 2026



- Funding Source: CDI Budget
- Measurable Outcome: Completion of review, and if necessary, land use policy and/or code amendments to ensure consistency with state law.

**Program H-4D** Explore options for increasing the supply and awareness of the supply of permanent, affordable, and accessible housing for people with disabilities, including:

- Continue to require developers of County-assisted affordable housing projects to conduct targeted outreach to disabled residents and organizations for marketing, rental and/or sale of ADA-accessible units, and/or maintain separate waiting lists for such units, if allowed by all financing sources for the development, and/or otherwise ensure ADA units are offered first to households that need units adapted for use by people with physical disabilities;
  - Encourage housing developers, including developers of affordable housing projects, to build more ADA-accessible units that meet the needs of physically disabled households, (as well as units accessible for those with sensory disabilities), and to exceed state or federal requirements for accessibility when feasible;
  - Promote universal design and visitability of new or renovated housing units permitted by the County by providing outreach materials on universal design to building permit applicants, and by encouraging discretionary project applicants to incorporate universal design features into their housing projects by adding a question about such features to the application checklist for Development Review Group (DRG) applications, and highlighting such features when presenting projects to the approving body.
- 
- Responsibility: CDI, housing developers
  - Timeframe: Ongoing, add Universal Design to DRG checklist by December 2024
  - Funding Source: CDI Budget, funds for housing developments
  - Measurable Outcome: Additional accessible and visitable units developed, increased occupancy of such units by residents needing the accessibility features of the specific unit.

**Program H-4E** Provide technical assistance with site selection, environmental review, and/or the development review and permitting process, to public or non-profit agencies, including other County departments, or state/regional agencies, that seek to develop, renovate or expand community care facilities for foster children, transitional housing for young adults aging out of the foster care system, or similar residential care facilities for children and youth in need of special services, in appropriate zones within the unincorporated areas of the County.

- Responsibility: CDI
- Timeframe: Upon request





- Funding Source: CDI Budget
- Measurable Outcome: Improved coordination with facility developers, increased capacity for special needs children and youth

**Program H-4F** Continue to support housing access and affordability for local seniors by:

- Referring seniors seeking rental housing, or seniors seeking a housemate, to the shared housing match program operated by Senior Network Services, or to other comparable shared housing local programs;
- Encouraging owners of age-restricted MHPs parks and other age-restricted senior housing developments in the County to maintain the legal senior housing status of those properties, and to make improvements where necessary to ensure retention of senior-only status;
- Supporting the development of multi-family housing projects with small units, such as studios, one- and two-bedroom apartments, including accessible units, in Residential Flex and higher-density multi-family zones, that can meet the needs of seniors as well as younger households, and can add a significant number of affordable or “affordable by design” rental units to the County’s housing stock, providing more housing options for seniors who wish to live in integrated communities with neighbors of all ages;
- Encourage developers to offer floor plans that allow seniors to “age in place” in their homes by incorporating universal access features and the opportunity for simplified conversion to universal access;
- Encourage developers to design multi-generational housing projects such as townhomes or subdivisions with ADUs, or other designs conducive to multi-generational living, so extended families can live together comfortably.
  - Responsibility: CDI, local housing developers, property managers
  - Timeframe: Ongoing
  - Funding Source: CDI Budget
  - Measurable Outcome: Increased supply of housing units available and affordable to seniors, maintenance of existing age-restricted housing, to the extent feasible/legal.

**Program H-4G Prioritize** the use of local affordable housing funds for projects that include housing affordable to extremely low-income and/or special needs households, including affordable housing for farmworkers and their families, as defined in Policy H-4.1 above. Funding streams that can be leveraged with County funds include but are not limited to: USDA multi-family programs, Joe Serna Jr. Farmworker Housing Grants, HUD Sections 811 and 202, Low Income Housing Tax Credits, Homekey, NPLH, Veterans Housing and Homelessness Prevention Program.

- Responsibility: CDI
- Timeframe: Ongoing



- Funding Source: CDI Budget
- Measurable Outcome: Inclusion of new ELI and special needs units, including farmworker housing, in County-assisted housing developments

## GOAL H-5 PROMOTE ENERGY CONSERVATION AND SUSTAINABLE DESIGN

### *Policies*

**Policy H-5.1 Sustainable Design.** Require all new housing projects to comply with the California CalGreen Code with applicable local amendments, County Code Chapter 13.11, and the County Design Guidelines that reduce energy consumption, including energy-efficient buildings, compact communities that reduce vehicle miles traveled and vehicle emissions, and encourage alternative, more energy-efficient modes of transportation.

**Policy H-5.2 Energy Conservation.** Implement the County's [Climate Action and Adaptation Plan](#), including strategies to require the electrification of new housing units.

### **Implementation Programs**

**Program H-5:** Research the feasibility of expanding electrification requirements to all new residential construction throughout the county.

- Responsibility: CDI, Office of Response, Recovery and Resilience (OR3)
- Timeframe: December 2024
- Funding Source: CDI Budget, OR3 Budget
- Measurable Outcome: Summary of feasibility findings

## GOAL H6 COLLABORATE AND PUBLICIZE HOUSING RESOURCES

### *Policies*

**Policy H-6.1 Local Government Leadership.** Take a proactive leadership role in working with community groups, other jurisdictions and agencies, non-profit housing sponsors, and the building and real estate industry to implement Housing Element goals in a timely manner.

**Policy H-6.2 Inter-Jurisdictional Cooperation.** Coordinate housing strategies with other jurisdictions and regional/state agencies in the County, including the Coastal Commission, and local public colleges and universities, as needed to meet the County's housing needs, achieve



the RHNA and other local goals, and increase resources to address local and regional needs for housing, community development and infrastructure.

**Policy H-6.3 Community Participation in Housing and Land Use Plans.** Implement effective community engagement methods to achieve informed public participation from all demographic and special needs groups and stakeholders in the community when developing and evaluating local housing and land use policies.

**Policy H-6.4 Rental Assistance Programs.** Continue to publicize and expand opportunities for using Housing Choice Voucher (*aka* Section 8), Tenant-Based Rental Assistance (TBRA) and other available rental assistance programs, in coordination with the Housing Authority of the County of Santa Cruz, the Housing for Health Partnership, and other rental assistance program administrators.

## Implementation Programs

**Program H-6A** Collaborate with the County Agriculture Commissioner, local growers, farmworker housing providers, and other interested parties to promote the maintenance and development of various types of farmworker housing by participating in regional farmworker housing collaboratives, such as that convened regularly by the Monterey Bay Economic Partnership (MBEP), that includes stakeholders such as agricultural property owners, lessee farmers, agricultural employees, agricultural product processors, funders, public sector representatives, and housing developers, to discuss options and pathways for developing farmworker housing in the region. (See also Programs H-4B and H-4G and Policy H-4.3 regarding funding and policy for affordable farmworker housing developments.)

- Responsibility: CDI, County Agriculture Commissioner
- Timeframe: Ongoing. MBEP group meets quarterly.
- Funding Source: CDI Budget
- Measurable Outcome: Development of additional on-farm and/or unsubsidized farmworker housing units in the unincorporated area, increased awareness of updated County codes and available sites for farmworker housing.

**Program H-6B** Coordinate with local employers, business groups, environmental and housing advocacy groups, H4H, other public agencies, commissions, civic and neighborhood groups to build public understanding and support for development of new workforce, affordable, and special needs housing units, much of which must, due to the very limited supply of developable land within the urbanized areas of the County, consist of higher-density, multi-family housing, such as apartments or condominium buildings of three or more stories. The Housing Element identifies additional multi-family housing capacity in higher resource, higher income and concentrated areas of affluence as part of actions to enhance housing mobility (housing choices



and affordability) in these areas. Seek to build greater understanding of other issues related to housing, such as the connections between inadequate housing supply, housing cost burdens, inadequate local workforce, and homelessness, and the connections between sustainability, climate adaptation and resilience, and infill development strategies. Partner with these local partners and groups to increase awareness of available housing programs, including local, regional, state, and federal housing programs for low- and moderate-income households, those with special needs, and/or homeless residents.

- Responsibility: CDI, CAO, H4H
- Timeframe: Ongoing, by December 2026 (development of plan)
- Funding Source: CDI/CAO/H4H Budget
- Measurable Outcome: Development of a community awareness and engagement plan to implement this program.

**Program H-6C** Meet regularly with fair housing advocates in the region, to the extent they are available, such as CRLA, Project Sentinel, Watsonville Law Center, or others, to collaborate, share data, and explore how the County, cities, Coastal Commission staff, special districts, and other local agencies involved in development review, land use planning or regulation, permitting, housing finance, and/or development and operation of housing in the region, can support and affirmatively further fair housing in Santa Cruz county and the Monterey Bay region. Request AMBAG assistance in convening such meetings, or to offer training on fair housing to staff of AMBAG member agencies and regional regulatory agencies involved in land use policy and/or regulation.

- Responsibility: CDI, other agencies involved in development review
- Timeframe: Biennially
- Funding Source: CDI Budget
- Measurable Outcome: Meetings with fair housing advocates and/or attendance at AMBAG or comparable fair housing training events

**Program H-6D** Continue to work with AMBAG, RTC, and the County's cities to update the regional Metropolitan Transportation Plan/ Sustainable Communities Strategy, which will plan for more intensive housing development near existing job centers and near transportation corridors.

- Responsibility: CDI and other agencies listed above
- Timeframe: 2026 and every four years thereafter
- Funding Source: CDI Budget
- Measurable Outcome: Updated regional MTP/SCS



**Program H-6E** Seek the cooperation of local cities, particularly one or both of the existing CDBG entitlement cities (Santa Cruz and Watsonville), as well as one or more of the smaller cities within the county, to evaluate the pros and cons of forming a “CDBG Urban County<sup>15</sup>” and/or “HOME Consortium”, which could result in significantly increased annual federal funding for affordable housing and community development activities, including funding for homeless assistance programs, across the county as a whole, as well as other non-monetary benefits of such an approach, such as increased access to technical assistance programs, networking and partnership opportunities, and better leveraging of local resources. Depending on the results of the evaluation, adopt required resolution(s) to approve partnership agreements with one or more cities and submit the required CDBG Urban County application to HUD as soon as possible thereafter.

- Responsibility: CDI, CAO, Board of Supervisors, councils of participating cities (if any)
- Timeframe: Complete evaluation by 2025
- Funding Source: CDI Budget, other County and/or city resources
- Measurable Outcome: Report to Board of Supervisors with results of evaluation, and (if applicable), Board and Council resolutions to form an Urban County partnership submitted to HUD.

**Program H-6F** Continue to work with the Coastal Commission to achieve a prompt and positive outcome related to the Sustainability Update.

- Responsibility: CDI and Coastal Commission
- Timeframe: February 2024
- Funding Source: CDI Budget
- Measurable Outcome: Coastal Commission Approval of the Sustainability Update by February 2024

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<sup>15</sup> <https://www.hudexchange.info/faqs/programs/cdbg-entitlement-program/urban-county/where-is-the-term-urban-county-defined-within-the-cdbg-program-and-how/>



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## 4.3 OVERVIEW OF HOUSING NEEDS AND CONSTRAINTS

This chapter summarizes housing needs and constraints in the unincorporated areas of the County of Santa Cruz (the “unincorporated county”). The analysis of the housing needs primarily utilizes U.S. Census and other data compiled by the Association of Monterey Bay Area Governments (AMBAG) in the “Final 6<sup>th</sup> Cycle Regional Housing Needs Allocation Plan 2023-2031,” approved by the California Department of Housing and Community Development (HCD), and additional data provided in Appendix HE-A to this Housing Element. For a detailed analysis of housing needs, please see Appendix HE-A: Fair Housing Report. Also, for a detailed analysis of governmental and non-governmental constraints, see Appendix HE-D: Housing Constraints.

### COUNTY OVERVIEW

The AMBAG Region, which includes Santa Cruz, Monterey and San Benito Counties, continues to see growth in both population and jobs, which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have a place to call home. While the number of people drawn to the region over the past 30 years has steadily increased, housing production has not kept pace, contributing to the housing shortage that communities are experiencing today. In many jurisdictions, this has resulted in residents being priced out, increased traffic congestion caused by longer commutes, and fewer people being able to purchase homes or meet surging rents. The unincorporated county’s 6<sup>th</sup> Cycle Housing Element provides a roadmap for County officials as we join the effort to solve the region’s housing challenges.

### SUMMARY OF KEY FACTS

This section provides a summary of key facts related to housing in the County.

- The unincorporated county population is less diverse than the region overall in racial and ethnic composition: 69% of the unincorporated county’s residents identify as White, non-Hispanic, compared to 56% for the County as a whole. Twenty-three percent of residents in the unincorporated county are of Hispanic descent, compared to 34% in the County as a whole and 51% in the AMBAG Region. Three percent of residents identify as Asian in the unincorporated county, about the same as in the County, and the AMBAG Region overall (13%). The unincorporated county has seen relatively stagnant population growth since 2010, with the Hispanic population only gaining the population share of two percent, from 21% to 23%.



- The County diverges in household income by racial cohorts with about 43% of Asian households and 51% of White, non-Hispanic households earning more than 100% of the Area Median Income (AMI), compared to 27% of Hispanic households, 24% of other and mixed-race households, and 30% of Black/African American households.
- Poverty rates highlight the disparity in income and opportunities by race, with the American Indian or Alaska Native, and Black/African American populations experiencing double-digit poverty rates. No other group is above 9.5%.
- The unincorporated county’s housing has increased supply and price, but not by type. Since 2015, the unincorporated county has added 1,043 housing units. However, 34% of homes in the unincorporated county are valued over \$1 million, compared to 31% Countywide. According to the Zillow Market Value Index, home values in Santa Cruz County have increased by 238% over the last 22 years, the highest home values in the AMBAG Region.<sup>16</sup> Housing types are more diverse in unincorporated areas than other jurisdictions in the region: 81% of the unincorporated areas housing are single family units while 12% are multi-family structures of two or more units, and another 7% are mobile homes and other types of units. Additionally, unincorporated areas of Twin Lakes, Pleasure Point, Soquel, Aptos, and Amesti have over 700 manufactured homes, more than cities in the area.
- The unincorporated county has more higher-priced rental units (16% of units rent for more than \$3,000 in the unincorporated county), compared to 11% Countywide and 8% in the AMBAG Region. Conversely, the region has a greater proportion of renter-occupied units that rent for below \$1,500 (41%) compared to the County at 34% and the unincorporated areas at 32%.
- Residential permits between 2015 and 2021 have favored above moderate-income and moderate-income households, at 663 units. 187 units were permitted for very low-income households and another 192 units were permitted for low-income households. The County has permitted 93% of the required units it must produce for low-income households and 123% of its moderate-income allocation.
- There are disparities in housing cost burden in the unincorporated county by race/ethnicity and by tenure (renters/owners). Overall, cost burden (60% of households are cost burdened) in the unincorporated county is the same as the percentages Countywide and AMBAG Region. Black and Hispanic households experience

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<sup>16</sup> Zillow Home Value Index





disproportionate housing needs compared with other households in the unincorporated county. The cost burden is higher for renters (51%) than owners (30%).

- Areas in unincorporated Santa Cruz County with the greatest concentration of cost burdened owners are located in Rio Del Mar, Twin Lakes, Pleasure Point, Aptos Hills-Larkin Valley, Aptos, Monte Toyon, and the census tract northeast of Interlaken.
- The southern portion of the unincorporated county has a larger share of renters, concentrations of poverty, displacement vulnerability, and socially vulnerable households than other areas of the unincorporated county.
- Mortgage denial rates vary by race/ethnicity, especially for Black/African American applications, which were rejected in approximately 33% of the cases, compared to between 13% and 21% for other applicants.
- Santa Cruz County grew at a rate faster than the AMBAG region in the 1960s and 1970s, but grew more slowly in every other decade from 1940-2020.
- Santa Cruz County as a whole grew by more than 25,800 (11%) between 1990 and 2000. The fastest-growing jurisdiction in Santa Cruz County between 1990 and 2000 was Watsonville (42%) followed by Scotts Valley (31%). Capitola's population fell during the decade (-1%).
- The County's growth slowed considerably, adding just under 6,800 population (3%) between 2000 and 2010. The fastest-growing jurisdiction in Santa Cruz County between 2000 and 2010 was Watsonville (16%, including the annexation area, 11% without) followed by Santa Cruz (10%). Scotts Valley, which grew rapidly during the 1990s, showed only 2% population growth during the decade. Capitola's population fell during the decade (-1%).
- In recent years, no jurisdiction in Santa Cruz has grown by more than 10%. The fastest growing city, Santa Cruz, grew by 7% between 2010 and 2020.
- In the unincorporated county, student college readiness for non-Hispanic White populations was 97%, and other racial and ethnic groups had lower rates of student college readiness at 75%, and Hispanic/Latinx residents had 72% college readiness. These numbers were significantly higher than the state's average of 44.1%.



HCD Requirement: A quantification of the locality's existing and projected housing needs for all income levels, including extremely low-income households, as defined in subdivision (b) of Section 50105 and Section 50106 of the Health and Safety Code. These existing and projected needs shall include the locality's share of the regional housing need in accordance with Section 65584. Local agencies shall calculate the subset of very low-income households allotted under Section 65584 that qualify as extremely low-income households. The local agency may either use available census data to calculate the percentage of very low-income households that qualify as extremely-low-income households or presume that 50% of the very low-income households qualify as extremely low-income households. The number of extremely low-income households and very low-income households shall equal the jurisdiction's allocation of very low-income households pursuant to Section 65584.

## OVERVIEW OF HOUSING NEEDS

The following section provides an overview of demographic information, housing characteristics, and special housing needs in the unincorporated county, Countywide, and the AMBAG Region. For a more complete discussion of housing needs, see Appendix HE-D: Housing Constraints.

### POPULATION TRENDS

The AMBAG Region has seen a steady increase in population since 1990. Many cities in the region have experienced significant growth in jobs and population during this time. While these trends have led to a corresponding increase in demand for housing across the region, the regional production of housing has largely not kept pace with job and population growth.

According to the data, the population of the unincorporated county was estimated to be 132,314 in 2020, and has remained stagnant since 2010. Between July 2019 and July 2021, the California Department of Finance estimates that Santa Cruz County's population declined by a net 4,600 residents. Table 4.3-1 shows population growth trends for the unincorporated county, Santa Cruz County, and the AMBAG Region as a whole.

**Table 4.3- 1: Santa Cruz County and Regional Population Growth Trends**

Geography	1990	1995	2000	2005	2010	2015	2020
Unincorporated Santa Cruz County	130,086	132,250	135,032	128,424	129,924	134,280	132,314
Santa Cruz County	229,734	239,889	254,815	254,783	262,552	273,774	270,373
AMBAG Region	622,091	643,345	707,091	719,561	732,932	762,186	773,252

SOURCE: California Department of Finance, E-4, E-5 series

NOTE: Universe: Total population; For more years of data, please refer to the Data Packet Workbook, Table POPEMP-01

### *Population by Age*

The distribution of age groups Countywide shapes what types of housing the community may need in the near future. An increase in the older population may mean there is a developing need for more senior housing options, while higher numbers of children and young families can point to the need for more family housing options and related services. There has also been a move by many to age-in-place or downsize to stay within their communities, which can mean more multifamily and accessible units are also needed.

Between 2010 and 2021 in the unincorporated county, the largest shift in age group was between the 65- to 74-year-olds with an increase of nearly 10,000 residents. Conversely, the unincorporated county saw a decline in residents aged 45 to 54.

### *Population by Race/Ethnicity*

Understanding the racial makeup of a County and region is important for designing and implementing effective housing policies and programs. These patterns are shaped by both market factors and government actions, such as exclusionary zoning, discriminatory lending practices and displacement that has occurred across jurisdictions and states over time and continues to impact communities of color today.<sup>17</sup>

Since 2010, the share of the population in the unincorporated county that identifies as Hispanic or Latinx and Other or Multiple Races has slightly increased, while the share of the non-Hispanic White population has slightly decreased in absolute terms, the Hispanic or Latinx population increased the most, while the White, Non-Hispanic population decreased the most.

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<sup>17</sup> See, for example, Rothstein, R. (2017). *The color of law: a forgotten history of how our government segregated America*. New York, NY & London, UK: Liveright Publishing.



## Employment

The largest industry in the unincorporated county is Health & Educational Services, the health/education and arts/recreation industries have been the top employers in unincorporated Santa Cruz County since 2003. Between 2010 and 2019, the agricultural and natural resources industry stayed consistent making the industry the fourth largest in the area. Santa Cruz County has more jobs than housing, and this difference has decreased over time. Santa Cruz County jobs-to-household ratio was 1.11 in 2018, down from a high of 1.19 in 2002. City/Jurisdiction has more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than \$25,000). At the high end of the wage spectrum (i.e., wages over \$75,000 per year), the city has more high-wage residents than high-wage jobs.

HCD Requirement: An analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition.

## HOUSEHOLD CHARACTERISTICS

### *Extremely Low-Income Households*

Despite the economic and job growth experienced throughout the region since 1990, the income gap has continued to widen. California is one of the most economically unequal states in the nation, and the AMBAG Region has income inequality between high- and low-income households.

In unincorporated Santa Cruz County, 47% of households make more than 100% of the AMI,<sup>18</sup> compared to 14% making less than 30% of AMI, which is considered extremely low income. Regionally, 43% of all households make more than 100% AMI, while 15% make less than 30% AMI. Conversely, the unincorporated county has the smallest proportion of households with the lowest incomes (14%). Households earning between 81-100% AMI comprise the smallest proportions of households in all three geographies, followed by those earning between 31 and 50% AMI. 30% AMI is equivalent to the annual income of \$46,650 for a family of four. Many households with multiple wage earners, including food service workers, full-time students,

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<sup>18</sup> Income groups are based on U.S. Housing and Urban Development (HUD) calculations for AMI. HUD calculates the AMI for different metropolitan areas, and the AMBAG Region includes the following metropolitan area: Santa Cruz-Watsonville (Santa Cruz County). Households making between 80-120% of the AMI are moderate-income, those making 50-80% are low-income, those making 30-50% are very low-income, and those making less than 30% are extremely low-income. This is then adjusted for household size.



teachers, farmworkers, and healthcare professionals, can fall into lower AMI categories due to relatively stagnant wages in many industries.

Throughout the region, there are disparities between the incomes of homeowners and renters. Typically, the number of low-income renters greatly outpaces the amount of housing available that is affordable for these households. In the unincorporated County, the largest proportion of both renters and homeowners fall in the Greater than 100% of AMI group.

Historically, people of color are more likely to experience poverty and financial instability as a result of federal and local policies that have historically excluded them from the same opportunities extended to white residents. These economic disparities also leave communities of color at higher risk for housing insecurity, displacement, or homelessness. In the unincorporated county, Other Race or Multiple Races (Hispanic and Non-Hispanic) residents experience the highest rates of poverty, followed by American Indian or Alaska Native (Hispanic and Non-Hispanic) residents.

### *Tenure*

The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (i.e., ability for individuals to stay in their homes). Generally, renters may be displaced more quickly if prices increase. In the unincorporated county, fewer households rent than own their homes: 29% versus 73%<sup>19</sup>. By comparison, a smaller percentage (29%) of households in the unincorporated county are renters, while 44% of AMBAG Region households rent their homes.

Homeownership rates often vary considerably across race/ethnicity. These disparities not only reflect differences in income and wealth, but also stem from federal, state, and local policies that limited access to homeownership for communities of color while facilitating homebuying for white residents.

The highest concentration of rental housing can be found in and around the City of Santa Cruz, likely driven by the University student needs, and in Watsonville, where there is an availability of more affordable rental options. Within in the unincorporated county, Live Oak has the greatest concentration of renter-occupied households, followed by Rio del Mar, La Selva Beach, Twin Lakes, Aptos (south of Highway 1), and the southern area of Pleasure Point.

### *Displacement and/or Conversion*

Out of 1,327 total assisted units, unincorporated Santa Cruz County has 84 assisted rental units (the Seaside Apartments) that are at high risk for conversion to non-assisted during this cycle, or roughly 6% of the total assisted housing units in unincorporated areas. The University of

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<sup>19</sup> 2021 5-year ACS



California, Berkeley (UCB) conducted a study to determine the estimated displacement risk for households across California. UCB's model estimates that areas at risk of displacement have more low-income households leaving the area than moving in. All census tracts in the unincorporated county are designated "lower displacement risk." Both Santa Cruz and Watsonville have census tracts that are at higher risk of displacement.

## HOUSING STOCK CHARACTERISTICS

### *Number of Homes*

The number of new homes built in the AMBAG Region has not kept pace with the demand, resulting in longer commutes, increasing prices, and exacerbating issues of displacement and homelessness. Between 2015 and 2022, 1,043 housing units were issued permits in unincorporated Santa Cruz County, which represents 79% of the RHNA number of 1,314 units assigned in the 5<sup>th</sup> cycle Housing Element. Approximately 37% of permits issued in unincorporated Santa Cruz County were for lower-income housing.

### *Housing Type*

In recent years, most housing produced in the region and across the state consisted of single-family homes and larger multi-unit buildings. In 2020, the unincorporated county's mix of housing types was as follows:

- 81% percent of homes were single family,
- 12% were multi-family (2 or more units), and
- 7% were mobile homes.

Both the county as a whole and the AMBAG Region have relatively more diversity in their housing stock compared with the unincorporated county; however, the proportion of single-family housing still makes up nearly three quarters of the housing stock in both geographies (73% and 72%, respectively).

### *Home Prices*

Home prices reflect a complex mix of supply and demand factors, including an area's demographic profile, labor market, prevailing wages, and job outlook, coupled with land and construction costs. In the Bay Area and surrounding areas, the costs of housing have long been among the highest in the nation. The region's home values have increased steadily since 2000, besides a decrease during the Great Recession.

A diversity of homes at all income levels creates opportunities for all Santa Cruz County residents to live and thrive in the community.



- Ownership: In 2020, the median home value in Santa Cruz County, CA was \$787,000, and the homeownership rate was 60.3%.
- Rental Prices: Similar to home values, rents have also increased dramatically across the AMBAG Region in recent years. In the unincorporated county, 16% of rents are more than \$3,000.
- The tri-county region has a greater proportion of renter-occupied units that rent for below \$1,500 (41%) compared to Santa Cruz County overall (34%) and the unincorporated county (32%).

### *Cost Burden*

The U.S. Department of Housing and Urban Development considers housing to be affordable for a household if the household spends less than 30% of its income on housing costs. A household is considered “cost-burdened” if it spends more than 30% of its monthly income on housing costs, while those who spend more than 50% of their income on housing costs are considered “severely cost-burdened.” Spending such large portions of their income on housing puts low-income households at higher risk of displacement, eviction, or homelessness. While the housing market has resulted in home prices increasing dramatically, homeowners often have mortgages with fixed rates, whereas renters are more likely to be impacted by market increases.

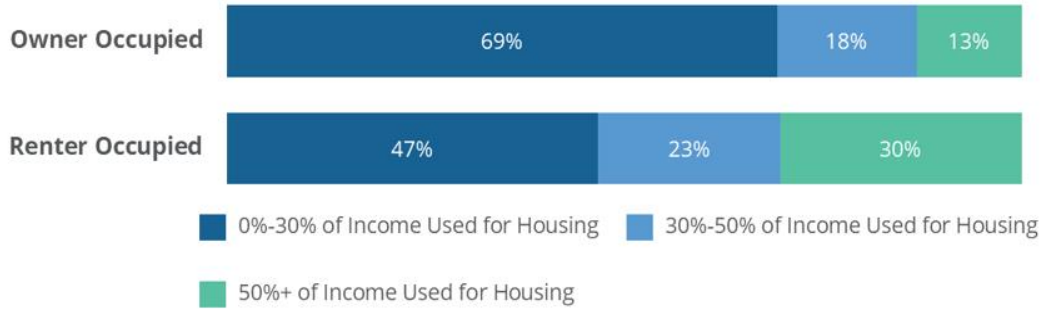
Compared to the County as a whole and the AMBAG Region, the unincorporated county has the lowest cost burden with 38% of its households experiencing cost burden. Of those households, 17% experience severe cost burdens and use the majority of their income for housing. When looking at the cost burden across tenure in unincorporated Santa Cruz County:

- 21% of renters spend 30% to 50% of their income on housing;
- 17% of renters spend 50% or more of their income on housing;
- 18% of those that own spend 30% to 50% of their income on housing;
- 13% of owners are severely cost-burdened, spending 50% or more of their income on housing.

The graphic below represents the cost burden by tenure in Santa Cruz County:



Figure 4.3-1: Cost Burden by Tenure



Source: 2021 5-year ACS.

Historically, people of color<sup>20</sup> are more likely to experience poverty and financial instability as a result of Federal and local housing policies that have historically excluded them from the same opportunities extended to white residents. As a result, they often pay a greater percentage of their income on housing, and in turn, are at a greater risk of housing insecurity. Black and Hispanic households experience disproportionate housing needs among other households living in the unincorporated county. Both populations experience housing cost burden, high poverty rates, and are overrepresented in the homeless population.

### Neighborhoods

According to the California Tax Credit Allocation Committee (TCAC) maps, access to opportunity in Santa Cruz County is closely linked to where in the County residents live. In the mid- to northern part of the County, from Rio Del Mar, Corralitos, and Day Valley to the west, almost every census tract is designated as a high or highest resource area. Conversely, census tracts east of Rio Del Mar, Corralitos, and Day Valley, which consist predominantly of large tracts of commercial agricultural lands and mountainous areas with a few clusters of rural residential areas, known as the Pajaro Valley, are designated as low or moderate resource areas. These TCAC resource designations are based on a range of indicators based on Census data and other statewide metrics of factors such as educational attainment, poverty rates, proximity to jobs and economic opportunities, pollution levels, and other factors.<sup>21</sup> Several maps in Appendix HE-A show these

<sup>20</sup> As before, this category as it is used here includes all non-White persons.

<sup>21</sup> For more information on the “opportunity area” categories developed by HCD and the California Tax Credit Allocation Committee, see this website: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>.





resource area ratings for tracts across the County and proposed housing sites from the Sites Inventory (Figures HE-A-54, -63, -122, and -123).

### *Housing Quality*

A comprehensive description of the age and quality of the housing stock, including rates of substandard housing conditions by census tract, in the unincorporated areas of the County is provided in Appendix HE-A, Fair Housing Report, pp. 139-145. Unincorporated Santa Cruz County has relatively newer housing stock compared to surrounding counties and to most of its local cities, with 0% to 20% of units built prior to 1960 in certain tracts of the unincorporated area, and a few of the rural tracts, which are sparsely populated, with 20-40% of the units built prior to 1960. Although a portion of the housing stock is older, the very high land values and high degree of turnover in much of the County in recent decades has driven a high level of remodeling and rebuilding activity on these older properties for some time. In the 10-year period between 2013 and 2023, the County issued more than 3,200 remodeling and replacement permits for over \$127 million in residential building valuation. Those permits are in addition to numerous over-the-counter permits that are issued every year for various types of home renovation and repair work such as window replacements, re-roofing, and plumbing repairs. Further detail is provided in Appendix HE-A.

Areas in unincorporated Santa Cruz County with the greatest concentration of units lacking complete kitchen facilities include three Census tracts covering the rural north coast and portions of San Lorenzo Valley (Davenport, Bonny Doon and portions of Felton and Boulder Creek) in north county, two Census tracts in mid-county (1220.04 in Aptos and 1217.02 in Live Oak/Capitola, and the Freedom tract in south county, a portion of which is in the city of Watsonville. All of those tracts showed a rate of incomplete kitchen facilities of 2% to 5%, except for the Live Oak/Capitola tract 1217.02, which had a rate of 5-10%, both based on Census American Community Survey 5-year estimates from 2017-2021. Because the County has implemented a building code since the 1950's which requires any primary dwelling unit to have a complete kitchen, it is likely that the vast majority units reported as having incomplete kitchen facilities are either unpermitted structures or non-habitable structures being used as dwelling units without permits. Similar census data for areas in unincorporated Santa Cruz County with the greatest concentration of units lacking complete plumbing facilities (2% to 5%) show the same two tracts noted above, one covering the north coast/Davenport area and the other in Aptos, in mid-County. Other tracts with similar or higher percentages lacking plumbing facilities are in the incorporated cities or the UCSC campus, as shown in maps in Appendix HE-A.

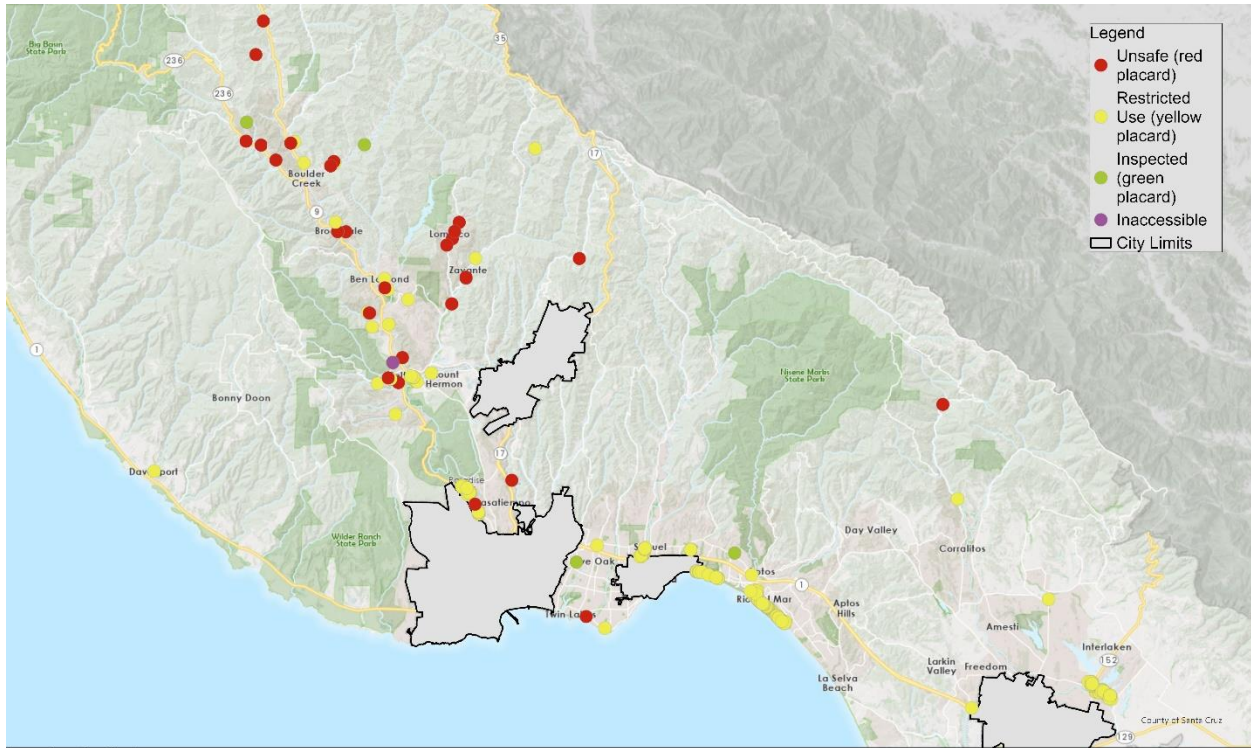
Homes known to require repairs, rehabilitation or reconstruction primarily include those affected by recent federally declared disasters, including the 2020 CZU Fire affecting nearly 1,000 homes in the north coast and San Lorenzo Valley areas, both in north county, and the January 2023 Storm disaster, affecting housing throughout the county. Over 900 dwelling units were destroyed



by the CZU fire and another 86 were damaged. Of those, 62 homes have been rebuilt, permits have been issued for another 121 units (single-family homes and ADUs), and permit applications are in process for 13 additional units.

The January 2023 storm disaster damaged approximately 250 dwelling units in the unincorporated area, of which 82 were in north county, 108 in mid-county, and 60 in south county, as shown in Figure 4.3-1, below. Most of these were single-family homes, but several multi-family properties, including a 12-unit apartment structure, were also affected. Of the total 250 units, 49 were deemed uninhabitable by County inspectors. The red dots on the map indicate structures that were unsafe to occupy at time of inspection; yellow indicates that occupancy was restricted; and green indicates minor damage not limiting occupancy. Since that time, repairs have been undertaken by numerous owners using insurance and/or FEMA proceeds, but an unknown number of property owners may still be in need of assistance to complete these repairs or reconstruction.

Figure 4.3-2: Structures Affected by January 2023 Storm Disaster



Source: Santa Cruz County.

Another 51 mobile homes in the unincorporated area were damaged or destroyed by the January 2023 storm disaster. These homes are not shown on the map above because local mobile home parks are under State jurisdiction for inspection purposes. Three-quarters of those mobile homes



were located in mid-County, with the remainder split between north and south county. An additional 20 mobile homes were affected in local cities.

In addition to the units affected by disasters, a number of older rental properties occupied by lower-income households including farmworker households, need rehabilitation. These include the San Andreas Apartments, Vista Verde, and Jardines del Valle, located in unincorporated areas around Watsonville, and the Farm Apartments in Soquel, for a total of 176 affordable rental units. Rehabilitation is in progress for two of these projects (San Andreas and Vista Verde, total of 119 units), with County and State assistance, and the owners of the other two (The Farm and Jardines del Valle) plan to apply for State rehabilitation funding in 2024.

The table below summarizes the various types of units estimated to need rehabilitation or replacement. The total shown in the disaster recovery row is less than the total units affected because repairs or replacement have already begun for a portion of the total, and additional work is expected to begin as additional claimants receive FEMA assistance and/or insurance proceeds. While it is difficult to obtain concrete estimates of the number of single-family and mobile home units requiring rehabilitation or replacement due to age (50 years or older) or existing substandard conditions, anecdotal indications are that some need of this type may exist, particularly in south county areas designated as lower-resourced by TCAC (See Appendix HE-A for details), and in other rural areas of the County such as the San Lorenzo Valley and North Coast.

<b>Table 4.3- 2: Estimated Housing Rehabilitation or Replacement Needs, Unincorporated Areas</b>				
<b>Cause</b>	<b>Single-Family</b>	<b>Mobile Homes</b>	<b>Apartments</b>	<b>Total</b>
Disaster Recovery	700	40	20	760
Age and/or Substandard Conditions	50	50	176	276
<b>Total</b>	<b>750</b>	<b>90</b>	<b>196</b>	<b>1,036</b>
<i>Total Qualifying for Publicly Assisted Rehabilitation Programs (estimate)</i>	<i>75</i>	<i>45</i>	<i>176</i>	<i>311</i>



As shown above, the number of units above estimated to qualify for publicly assisted housing rehabilitation programs, such as Community Development Block Grant (CDBG) funding, and other state/federal grants available to the County or directly to the property owners, is a portion of the total units in need of repair or replacement. These funding programs are only available to low-income homeowners, or in the case of disaster recovery funding, low- and moderate-income homeowners. Census estimates provided in Appendix HE-A indicate that roughly 20% of County homeowner households are lower-income. The estimate above is based on 10% of the total single-family units in need of repair or replacement, based on relatively low rates of income-eligible homeowners applying for publicly assisted programs, as many have other resources available to help with these costs, including those accessed through extended family, home equity, or savings. A higher percentage of mobile homeowners are estimated to be lower-income and in need of assistance (50% of the total); as are all of the affected apartments known to be restricted to lower-income occupancy (176).

HCD Requirement: An analysis of any special housing needs, such as those of the: elderly; persons with disabilities, including a developmental disability, as defined in Section 4512 of the Welfare and Institutions Code; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter.

## SPECIAL HOUSING NEEDS

Some population groups may have special housing needs that require specific program responses, and these groups may experience barriers to accessing stable housing due to their specific housing circumstances.

### *Large Households*

Large households, with five or more persons, often have different housing needs than smaller households. If a County's rental housing stock does not include larger apartments, large households who rent could end up living in overcrowded conditions. In unincorporated Santa Cruz County, 9% of households have five or more people, who likely need larger housing units with three bedrooms or more. Of these, approximately 5% of households were low or very low income (i.e., earning below 51% of AMI), which are often at greater risk of housing insecurity. For large households with five or more persons, most units (85%) were owner occupied.

Rental and mortgage assistance are vital resources for large households who are cost burdened by housing expenses. The Community Action Board of Santa Cruz County offers rental assistance for low-income residents. The Housing Authority of the County of Santa Cruz offers the Project-



Based Voucher and Housing Choice Voucher programs, however, there are currently waitlists associated with these programs. The Catholic Charities Emergency Food and Shelter Program offers emergency rent and utility assistance through Federal Emergency Management Agency (FEMA) funding and can cover up to three months of rent. The County funds rental assistance programs that include security deposits, short- and long-term subsidies with ESG (Emergency Solutions Grant), Low and Moderate Housing Asset Fund, and HOME funds. These programs are administered through local agencies such as the Housing Authority of Santa Cruz, Families in Transition, and Community Action Board. Mortgage assistance is provided through CalHome and/or HOME Investment Partnership Programs when funding is available for households earning less than 80% AMI, and the County's Below Market Rate units provide affordable homeownership opportunities for households earning up to 120% AMI.

### *Female Headed Households*

Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income. Female-headed households with children may face particular housing challenges, with pervasive gender inequality resulting in lower wages for women. Moreover, the added need for childcare can make finding a home that is affordable more challenging.

In Santa Cruz County, the largest proportion of households is Married-Couple Family Households at 49% of the total, while Female-Headed Family Households make up 10% of all households, and 1,676 female-headed households with children (6.6%) are in the Below Poverty Level category. The poverty rate for female headed households has decreased by nearly 40% between 2010 and 2021. However, female headed household poverty rates are five times higher than married couples and more than two times higher than families.

Female-headed households, including ELI households, are often cost-burdened by housing expenses and in need of rental or mortgage assistance. The Community Action Board of Santa Cruz County offers rental assistance for low-income residents. The Housing Authority of the County of Santa Cruz offers the Project-Based Voucher and Housing Choice Voucher programs, however, there are currently waitlists associated with these programs. The Catholic Charities Emergency Food and Shelter Program offers emergency rent and utility assistance through FEMA funding and can cover up to three months of rent. The County funds rental assistance programs that include security deposits, short- and long-term subsidies with ESG, Low and Moderate Housing Asset Fund, and HOME funds. These programs are administered through local agencies such as the Housing Authority of Santa Cruz, Families in Transition, and Community Action Board. Families in Transition targets female-headed households and provides rental assistance through various funding sources and provides case management to help them be self-sufficient.



### Senior Households

Senior households often experience a combination of factors that can make accessing or keeping affordable housing a challenge. Seniors often live on fixed incomes and are more likely to have disabilities, chronic health conditions and/or reduced mobility. Seniors who rent may be at even greater risk for housing challenges than those who own, due to income differences between these groups.

When cost-burdened seniors are no longer able to make house payments or pay rents, displacement from their homes can occur, putting further stress on the local rental market or forcing residents out of the community they call home. Understanding how seniors might be cost-burdened is of particular importance due to their special housing needs, particularly for low-income seniors.

In Santa Cruz County, 36% of seniors have incomes that are below \$50,000. Furthermore, 16% of seniors have incomes below the poverty level. In 2021 the majority of seniors received social security income with an average annual payout of \$23,215, putting them at high risk for displacement and housing cost burden.

Cost burden seniors like extremely low-income households rely on various rental assistance programs. The Community Action Board of Santa Cruz County offers rental assistance for low-income residents. The Housing Authority of the County of Santa Cruz offers the Project-Based Voucher and Housing Choice Voucher programs; however, there are currently waitlists associated with these programs. The Catholic Charities Emergency Food and Shelter Program offers emergency rent and utility assistance through FEMA funding and can cover up to three months of rent. The County funds rental assistance programs that include security deposits, short- and long-term subsidies with ESG, Low and Moderate Housing Asset Fund, and HOME funds. These programs are administered through local agencies such as the Housing Authority of Santa Cruz, Families in Transition, and Community Action Board. In addition, Senior Network Services provides linkages to services such as Meals on Wheels, Lift line (rides to appointments), housing search, and case management.

Low-income rental units in Santa Cruz County for seniors include:

- |                             |                              |
|-----------------------------|------------------------------|
| Via Pacifica Gardens        | Bay Avenue Senior Apartments |
| Garfield Park Village       | El Centro                    |
| East Cliff Village          | Gault Street Senior Housing  |
| Arbor Cove                  | Elizabeth Oaks Apartments    |
| San Lorenzo Park Apartments | St. Stephens Senior Housing  |
| Casa Linda                  | Stepping Out Housing         |
| Woodland Senior Housing     | Paloma del Mar               |



Pajaro Vista  
Independence Square

Clifford Manor  
La Posada

*People with Disabilities*

State law also requires Housing Elements to examine the housing needs of people with developmental disabilities. Developmental disabilities are defined as severe, chronic, and attributed to a mental or physical impairment that begins before a person turns 18 years old. This can include Down’s Syndrome, autism, epilepsy, cerebral palsy, and mild to severe mental retardation. Some people with developmental disabilities are unable to work, rely on Supplemental Security Income, and live with family members. In unincorporated Santa Cruz County, unemployment rates are twice as high at 12% for persons with a disability compared to 6% for persons with no disability.

Overall, 11% of people in unincorporated Santa Cruz County have a disability of some type.<sup>22</sup> Of the people with a disability, 4.8% have an ambulatory difficulty, 4.8% have a cognitive difficulty, 4.4% have an independent living difficulty, while hearing and vision disabilities were less.

<b>Table 4.3- 3: Unincorporated Santa Cruz County and Santa Cruz County Population with Developmental Disabilities</b>				
Age	Unincorporated Santa Cruz County	Unincorporated Santa Cruz County Percent of Total	Santa Cruz County	Santa Cruz County Percent of Total
Under age 18	112	31%	407	29%
18 and older	255	69%	1009	71%
Total	367	100%	1416	100%

NOTE: The unincorporated Santa Cruz County population with developmental disabilities was provided by San Andreas Regional Center as of November 2021. The Santa Cruz County population with developmental disabilities is based on county-level data published by the Department of Developmental Services as of June 2021.

In addition to their specific housing needs, they are at increased risk of housing insecurity after an aging parent or family member is no longer able to care for them. The most common living arrangement for individuals with disabilities in unincorporated Santa Cruz County is the home of parent/family/guardian (62%) while 25% live in their own apartment with supportive services, 12% live in licensed care facilities and the remaining 1% have other living arrangements.<sup>23</sup>

<sup>22</sup> These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed.

<sup>23</sup> Housing Choices Developmental Disabilities Housing Needs Analysis for Santa Cruz County data from San Andreas Regional Center November 2021



Between September 2015 and June 2021 there was a 7% decrease in the number of people with developmental disabilities able to be housed in licensed care facilities and in increase of 32% of those residing in their family home in Santa Cruz County according to the Department of Developmental Services. The rising costs of housing in conjunction with more adults wanting to live independently is increasing the need for affordable housing options with supportive services funded by the San Andreas Regional Center.

<b>Table 4.3- 4: Changes in Living Arrangements of Adults with Developmental Disabilities from 2015-2021 in Santa Cruz County</b>			
Adult Living Arrangements	2015	2021	Percent Change
In the family home	477	630	32%
Own apartment with supportive services	231	248	7%
Licensed Facilities	135	125	(-7%)
Other (including homeless)	5	6	20%
Total Adults	848	1009	19%

SOURCE: Department of Developmental Services Quarterly Report by County.

NOTE: These data assume that all people with developmental disabilities under age 18 live in the family home. The impact of this assumption, if incorrect, is to underestimate the number of adults living in the family home who may need other residential living options.

The Department of Developmental Services reports that the number of Santa Cruz County residents with developmental disabilities age 62 and older grew by 79%. This can be attributed to longer lifespans as opposed to migration of seniors into Santa Cruz County. Longer lifespans mean more adults with developmental disabilities may outlive their family members. Furthermore, with less turnover at licensed care facilities it will make it more difficult for adults who have been living with family members to transition into licensed care facilities when their family members pass away. This may result in a higher displacement of adults with developmental disabilities who need affordable units with supportive services to live independently.

Persons living with disabilities, similar to extremely low-income households and seniors, rely on various rental assistance programs. The Community Action Board of Santa Cruz County offers rental assistance for low-income residents. The Housing Authority of the County of Santa Cruz offers the Project-Based Voucher and Housing Choice Voucher programs, however, there are currently waitlists associated with these programs. The Catholic Charities Emergency Food and Shelter Program offers emergency rent and utility assistance through FEMA funding and can cover up to three months of rent. The County funds rental assistance programs that include security deposits, short- and long-term subsidies with ESG, Low and Moderate Housing Asset Fund, and HOME funds.





These programs are administered through local agencies such as the Housing Authority of Santa Cruz, Families in Transition, and Community Action Board. In addition, San Andreas Regional Center, Senior Network Services, and the Central Coast Center for Independent Living provides linkages to services such as Meals on Wheels, Lift line (rides to appointments), housing search, and case management for persons living with disabilities. Housing Choices provides advocacy for persons with developmental and other disabilities and works with partner properties to create affordable housing. Current partner properties in unincorporated area of Santa Cruz include six units set aside in the Pippin Orchards affordable housing project in Watsonville, and a two-bedroom townhome in Aptos. Low-Income rental units in Santa Cruz County with units for persons with disabilities include:

Via Pacifica Gardens	Monarch Housing Project
Nuevo Sol (Homeless)	East Cliff Village (Seniors)
Elizabeth Oaks Apartments	Water Street Apartments
Grace Commons	Casa Linda (Seniors)
Pippin Orchards Apartments	Clifford Manor
Independence Square	Monarch Corporation
Casa de Exito	The Dakotas
Stepping Out Housing	
CFSC Apartments at 536/538 Lincoln St, 2718 Freedom Blvd, 120 Anderson Dr.	
CFSC Apartments at 817 Broadway, 222 Van Ness Ave., 159 Mission St.	

### *Farmworkers*

Across the state, housing for farmworkers has been recognized as an important and unique concern. According to the County of Santa Cruz annual crop report of 2021 the total gross production value of Santa Cruz County agricultural commodities was \$657,370,000, with strawberries as the number one crop with an estimated value of \$211,062,000 on approximately 2,300 planted acres.<sup>24</sup> This amount of crop requires a large farmworker workforce, which according to the 2021 California Annual Agricultural employment published by the State Employment Development Department Labor Market Division was in the range of 5,000 to 10,000 workers.

Farmworkers generally receive wages that are considerably lower than other jobs and may have temporary housing needs, although in Santa Cruz County crops like strawberries are grown almost year-round and there continues to be a need for year-round affordable housing. Finding decent and affordable housing can be challenging, particularly in the current housing market. Farmworker households often have similar obstacles as those of large households, such as finding affordable housing that is large enough to fit their families. Housing dedicated to

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<sup>24</sup>2021 Santa Cruz County Agricultural Crop and Livestock Report



farmworkers is scarce with only 235 publicly financed units dedicated to farmworker households in unincorporated Santa Cruz County.

Farmworker households, similar to ELI households, often need rental and mortgage assistance, otherwise they are often cost-burdened by housing expenses. The County provides funding for rental assistance programs that serve ELI and VLI households with assistance for security deposits and/or short- and long-term monthly rental subsidies. These programs are funded with various sources including the County Low- and Moderate-Income Housing Asset Funds. These programs are administered by local non-profit agencies such as the Housing Authority of Santa Cruz, Families in Transition, and Community Action Board. The County offers downpayment assistance loans to lower-income homebuyers, funded with occasional state grants (CalHome or HOME), when such grants are available. Cienega Heights, a new 80-unit affordable housing project set aside 39 units for farmworker households.

Low-income rental properties in Santa Cruz County with units for farmworker households include:

Jardines Del Valle

San Andreas

Buena Vista Migrant Center

Villas del Paraiso

Tierra Alta Apartments

HCD Requirement: The need for emergency shelter shall be assessed based on the capacity necessary to accommodate the most recent homeless point-in-time count conducted before the start of the planning period, the need for emergency shelter based on number of beds available on a year-round and seasonal basis, the number of shelter beds that go unused on an average monthly basis within a one-year period, and the percentage of those in emergency shelters that move to permanent housing solutions.

The need for emergency shelter may be reduced by the number of supportive housing units that are identified in an adopted 10-year plan to end chronic homelessness and that are either vacant or for which funding has been identified to allow construction during the planning period.

An analysis of special housing needs by a city or County may include an analysis of the need for frequent user coordinated care housing services.

### *Homelessness*

Homelessness remains an urgent challenge in many communities across the state, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Far too many residents who have found themselves with insecure housing have ended up homeless in recent years, either temporarily or for a longer term. Addressing the specific housing needs for the unhoused



population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction and those dealing with traumatic life circumstances.

In Santa Cruz County, according to the 2022 County of Santa Cruz Point in Time Count the most common type of household experiencing homelessness is those without children in their care. Among households experiencing homelessness, 77% are unsheltered. Of homeless households with children, most are sheltered in transitional housing.

People of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents. Consequently, people of color are often disproportionately impacted by homelessness, particularly Black and Hispanic residents in Santa Cruz County.

In Santa Cruz County, White (Hispanic and Non-Hispanic) residents represent the largest proportion of residents experiencing homelessness and account for 74% of the homeless population, while making up 90% of the overall population. Latinx residents represent 39% of the population experiencing homelessness, while Latinx residents comprise 34% of the general population. Black residents represent 12% of the population experiencing homelessness, yet only comprise 1% of the overall population in the County.

In Santa Cruz County, homeless individuals are commonly challenged by severe mental illness, with 896 (39%) reporting this condition. Other self-reported health factors that may affect housing or employment of those experiencing homelessness includes drug or alcohol abuse (69%), physical disability (57%), post-traumatic stress disorder (35%), HIV/AIDS related illness (12%), and traumatic brain injury (10%).

In Santa Cruz County, the majority of families with minor children are sheltered (91%). Overall, there are approximately 92 homeless children in the County, this includes sheltered and unsheltered.

Unaccompanied children and Transitional Age Youth (TAY) account for 10% or 222 of the overall homeless population. Although this is a decrease of 64% from 2019 when there were 569 TAY, the majority of TAY in 2022 were unsheltered (97%). There were zero (0) unaccompanied children under 18 years old reported.<sup>25</sup> According to the Santa Cruz County Housing for a Healthy Santa Cruz Strategic Framework for Addressing Homelessness<sup>26</sup> action steps are outlined to reduce unsheltered homelessness Countywide by 2024. The plan includes increasing the number of temporary housing beds from 440 to 600, Rapid Rehousing slots from 140 to 490 and Permanent Supportive Housing slots from 500 to 600. These efforts are coordinated through the

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<sup>25</sup> [2022 County of Santa Cruz Point in Time Count \(housingmatterssc.org\)](https://housingmatterssc.org)

<sup>26</sup> [2021 HousingForHealth-Framework.pdf \(housingforhealthpartnership.org\)](https://housingforhealthpartnership.org)



new County Department of Housing for Health that has also implemented a coordinated entry process to provide connections for persons experiencing homelessness with care management, housing navigation, and financial support to assist in attaining and maintaining housing. In addition, the Housing Authority of Santa Cruz County implemented a Housing Choice Voucher program for persons with medical vulnerabilities experiencing homelessness and has collaborated with non-profit developers to provide project-based vouchers for new multi-family developments.

Client-focused care management and housing subsidy programs are vital resources to support persons experiencing homelessness to attain and maintain housing. The County's Housing for Health Division's Housing for a Healthy Santa Cruz County Strategic "Framework" outlines coalition action steps that can reduce unsheltered and overall homelessness countywide by January 2024.

Resources available towards reducing unsheltered and overall homelessness countywide include:

- The Rehousing Wave, which is a collaboration between the Housing for Health Division's Housing Navigation team, Abode Services, and Housing Matters, provides persons experiencing chronic homelessness with Strengths Model Care Management, housing navigation, and housing subsidies;
- Security Deposits through local service providers including the Community Action Board (CAB) or the Housing Authority of Santa Cruz County (Housing Authority);
- Scattered site and project-based Housing Choice Vouchers through the Housing Authority;
- Care Management and housing subsidies to persons experiencing homelessness including Families in Transition, Housing Matters, Front St., Encompass; Nation's Finest, and Pajaro Valley Shelter Services (PVSS); Homeless Persons Health Project;
- Rental assistance to families who are experiencing homelessness or at imminent risk of becoming homeless including CAB; and
- Emergency shelter and transitional housing including Housing Matters, the Salvation Army, the Association of Faith Communities (AFC) and PVSS.

Low-income rental units in Santa Cruz County for persons experiencing homelessness include:

Jessie Street  
Brommer Transitional Housing

Nuevo Sol



HCD Requirement: Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities.

## GOVERNMENTAL AND NON-GOVERNMENTAL CONSTRAINTS

Housing development is affected by government regulations and other non-governmental forces, such as the cost of land and building materials and the availability and cost of housing loans. Housing elements are required to investigate the impact of these constraints as they present themselves in the city or city for which the housing element is being prepared. This subsection provides a brief overview of governmental and non-governmental constraints in Santa Cruz County. See Appendix HE-D for a full discussion of housing constraints.

The Santa Cruz County General Plan is built around a core principle 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. Originally enacted in Santa Cruz County by a 1978 voter referendum known as Measure J, the primary components of Measure J were:

- The preservation of Commercial Agricultural land through strict limitations on changes in use from agricultural to other land uses;
- A clear distinction between urban and rural areas through the creation of an Urban Services Line (USL) and a limitation on land divisions in rural areas;
- The creation of affordable housing through an affordable housing requirement applicable to new residential development.

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 County's Affordable Housing requirements have been in place for about 35 years and have undergone modifications over the year to adjust to economic, market and social conditions. The program has remained effective at producing affordable housing and providing funding to leverage additional affordable housing and, as a result, the program has not constrained development in the community. All the housing units that are created through the County's affordable 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; deed restrictions remain in place for 455 of those units.

The County of Santa Cruz maintains a zoning code with development standards for housing projects. In 2022, the County adopted a series of sweeping amendments to both its General Plan and its County Code known as the Sustainability Policy and Regulatory Update (Sustainability Update). Prior to the Sustainability Update, the maximum density for multi-family housing is twenty (20) dwelling units per acre, which even with applicable density bonus would in typical situations be inadequate for the development of affordable housing under existing market conditions without available tax credits and grant programs. The updated codes changed residential densities throughout the residential districts, which will allow densities up to 45 units per acre.

The County has skillfully implemented the development of accessory dwelling units (ADUs) in a manner that has allowed for the creation of additional housing units in the moderate and low-income categories. It has essentially turned the County's overwhelming supply of large single-family properties typically signaling a death of affordable housing opportunities into an asset that hosts opportunities for development of housing that is affordable by design. This solution has proven capable of increasing the community's stock of affordable housing and does so while preserving the essential character that is Santa Cruz County.

In terms of other governmental constraints—such as requiring discretionary permits for multi-family housing—the Sustainability Update amendments will ease the regulatory burden for housing development. Furthermore, the County partners with non-profit developers to create affordable units that include Project Based Housing Vouchers and Mental Health Services Act units, as well as units set aside for other special populations.

Santa Cruz County's development regulations are generally consistent with California housing law, and where this is not the case, as with Low-Barrier Navigation Centers, Section 2 of this element (Goals, Policies, and Programs) includes a program (H4-C) to help correct the deficiency. The Zoning Code does not pose an unnecessary constraint to the development of affordable housing. To summarize:

- Single-family zones allow supportive and transition housing, small residential and family care facilities, and manufactured housing;
- Multi-family densities, which allow up to 45 dwelling units per net acre, are high enough to facilitate affordable housing projects;
- Objective design standards are in place for SB-9 projects, so that the development process for duplexes and multi-family housing is not subject to local design discretion;



- Off-site improvement requirements are typical and not unduly constraining;
- Processing times are consistent with State law and typical for local communities;
- Parking requirements are low enough to not pose a constraint; and
- The County has reasonable accommodations in place to facilitate needed modifications for special needs households.

See Appendix HE-D for a more complete discussion of governmental constraints.

In terms of non-governmental constraints, land costs, construction costs, and availability of financing are all factors that present challenges to the production of and increase the cost of housing. The County recognizes these market conditions and works successfully with non-profit housing developers to leverage County, state and federal housing funds and programs to ensure the success of affordable housing projects in these challenging market conditions in the County. Land costs will remain a constraint to affordable housing, and programs to use publicly owned lands such as County-owned land can make a difference, and in future housing element cycles, it may be here that the County turns to meet its housing needs. The cost of construction materials is also a constraint, and to the degree that the County can subsidize affordable housing projects with available funds dedicated to housing, this too can make a difference, although local funding sources have dwindled considerable since the dissolution of the redevelopment agencies.

The rural areas of the County have many natural constraints to the development of housing such as landslides, flooding, and wildland fire. By recognizing the resource constraints facing development in the rural areas of the County and targeting specific areas delineated by a USL as appropriate for more intensive uses, the County's growth management policies (Measure J) avoids natural hazards, protects agricultural lands, and encourage the creation of affordable housing within the USL through an affordable housing requirement applicable to new residential development.

Disadvantaged communities are defined, in part, as population groups that are disproportionately affected by environmental hazards, have high concentrations of low income, high rates of unemployment, low levels of homeownership, and high rent burden. Within the county, historically disadvantaged communities are located near Watsonville and in some coastal areas in central county (see Appendix HE-A: Fair Housing Report). By encouraging and supporting the development of affordable housing in the urban areas, County policy seeks to avoid natural hazards, create lower cost housing near employment centers, and provide more opportunities for homeownership in the urban areas of the county.

See Appendix HE-D for a more complete discussion of nongovernmental constraints.



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## 4.4 VACANT AND AVAILABLE SITES

### INTRODUCTION

This section of the Housing Element analyzes the availability of sites during the planning period suitable for housing and the resources available to facilitate housing development.

Santa Cruz County is part of the Association of Monterey Bay Area Governments (AMBAG), which is one of 23 regional councils of government in California and includes Santa Cruz, Monterey and San Benito counties. The AMBAG 2022 Regional Growth Forecast<sup>27</sup> projects that Santa Cruz and Monterey Counties will add 23,624 new households between 2015 and 2045. For the eight-year time frame covered by this Housing Element Update, the Department of Housing and Community Development (HCD) has identified the region's housing need as 33,274 units for Santa Cruz and Monterey counties. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing, and divided by jurisdiction. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to

HCD Requirement: A quantification of the locality's existing and projected housing needs for all income levels, including extremely low-income households, as defined in subdivision (b) of Section 50105 and Section 50106 of the Health and Safety Code. These existing and projected needs shall include the locality's share of the regional housing need in accordance with Section 65584. Local agencies shall calculate the subset of very low-income households allotted under Section 65584 that qualify as extremely low-income households. The local agency may either use available census data to calculate the percentage of very low-income households that qualify as extremely low-income households or presume that 50 percent of the very low-income households qualify as extremely low-income households. The number of extremely low-income households and very low-income households shall equal the jurisdiction's allocation of very low-income households pursuant to Section 65584.

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<sup>27</sup> The AMBAG 2022 Regional Growth Forecast projects the region's population, housing, and employment between 2015 and 2045.



apply additional adjustment factors to the baseline growth projection from California Department of Finance, in order for the regions to get closer to healthy housing markets. These new laws governing the methodology for how HCD calculates the RHNA resulted in a significantly higher number of housing units for which the AMBAG region must plan compared to previous cycles.

## REGIONAL HOUSING NEEDS ALLOCATION

On November 8, 2022, AMBAG adopted the RHNA Methodology, which was approved by HCD. For the unincorporated area of Santa Cruz County, the RHNA to be planned for this cycle is 4,634 units, which is an approximately 350% increase over the 1,314 units required by the 2014 to 2022 RHNA. The housing need is divided into the four income categories of housing affordability. Table 4.4-1 shows the RHNA for the unincorporated County, the entire County, and the AMBAG region for the planning period 2023 through 2031.

**Table 4.4-1: Santa Cruz County Regional Housing Needs Allocation for 2023–2031**

Income Group	Santa Cruz County (Unincorporated) Units	Percent	Entire Santa Cruz County Units	Percent	AMBAG Region Units	Percent
Very Low Income (<50% of AMI)	1,492	32.20%	3,456	26.63%	7,868	23.65%
Low Income (50%-80% of AMI)	976	21.06%	2,263	17.44%	5,146	15.47%
Moderate Income (80%-120% of AMI)	586	12.65%	2,139	16.48%	6,167	18.53%
Above Moderate Income (>120% of AMI)	1,580	34.10%	5,121	39.46%	14,093	42.35%
<b>Total</b>	<b>4,634</b>	<b>100.00%</b>	<b>12,979</b>	<b>100.00%</b>	<b>33,274</b>	<b>100.00%</b>

SOURCE: AMBAG 2022

### RHNA PROGRESS TO DATE

The RHNA planning period for the 2023-2031 Housing Element (6<sup>th</sup> Cycle) is July 1, 2023, through December 31, 2031. The statutory adoption date for the 6<sup>th</sup> Cycle Housing Element is January 1, 2024—a full six months after the beginning of the planning period. To account for this discrepancy, the County must account for the number of housing units permitted prior to adoption of the 6<sup>th</sup> Cycle Housing Element and apply these to the 2023-2031 RHNA. Accordingly, the units permitted in this period count towards the 2023-2031 planning period RHNA and are subtracted from the 6<sup>th</sup> Cycle RHNA. Table 4.4-2 below shows Santa Cruz County’s adjusted RHNA, which accounts for progress made prior to the adoption of the updated Housing Element.



**Table 4.4-2: Santa Cruz County’s Adjusted RHNA**

	<b>Very Low-Income Units</b>	<b>Low-Income Units</b>	<b>Moderate-Income Units</b>	<b>Above Moderate-Income Units</b>	<b>Total Units</b>
2023–2031 RHNA	1,492	976	586	1,580	4,634
Units permitted between July 1, 2023, and December 31, 2023	N/A	31	10	38	79
Remaining RHNA	1,492	945	576	1,542	4,555

SOURCE: County of Santa Cruz CDI, February 2024

### ACCOMMODATING RHNA FOR THE PLANNING PERIOD

As required by state law (Government Code Sections 65583 and 65583.2), this Section provides a parcel-specific inventory of suitable and appropriately zoned sites for the provision of housing, and specifies for each site the number of units that can realistically be accommodated and whether the site is adequate to accommodate lower-income housing, moderate-income housing, or above moderate-income housing (Appendix HE-E: Housing Site Inventory). The Housing Site Inventory (Inventory) includes pending projects, opportunity sites, and vacant and underutilized sites including residential sites, as well as commercial and public facility sites where housing is allowed and promoted. Underutilized sites included in the Inventory are sites with some existing development that also have additional development potential and for which the existing use has been determined to not impede additional residential units on the parcel. Program H-1A commits the County to an annual review of progress towards RHNA, and to update programs and incentives as necessary to ensure the RHNA can be met during the planning period.

**HCD Requirement:** The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, mobile homes, and emergency shelters, and shall make adequate provision for the existing and projected needs of all economic segments of the community.

In addition to ensuring an adequate land inventory of vacant and available sites, the County has identified other categories of sites that can realistically be developed with housing during the planning period, using a non-site-specific approach. The County actively supports accessory dwelling unit (ADU) production (Policies and Programs H-1.4, H-2G, and H-2.6). Development on residential sites in rural areas is also projected to continue. Additionally, the County anticipates the development of farmworker housing during the planning period, following recent county code amendments and programs supporting farmworker housing. The County also supports housing development under



SB9 which allows additional residential units and lot splits on qualifying residential parcels and will be preparing an ordinance to further promote SB9 (Program H-1H). However, as a conservative approach the County is not applying units anticipated under SB9 toward the RHNA allocation.

As shown in Table 4.4-3, the County has sites available as provided in the Housing Site Inventory, and additional capacity as noted using a non-site-specific approach as further reviewed in this Section, to accommodate 4,136 housing units, or approximately 89% of the RHNA, and provide opportunities for the development of a variety of housing suitable for a range of household types and income levels. Maps depicting the general location of sites available to accommodate housing during the planning period are provided as Appendix HE-F. As noted in the Quantified Objectives Summary in Section 2 of the Housing Element (Table 4.2-1), in addition to new construction, a portion of the County's RHNA obligation for the planning period may be provided through rehabilitation, conservation, and preservation of the County's existing housing units.



<b>Table 4.4-3: Housing Capacity for the Planning Period</b>						
<b>Income Level</b>		<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
Housing Sites Inventory (See Tables in Appendix E)	Table 1 Vacant Residential	-	-	4	400	404
	Table 2 Underutilized Residential	3	2	13	437	455
	Table 3 Vacant & Underutilized Commercial	12	11	96	426	545
	Table 4 Pending Projects	53	52	76	154	335
	Table 5 Opportunity Sites	451	450	107	152	1,160
	Table 6 Public Facility Sites	168	167	65	20	420
Non-Site Specific Analysis	ADUs	-	110	234	134	478
	Farmworker Housing	200	100	-	-	300
	Rural SFDs	-	-	-	70	70
<b>Total Units on Existing Sites</b>		<b>887</b>	<b>892</b>	<b>595</b>	<b>1,793</b>	<b>4,167</b>
Table 7 Sites to be Rezoned		794	709	205	556	2,264
<b>Total with Rezoning</b>		<b>1,681</b>	<b>1,601</b>	<b>800</b>	<b>2,349</b>	<b>6,431</b>
<b>RHNA</b>		1,492	976	586	1,580	4,634
<b>110% of RHNA</b>		<b>1,641</b>	<b>1,074</b>	<b>645</b>	<b>1,738</b>	<b>5,098</b>
<b>Shortfall before Rezoning</b>		<b>754</b>	<b>182</b>	<b>50</b>	<b>(55)</b>	<b>931</b>
<b>Surplus at 110% of RHNA (with rezoning)</b>		<b>40</b>	<b>527</b>	<b>155</b>	<b>611</b>	<b>1,333</b>

As can be seen from Table 4.4-3 above, including the capacity in the Inventory, as well as other categories of housing using a non-site-specific approach, the County has a shortfall of 931 units across all income levels, when including a buffer of 10% above the required RHNA. Therefore, the Housing Element also includes a rezoning program (Program H-1B) and identifies a list of parcels to be rezoned (Appendix HE-E, Table 7), with a capacity for 264 additional housing units. With the proposed rezonings, the County projects the capacity for 6,431 units, providing a total buffer of at least 10% above the required RHNA for all income categories.



## SUSTAINABILITY UPDATE SUPPORTS HOUSING

The Sustainability Policy and Regulatory Update (Sustainability Update), adopted by the County in 2022, amends the General Plan and County Code to support sustainable development and meet the housing needs of the entire community, and will help the County achieve its RHNA for the planning period. As reviewed in detail in Appendix HE-D, the Sustainability Update supports higher density housing that is affordable by design within the Urban and Rural Service Lines, with a new higher density residential zone district (Residential Flex), more generous residential development standards including increased height limits and floor area ratios, and changes to density calculations to allow higher densities on some urban sites and support housing production. The revised residential development standards were developed in consultation with local market rate and affordable housing developers with a track record of successful developments in the county, and who are aware of market trends and specific development standards that constrain housing development, to ensure that housing development at all affordability levels is feasible during the planning period. The Sustainability Update is currently under review by the California Coastal Commission and is expected to be adopted by the Commission by the end of 2023, and to take effect early in 2024. Therefore, analysis of the development potential of sites and capacity analysis is provided in accordance with the General Plan and County Code amendments in the Sustainability Update as discussed above.

## HOUSING INVENTORY OF VACANT AND UNDERUTILIZED SITES

The purpose of the Housing Site Inventory (Appendix HE-E) is to identify and analyze specific vacant and non-vacant sites that are available and suitable for residential development from 2023-2031 in order to accommodate Santa Cruz County's assigned 4,634 housing units. The County doesn't build the housing but creates the programs and policies, as well as the zoning to plan for where it should go and how many units could be provided on potential sites.

Table 4.4-3 provides a summary of unit numbers and capacity estimates for vacant and underutilized sites available in the Housing Site Inventory for the 2023-2031 planning period, including residential sites, commercial sites that can accommodate residential units, opportunity sites, pending projects, and Public Facility (PF) zoned sites. Existing sites included in the Housing Site Inventory (Inventory) are available to accommodate 4,167 housing units.

## ANALYSIS OF DEVELOPMENT POTENTIAL AND CAPACITY

Analysis of the realistic development potential of sites has been completed following the guidance provided by HCD and applicable state law. As discussed in detail below, sites were screened for available utilities including water, sewer, and dry utilities including electricity, natural gas, telephone service, and communication lines; sufficient developable area to accommodate



development; and the presence of environmental constraints and hazards to identify available sites and determine their development potential. For residential parcels included in the Inventory, the development density was generally based upon the minimum density for the land use designation provided in the General Plan, as provided in Table 4.4-4.

<b>Land Use Designation</b>	<b>Units per Acre (Density)</b>
Urban Very Low (R-UVL)	1–5
Urban Low (R-UL)	4–10
Urban Medium (R-UM)	7–15
Urban High (R-UH)	11–30
Urban High Flex (R-UHF)	22–45

To calculate the appropriate density for a site, unbuildable areas on parcels were first identified and deducted from the overall site area to identify the available buildable area. For most sites, the General Plan minimum density was then applied to the buildable area to calculate the appropriate density for the parcel. Determining the buildable area is discussed further below under environmental constraints. Where the General Plan minimum density resulted in an additional fraction of a unit, such as 2.25 units, the minimum parcel size required for the applicable zone district was reviewed to determine the appropriate density. Where additional units above the General Plan minimum density were allowed in accordance with the minimum parcel size for the zone district, the fractional unit was rounded up to the next whole number. Where the zone district did not allow for additional units above the calculated density, the number was rounded down.

Where other information or analysis was provided supporting lower or higher development densities than the General Plan minimum land use density, such as for nonvacant sites, opportunity sites, pending projects, and development on PF sites, this information is discussed below in the sections for these housing types and provided in the Housing Site Inventory tables submitted to HCD (see the full inventory tables on the County’s website).

Capacity analysis to determine affordability levels for housing units on a site was also completed in accordance with HCD guidance and state law. The term “lower-income units” is used to refer to the combined category of extremely low, very low and low-income units. Pursuant to state law (Government Code Section 65583.2(c)(3)(B)) and guidance from AMBAG, parcels in the county



with a minimum General Plan Density of 20 units or more per acre are assumed by default to accommodate the County's lower-income RHNA. The Residential Flex (RF) zone district, and residential development in mixed-use projects in the Neighborhood Commercial (C-1), Community Commercial (C-2) and Professional-Administrative (PA) commercial zone districts are subject to a minimum General Plan Density of 22 units per acre, and would therefore accommodate lower-income units under this default approach.

In accordance with Government Code Section 65583.2(c), nonvacant sites identified in a prior housing element, and vacant sites that were included in two or more consecutive planning periods, that are identified in the Inventory as accommodating units for lower income households, are subject to Program H-1C. This program creates a combining zone district and requires applicable parcels to be rezoned within three years to allow residential use by right, when at least 20% of the units are affordable to lower income households.

As many of the projects in the county for lower-income housing are built by non-profit developers, and because the Mullin density for very-low units is the same as for low-income housing, it is further assumed that half of the lower-income units would be affordable to very-low-income households. Most of the multi-family development that has occurred in this century in the unincorporated area has been built by non-profit developers, typically with County assistance. Most of those non-profit rental housing developments received low-income housing tax credits (9% LIHTC), and/or County financing, both of which typically require half or more of the units in the project to be affordable to very low-income households. For all County-subsidized rental developments, the County records affordability deed restrictions and deeds of trust in order to have a monitoring and enforcement mechanism to ensure affordability at the agreed-upon income levels and other terms of the County assistance, as well as to protect the County's investment in the property. For housing developed pursuant to the County's inclusionary ordinance and/or the density bonus law, the County also records deed restrictions to ensure the affordability requirements applicable to the affordable units in the project are met over the long term.

In recent years, since 2018, most new residential projects of five or more units proposed in the unincorporated County are typically built above the minimum density and often closer to the maximum allowable density, or above it, using density bonuses. To get a density bonus, most rental project developers opt to provide very low-income (VLI) units, because state law gives twice the amount of bonus for VLI units compared to low-income units. Therefore, where additional information is known relating to a project, project category, or site, such as typical density trends or information related to a specific project such as for opportunity sites or a pending project, a realistic capacity has been determined and assigned. These capacities are discussed in more detail in the Inventory for specific sites, and in sections reviewing Pending Projects, Opportunity Sites, and Housing on Public Facility Sites.





The County acknowledges that higher densities do not always correlate to affordability at the lowest income levels, although higher density certainly makes affordable housing more feasible to develop because it reduces the per-unit land cost. With this in mind, the County will continue to promote the development of affordable units of various types through the density bonus program (Policy H-3.2), other regulatory incentives, priority processing for affordable housing projects (SCCC 17.10.040 and Policy H-1.6), continued implementation of the Inclusionary Housing Ordinance (Policy H-3.1), and funding assistance to renters, homeowners, and affordable housing developers (Policies and Programs H-2A, H-2D, H-3.4, H-3B, H-3F, H-4B, H-4G, and H-6.4)

Through a review of development patterns in the county, it has been determined that multifamily parcels in the Urban Medium Density range (7-15 units per acre), or the Urban High-Density range (11-30 units per acre), as allowed in the Sustainability Update, are conducive to development of condominiums and townhomes, which are generally more affordable than single-family detached homes, as well as multi-family rental housing in these density ranges.

The affordability level of condos and townhomes varies over time with the overall affordability of homes for sale at various stages of the housing market (recession, recovery, etc.). Currently, most townhomes are affordable to above-moderate households, while smaller condominiums in some areas of the county may be affordable to moderate-income households. However, in prior housing market cycles, such as the recession that began in 2008 and kept prices relatively more affordable until 2016 or later, many condominiums and townhomes were affordable to moderate-income buyers. The recent very steep rise in national interest rates beginning in 2022 has begun to soften market-rate home prices, with average and median home prices dipping year over year for both condos and single-family home sales in the county, as of September 2023. The median sales price for single-family, resale homes was down 4.7% year-over-year in September, while the median sales price for condominiums was down 16.9% year-over-year, and the average sales price fell 6.1%.<sup>28</sup> This signals a shift in market conditions, similar to that occurring throughout the country, which may improve the affordability of market-rate home prices during the 6<sup>th</sup> cycle compared to that of recent years. In addition, the County's inclusionary ordinance (County Code Chapter 17.10) requires all new for-sale developments of seven or more homes to sell at least 15% of the new homes as affordable units, at prices affordable to moderate-income households. For sites in the inventory with residential densities conducive to for-sale development (typically Urban Low or Urban Medium), staff projected the affordability level to be above-moderate, and if the site was large enough for more than seven units, staff projected the affordability of 15% of those units to be moderate, consistent with the County's inclusionary requirements. This approach is relatively cautious since market conditions could evolve during the 6<sup>th</sup> cycle such

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<sup>28</sup> Rereport.com, September 2023 report for Santa Cruz County, viewed on October 31, 2023.



that some of those market-rate units, particularly smaller condominiums, also wind up being sold at prices affordable to moderate-income households.

The Urban High (R-UH) density range of 11-30 units per acre is also conducive to development of market-rate or subsidized multi-family rental apartments, particularly if the parcel is larger or served by transit. The Urban High Flex (R-UHF) density range of 22-45 units per acre is even more conducive to the development of rental apartments as well as condominiums. Rental units developed on R-UH and R-UHF sites can range in affordability from extremely low to moderate, depending on applicable affordability restrictions; and for market-rate units, depending on unit size, location, quality, and onsite or nearby amenities.

Although it is difficult to obtain market-rate rental data for the unincorporated area alone, available data on market-rate rents in the county as a whole, indicate that in 2023, median rents for studio and one-bedroom rentals are within the “low income” rent limits, based on HCD’s 2023 State Income Limits for Santa Cruz County, while rents for two-bedroom units are in the moderate-income range, and three-bedroom units are slightly above the moderate-income rent limits.<sup>29</sup> Additional market data obtained through the CoStar commercial rental database for Santa Cruz and Watsonville area rentals indicates that average market-rate apartment rents in the Santa Cruz area are in the low-income affordability range for studios and one-bedroom units, and in the moderate-income range for two- and three-bedroom units. In the Watsonville area, CoStar data reflect that the average apartment rents are in the low-income level for all unit sizes except for one-bedroom units, which are in the very low affordability range, based on HCD 2023 State Income Limits for Santa Cruz County.<sup>30</sup>

In the inventory, sites in the Urban High and Urban High Flex (R-UH and R-UHF) areas, and sites with pending multi-family rental projects, and some opportunity sites, are projected to generate units in a range of affordability levels from very low to low and/or moderate, with a higher percentage of very low and low units projected where it is known or anticipated that the site will be developed with a subsidized, 100% affordable rental development. On sites where it is unknown what type of multi-family development will occur, unit affordability was projected in the full range of income levels from very low to above-moderate, with a higher number of moderate or above-moderate units projected if it is more likely to be developed with a market-rate project, and mostly above-moderate units is the site is expected to be developed with a for-sale project such as townhomes or condominiums. In Public Facility (PF) zones, County Code only allows two types of significant multi-family housing development: 100% affordable, lower-income rental housing, or only if the PF property is owned by a school district or private school entity, housing for school employees is allowed. Therefore, on PF sites, the unit yield is projected to be in the

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<sup>29</sup> Affordable rent limits calculated based on HCD 2023 State Income Limits for Santa Cruz County for Low- and Moderate-income levels, compared to HUD 2023 Fair Market Rent (FMR) data for the County as a proxy for median market-rate rents.

<sup>30</sup> CoStar data for Santa Cruz and Watsonville provided by Gruen + Gruen Associates, October 2023



lower-income categories, unless it is a school-owned property, in which case some moderate and above-moderate units were included.

An additional trend relevant to the affordability level projections is that, in the unincorporated area, development of new subsidized rental projects, built with tax credits and other County, state, or federal subsidies, have far outnumbered the number of new market-rate rental projects built since the 1990s. Significant new market-rate apartment development constructed since 2000 consists of two projects: four rental apartments within the Aptos Village project, entitled in 2012, and 13 units in a project initiated in 2014 and completed in 2020. While that trend may change during the 6th cycle, now that allowable densities have been significantly increased and other development standards and processes improved with the recently adopted Sustainability Update, all the current indicators of construction activity and current interest in larger multi-family or mixed-use properties for sale, as reported by local brokers and as reflected in County permitting data, indicate that there continues to be much more development activity and interest in county sites among developers of subsidized rental housing than among market-rate apartment developers.

The affordability level of units developed on sites with a General Plan density of Very Low (minimum of 1 unit per acre) and Low (minimum of 4 units per acre) is projected at above-moderate income, as are all parcels with single-family zoning (R-1, R-A, and R-B) regardless of the General Plan designation, based on prevailing market-rate home prices for single-family homes in recent years.

#### **ANALYSIS OF RECENTLY APPROVED PROJECTS**

As provided in Table 4.4-5 below, a review of representative projects that have recently been approved in the Fifth Housing Element cycle demonstrates that the residential densities projected for sites in the Inventory at all income levels is consistent with typical densities of recently entitled housing projects in the county. The County has a successful track record of residential development all income levels and at various densities, including residential development in mixed-use projects on commercial sites, and on both vacant and non-vacant residential and commercial properties. A review of density and affordability levels of recent residential and mixed-use development projects is provided in the discussions on Vacant and Available Urban Residential Sites and Vacant and Available Commercial Sites.



**Table 4.4-5: Sample of Recently Approved Residential and Mixed-Use Projects**

Project	Existing Use	Project Description	Unit Type	Unit #	Status
<b>Vacant &amp; Underutilized Residential Sites</b>					
<b>Pippin Phase II (Cienega Heights)</b> 78 Atkinson Lane	Vacant	(PR-AIA/O-U & RM-2-R-AIA/R-UH) Rental units	Multi-family apartments; 100% affordable	80	Entitled Dec 2021; Under construction
<b>Maplethorpe</b> 3300 Maplethorpe Ln	Greenhouses	(R-1-10/R-UL & O-U) Market rate and affordable	SFDs	11	Entitled Feb 2020; Under construction
<b>Habitat for Humanity, Harper St</b> 2340 Harper St	1 SFD to remain	(R-1-6-D/R-UL & O-U) For sale, 100% Affordable; Density bonus	10 SF townhomes, 1 SFD	11	Entitled Jan 2019; Under construction
<b>Soquel Townhomes</b> 5701 Soquel Drive	2 SFDs; to remain	(R-1-4 & R-1-6/R-UL & R-UM) For sale, Mix market rate and affordable; Density bonus	13 SF townhomes; 2 detached SFDs	15	Entitled Jan 2020; Under construction
<b>Mission Drive</b> 3212 Mission Drive	1 SFD; to be demoed	(RM-3/R-UH) Mix of market rate and affordable; Density bonus	21 new townhouse units (3 affordable)	21	Entitled Apr 2021; Possible redesign to add units.
<b>Underutilized Commercial Sites</b>					
<b>17<sup>th</sup> &amp; Brommer Mixed Use Project</b> 1155 17th Ave	Low density commercial to be demoed	Multi-family mixed-use	For rent/ Mixed Use, Market rate	13	Completed
<b>MidPen Housing, Bienestar Plaza</b> 1520 Capitola Rd	1 SFD (nonconforming); to be demoed	Horizontal mixed-use; Density bonus	For rent/mixed use, 100% Affordable	57	Completed
<b>Paul Minnie</b> 2606 Paul Minnie Avenue	1 SFD (nonconforming); to be demoed	Mixed-use; Density Bonus	Multi-family Rental units; 13 market rate, 2 Affordable (VLI)	15	Entitled, Pending Building Permit Submittal
<b>Homekey Project</b> 2838 & 2840 Park Ave	Commercial offices to remain	36-unit HomeKey project with permanent supportive housing; Density bonus	Rental Project; 100% Affordable to ELI	36	Under construction
<b>Pleasure Point Plaza</b> 3911 Portola	Low density commercial (tattoo parlor) to be demolished	Mixed-use; market rate and affordable; Density Bonus	Rental project with 33 units (4 VLI)	33	Entitled, pending resubmittal for more units



## ENVIRONMENTAL CONSTRAINTS

As reviewed in detail in Section 4.3, Housing Needs and Constraints, and in Appendix HE-D, Housing Constraints, the varied physical conditions in the county support significant natural resources and create constraints that limit development potential. Environmental constraints that may be present to a limited degree inside the Urban Services Line (USL) and Rural Service Line (RSL) areas but exist extensively outside these areas include landslide hazards, floodplains and floodways, steep topography, protected habitats such as riparian corridors and woodlands and habitat for rare and endangered species.

Within the USL and RSL, as noted in Policy BE-1.1.1, parcels are located in areas where public water, sewer, electrical, gas, and telecommunication service are available. These locations have generally flat topography, although some parcels are adjacent to riparian corridors and have sloped areas. Non-developable land, including rights-of-way, areas exceeding 30% slopes, and riparian corridors, has been factored into the analysis of the potential development of these parcels. Sites without direct road access, or with extensive environmental resources that constrain development such as sites in the floodway, geologic instability, or sites with steep topography, were excluded from the Inventory. For other sites, the development area of the site was analyzed after excluding areas with environmental constraints, to determine the development potential of the site.

In rural areas outside the USL and RSL, the extensive presence of steep slopes, high fire hazard severity zones, landslide hazards, fault zones and sensitive habitats make much of the rural area ill-suited to large-scale development and also make the provision of urban-level services such as sewer, public water, and urban fire protection very challenging. Development on residentially zoned sites outside the USL and RSL is limited by the Rural Density Matrix (Chapter 13.14 of the County Code) to a density of one unit per acre, with densities further limited on many sites based on the presence of environmental resources and constraints. Because of the limited development potential and lack of public sewer service, sites outside the RSL and USL were not included in the Housing Inventory unless specific programs, policies and ordinances exist to support development on these sites such as for farmworker housing and housing on Public Facility (PF) zoned sites, analysis of the development potential of a site has been provided, or a development applications has been submitted for specific site including an evaluation of development constraints and development potential.

As noted below, ADUs can occur in areas outside the USL and RSL, in addition to new residential units in rural areas and farmworker housing. These categories of housing are evaluated on a non-site specific basis, in accordance with the allowable density, analysis of development constraints, development history in the county, and any programs and incentives supporting these housing types.



## VACANT AND AVAILABLE URBAN RESIDENTIAL SITES

Vacant parcels and underutilized but available residential parcels included in the Housing Inventory are located within the USL and RSL. For each parcel, the entirety or a portion of the parcel is designated in the General Plan as Urban Residential (R-UVL, R-UL, R-L, R-UM, R-UH), with a residential zoning of R-1 (Single Family Residential), RB (Ocean Beach Residential), RA, (Rural Residential), RM (Residential Multi-family), or SU (Special Use). In addition to the criteria referenced under the analysis of development potential and capacity, additional analysis was applied to residential parcels as discussed below.

### *Vacant Residential Sites:*

In the Inventory (Appendix HE-E, Table 1), a total of 286 vacant urban residential sites are included as suitable for residential development, available to accommodate 404 units during the planning period. This represents an average of 1.41 units per parcel, which is a reflection of smaller average parcels sizes on remaining vacant sites as well as development constraints which limit overall development capacity.

To determine which vacant residential parcels were available for development and should be included in the Inventory, parcels that did not have direct road access, or that were smaller than the minimum parcel size for residential parcels, were excluded. Sites designated as Future Park Sites (-D Combining District), and sites with no buildable area remaining after excluding unbuildable areas such as sensitive habitats, slopes exceeding 30%, and riparian woodlands, were also excluded. Sites in the Salamander Protection Combining District (-P) were excluded unless a minimum development area of 2,500 feet existed outside the protected area.

Sites were further evaluated to determine the developable area, deducting areas exceeding 30% slope, areas designated as Urban Open Space (O-U), riparian woodland, and other sensitive habitats to determine the buildable area. The minimum development density as provided for the General Plan Land Use Designation was further reduced if the remaining buildable area would not support this development density. On sites with an open space contract as identified by the Open Space (-O) Combining District, one unit was assumed.

Vacant residential sites with a portion of the site designated as Urban Open Space (O-U) or with significant areas containing environmental resources or constraints, but with a buildable area remaining on the parcel, were assumed to have capacity for only one new unit, pursuant to the County Code, which allows one unit on such sites, as long as they are found to be developable.

The County has a successful history of developing vacant residential sites within the USL that have significant development constraints but suitable developable area remaining on the site. One of the projects listed on Table 4.4-5, the Pippin Phase II project, now known as Cienega Heights, part of the



larger Atkinson Lane Planned Unit Development, was originally a vacant site that includes a significant wetland and riparian area. The riparian and wetland area were designated as Urban Open Space, and a riparian buffer was established, allowing a total of 80 units to be built on the remaining 3.5-acre developable portion of the 14.4-acre site.

The change from using the net parcel area to calculate allowable density to gross parcel area will further support development on these constrained sites, allowing projects on parcels with development constraints but with sufficient developable area to cluster development and meet minimum density while protecting resources on site and avoiding any hazardous areas.

#### *Nonvacant Underutilized Residential Sites*

As a small county with limited urban land area and significant environmental constraints, there are a limited number of vacant residential sites remaining in the USL and RSL that are viable for new housing. Therefore, the majority of new housing projects on residential sites are projected to be located on non-vacant sites. In the Housing Site Inventory (Appendix HE-E, Table 2), a total of 80 nonvacant underutilized urban residential sites are included, available to accommodate 455 housing units. A capacity analysis for non-vacant residential sites was also conducted pursuant to the criteria provided under the analysis of development potential and capacity section.

Due to a careful screening of development potential, the existing development on nonvacant residential sites in the Inventory is not anticipated to impede the development of housing. The nonvacant residential sites included in the Inventory are located within the USL/RSL, with full utilities available including water, sewer, and dry utilities including electricity, natural gas, telephone service, and communication lines. The Inventory includes parcels with minimal development, such as sheds and parking areas, as well as low-density residential development, and includes only those sites with sufficient area available on the site to accommodate new development. To determine development potential, unbuildable areas on parcels were first deducted from the overall site area to identify the available buildable area. Generally, minimum density for the land use designation was then applied to the buildable area to determine the development potential of the site. Sites less than one-half acre in size were excluded from the Inventory.,

In addition to the screening criteria above provided for vacant residential sites, a more stringent review of environmental constraints was applied. Sites with an open space contract were excluded from the Inventory, as were sites where no developable area remained on the parcel after evaluating environmental constraints noted above. Sites with extensive areas designated as Urban Open Space were also excluded from the Inventory. Additional notes for larger sites are provided in the material submitted to HCD (see the full inventory tables on the County's website).



The County has a strong track record of completed medium and high-density residential projects on underutilized residential parcels, including both market rate and affordable units, with many projects exceeding the minimum General Plan Density, and utilizing density bonuses. The county is a very desirable location to live in, making it attractive to developers, despite the difficulties associated with infill. The County's inclusionary ordinance also ensures a portion of the units will be reserved as affordable.

Table 4.4-5, provides examples of five successful housing projects on nonvacant residential sites approved in the 5<sup>th</sup> Cycle, providing examples of typical densities of residential developments at a range of affordability levels, and demonstrating the feasibility of residential development on non-vacant sites. Existing development included greenhouses on one site, and low-density residential on the remaining sites. Of the sites with existing residential units, all but one retains the existing dwellings. Four projects provide a mix of market-rate and affordable units, and one provides 100% affordable units utilizing a density bonus. All projects in the table met or exceeded the County's minimum inclusionary housing requirements to provide affordable units. Additionally, all projects met or exceeded the minimum densities specified for the land use designation, based on the previous approach of using the net parcel area to calculate allowable density, first deducting unbuildable areas and then using the buildable portion of the site to calculate density. This is the same approach applied to parcels in the Inventory.

As discussed in Appendix HE-D, significant revisions to residential development standards provided in the Sustainability Update are intended to support increased residential development. Updated development standards that make redevelopment of existing residential sites more feasible include using the gross site area to calculate the allowable density on residential sites in urban areas, allowing for more residential units on many sites under the existing zoning; reduced parking requirements; and increased height and story limits, floor area ratio and lot coverage for higher-density RM sites, with the elimination of maximum lot coverage for Residential Flex sites. Therefore, assigning the General Plan minimum density to underutilized residential sites, and applying this minimum density only to the buildable portion of the parcel to determine the total number of units provided in the Site Inventory, is a conservative estimate.

Regarding the demolition of existing units on underutilized sites, in compliance with Government Code Section 65583.2, for the conversion or demolition of existing residential dwelling units occupied by lower income persons or households, Chapter 12.06 of the County Code requires that relocation assistance be provided to each permanent resident of the unit(s). For properties in the Coastal Zone, the provision of replacement housing is required for persons and families of low or moderate income.





## VACANT AND AVAILABLE COMMERCIAL SITES

Santa Cruz County does not have any specifically designated mixed-use zone districts; however, residential units are allowed in mixed-use projects in the C-1, C-2, and PA commercial zone districts. As explained further below, in recent years very little commercial-only development activity has occurred within these commercial zones, and they, along with PF sites, effectively serve as the County's mixed-use zones. This is primarily due to the high vacancy rate of commercial property which has hindered financing by lenders for strictly commercial development. Mixed-use projects on commercial, professional office, and PF zones are thus more financially feasible with a residential component. In Appendix HE-E, Table 3 lists the vacant and nonvacant underutilized commercially zoned sites that can accommodate residential development during the planning period. All commercial sites in the Inventory are located within the Urban and Rural Service Lines and have utilities available.

### *Vacant Commercial Sites*

A total of three vacant commercial parcels are included in the Inventory, projected to accommodate 28 moderate-income units, based on the allowance for mixed use projects in these zones. Vacant commercial parcels in the floodway, below the minimum parcel size for commercial parcels, and sites with significant areas of Urban Open Space, were excluded from the inventory.

### *Nonvacant Underutilized Commercial Sites*

A total of 36 nonvacant underutilized commercial parcels between .5 acres and 10 acres are included in the Inventory, yielding a total of 517 units. Analysis of the development potential of these sites, capacity analysis, and review of environmental constraints was conducted in accordance with the approach described under "Development Potential and Capacity Analysis."

Pursuant to recent changes in state law (AB 1397) additional analysis of nonvacant underutilized commercial sites was applied to determine the realistic development capacity. A review of recently approved projects within these commercial districts showed that successful mixed-use projects in the county have been generally located along transportation corridors, such as Soquel Drive, Commercial Way, Capitola Road, 41<sup>st</sup> Avenue, and Highway 9. Therefore, commercial sites not located along transportation corridors were omitted from the Inventory, except where other site-specific information is available supporting viable mixed-use development. Sites that did not have a minimum of .5 acre of developable area after excluding areas covered by existing structures and areas with environmental constraints, including steep topography, riparian woodlands, and Urban Open Space areas, were not included in the Inventory. Consistent with AB 1397, the age of the existing development was also evaluated, and any parcels with newer development or with active



commercial uses that may inhibit new development within the planning period were omitted from the Inventory.

For remaining commercial sites that were included in the Inventory, further site analysis was performed to determine the net site area for density calculations where appropriate. First, areas of Urban Open Space were deducted from the total site area to calculate the allowable density. A recent change in the Sustainability Update allows gross site area to be used when determining density within the urban area, consistent with density calculations for density bonus projects. However, the previous County practice of using only net site area for urban density calculations was used in order to provide a more conservative estimate for potential development capacity on these sites to ensure that development densities are realistic.

Additional sites analysis was done on remaining properties in the Inventory that contain existing structures. A review of the county's parcels indicates that many nonvacant underutilized commercial sites are underdeveloped with low-intensity buildings that leave large areas of a site vacant. These clear areas with no development on nonvacant commercial sites are prime opportunities for redevelopment, and recent development activity supports this determination, showing that the County has a strong track record of completed mixed-use projects on nonvacant underutilized commercial sites. These redevelopment mixed-use projects can generally be categorized in one of the following ways: replacement of a nonconforming low-density residential building (usually one single family home), replacement of low-intensity commercial buildings, or new construction on an undeveloped portion of a site adjacent to an existing commercial building that is retained. Table 4.4-5 represents a sample of the types of mixed-use planning projects recently approved in the county, all of which occurred on sites with existing development. For properties with existing development that was determined would not inhibit new development within the planning period, areas containing existing structures presumed to remain were deducted from the total site area and future development densities were determined using the remaining developable portion of the site.

A review of underutilized commercial sites indicates that parking areas associated with existing commercial uses provide opportunities for potential future development. Parking areas associated with commercial sites currently make up a large portion of underutilized commercial and Public Facility zoned land in the county and are available for redevelopment by either demolition and reconstruction or residential development over parking areas of the site. Parking rates included in the County's current parking ordinance have been significantly reduced for new and existing developments, including recent changes that were part of the Sustainability Update. As a result, older commercially zoned sites also contain significantly more parking than currently required by code, opening up more development areas for residential housing as well. Thus, conversion of portions of parking areas to above ground residential with parking below, combined with a reduction in the



parking rates would allow redevelopment of a significant portion of existing parking lots for residential development. Underutilized commercial sites included in the inventory take these factors into consideration for site selection and potential development without disrupting the existing access or circulation of the property.

Once the developable area of a site was determined, a conservative estimate of development potential for these sites was determined in accordance with recently updated density and zone district standards. Similar to residentially zoned parcels, density limits and development standards for commercial zone districts were revised as part of the Sustainability Update to support new development and to support mixed-use projects on commercial sites in particular. Maximum density on commercially zoned sites was increased to 45 residential units per acre, which is more than double the previous density limit of 17.4 units per acre.

A review of recent planning projects in the county indicates that mixed-use projects are consistently developed above the minimum General Plan density. Additionally, many major mixed-use projects in the county are proposed by non-profit housing developers, who regularly make use of density bonuses and other incentives. As Table 4.4-5 indicates, most market-rate projects proposed in the county also utilize density bonus law to provide additional units above currently allowed densities. Discussions with both for-profit and non-profit housing developers were conducted to review viability of new development standards and densities included in the Sustainability Update, and these discussions confirmed the trend identified in recently approved mixed-use projects, and further confirmed that even with proposed increases to allowable densities, density bonuses were still likely to be utilized for future projects. However, the General Plan minimum density of 22 units per acre was calculated with net site area on underutilized commercial sites in order to provide a conservative estimate of development potential. This calculation was then further reduced to 80% of the developable area to provide a conservative estimate that parallels new development standards included in the Sustainability Update, which allow residential units to occupy up to 80% of the building's square footage, a significant increase from the previous 50% limit.

#### *Commercial/Retail Market Demand*

Prior to the pandemic, the County had a commercial vacancy under one percent. Although up-to-date data is not yet available as of this writing, it is anticipated that this low vacancy has not changed significantly due to the lack of commercial/retail space inventory in the unincorporated county. Although there are developed commercial properties for sale and lease in the cities, a review of LoopNet does not show a significant amount of space available for sale or lease in the unincorporated area. Regardless, a litmus test for the overall demand for commercial properties in the County's jurisdiction is the status of interest in commercial development overall, but more specifically the interest associated with the Capitola Mall on 41st Ave in the City of Capitola. The Mall continues to suffer from lack of interest in retail space and so pressure to convert all or portions of this mall to



residential uses is increasing. It is relevant to note that the reduced demand for retail space at this mall pre-dates the Covid era. Reflecting the permanently diminished retail activity at the mall, the City of Capitola has developed its 6th Cycle Housing Element update to incorporate 679 residential mixed-income units at the mall site, representing approximately half of the City’s assigned RHNA of 1,336 residential units. The Mall consists of 46 acres that border 41st Avenue, Clares Street and Capitola Road.

Although commercial/retail real estate inventory may be diminished, office space is also overbuilt in the county (and is small compared to what the county’s cities have), and consequently the owners of these properties are trying to convert their office buildings to housing, which is indicative of a nation-wide phenomenon of diminishing office building construction and conversion of some office space to residential use. This is the case in San Francisco and many other cities after the Covid-19 outbreak and the widespread advent of remote work. In Santa Cruz County, there are two density bonus projects pending where the builders have not yet submitted building permit applications or pulled them because the developer can’t get financing needed because the ratio of commercial office space is too great relative to the residential use and so will not “pencil.”

In Santa Cruz County as a whole, the following commercial real estate is available for lease or sale (the information source does not segregate out unincorporated from cities in the county)<sup>31</sup>:

- Office for Lease = 68 buildings
- Office for Sale = 13 buildings
- Retail for Sale = 13 buildings
- Retail for Lease = 40 buildings

Commercial / Retail Projects - 2018 to 2023

Three commercial projects permitted between 2018 and 2023 have been completed. These include a new 7,100 SF animal shelter building, a total of 7,600 SF of new ground-floor retail/office space in a new 13-unit mixed-use project, and a 950 SF utility building on the Lockheed Martin campus in Bonny Doon. This level of commercial development, with an annual average of 3,100 SF completed, is negligible and reflects the lack of demand for newly constructed commercial space within the county at this time. Two of the prime retail spaces within the 13-unit mixed-use project completed in 2020 have yet to be leased, according to LoopNet, as of October 2023.

The commercial projects currently under construction and/or with issued building permits processed since 2018 include an 82,000 SF assisted living/memory care facility, nearly 13,000 SF of new office and retail space within Phase 2 of the Aptos Village mixed-use project, the first phase of which began

<sup>31</sup> Loopnet – search conducted on 9/12/23: [Office Space for Lease in Santa Cruz County, CA | LoopNet](#)



construction in 2015, and several miscellaneous small commercial structures on several other properties, with a total of nearly 7,000 SF in new floor area. Aptos Village is a new mixed-use, master-planned community of 65 multi-family units and 73,000 SF of new commercial space that has been in various planning and development stages for over a decade. It is the largest project of this scale to be built in the unincorporated area in recent years. Phase 1 was completed between 2018-2020, and Phase 2 is currently under construction and in plan check.

The above analysis of new commercial construction permitted between 2018-2023 does not include public/quasi-public facilities, such as libraries, community health clinics, or PG&E facilities, nor agricultural structures such as greenhouses. During the same five-year period, permits were issued, and construction has been completed, for a total of nearly 28,800 SF in new public facility structures, including park facilities, health clinics, private school classrooms. Another 14,500 SF of new County library space is currently under construction.

<b>Table 4.4-6: New Commercial Floor Area Permitted, 2018-2023</b>			
<b>Permit Status</b>	<b>Construction Completed</b>	<b>Permits Issued / Under Construction</b>	<b>Total New SF</b>
<b>New Commercial Floor Area, square feet (SF)</b>	15,660	102,269	<b>117,929</b>
<i>Total new Commercial Floor Area (excluding Care Facility)</i>	<i>15,660</i>	<i>19,759</i>	<b><i>35,419</i></b>
5-Yr Annual Average SF	3,132	20,454	<b>23,586</b>
5-Yr Annual Average SF (excluding Care Facility)	3,132	3,952	<b>7,084</b>

Source: County of Santa Cruz building permit data.

In addition, between 2013-2023, measured in terms of valuation, Santa Cruz County permitted almost 10 times as much residential construction as all non-residential types combined (commercial, public facilities, utility infrastructure, etc.).<sup>32</sup> A third of the total non-residential valuation was for tenant improvements, which does not add any new floor area. This shows the scale of demand for new non-residential construction is a fraction of the demand for new residential, and most of this period pre-dates the pandemic, which subsequently further reduced demand for office and retail space. Thus, in most cases, like many of the big cities, the mixed-use sites in the County's inventory are likely to be developed with more housing than commercial.

<sup>32</sup> Building Permit Issuance and Valuation for July 01, 2013, through June 30, 2023, Santa Cruz County, Community Development and Infrastructure Dept.



As discussed in detail above, the development trend demonstrated by recently approved mixed-use projects on underutilized commercial sites was supported by recent discussions with both for-profit and non-profit housing developers and consistent with a review of current market conditions. Altogether, these factors demonstrate that there is great development potential for underutilized commercial sites in the County, and that the density projections presented in the Inventory are very conservative.

#### PENDING PROJECTS

Pending projects represent projects with preliminary and/or filed applications. The pending project notes provided to HCD address the pending project permit status, remaining steps, anticipated completion date, barriers to development and other relevant factors such as construction build out horizons, project phasing, and dropout rates, to demonstrate the availability or likelihood of development of these units in the planning period.

There are a total of 28 pending projects on 32 parcels in the county, for which an application has been submitted, but the project has not yet been entitled, or has been entitled but a building permit has not yet been issued but is anticipated to be issued during the planning period. These pending projects are anticipated to yield 335 residential units for the planning period in accordance with the project applications. The list of projects is provided as Table 4 of Appendix HE-E, with project detail notes provided in the materials submitted to HCD.

Capacity analysis, i.e., affordability levels, for these sites is based upon the density proposed for the project, with densities of 20 units per acre assumed to be affordable to lower-income households in accordance with HCD guidance, except where information regarding a project supports a parcel-specific analysis for a different affordability level, such as for projects receiving density bonuses, as indicated in the details for each parcel in the information provided to HCD (see the full inventory tables on the County's website).

The availability or likelihood the units will be available in the planning period is demonstrated through the project applications filed with the County. All of the projects have submitted applications of various types (preliminary or filed) containing details of the proposed development. The status of each proposed project varies (entitlement or building permit stage), but as submitted applications there is a high likelihood, and in many cases, certainty the projects will be completed during the planning period. Projects in the entitlement phase will have a longer timeline for completion and projects in the building permit application phase will have a shorter timeline for completion and the planning period is long enough to ensure a high likelihood all will be completed. It should be noted that several of the projects are on sites that could accommodate additional units through new zoning designations approved in the Sustainability Update or through density bonus provisions. Therefore, the total units calculated in the pending projects list in Appendix HE-E Table 4 is considered a conservative calculation of the number of potential pending units.



Similarly, the affordability of pipeline projects is based on the actual number of market rate units and the number of affordable units, and affordability level, proposed in the application. There will be units that are deed restricted at certain affordability levels ensuring that level of affordability remains in perpetuity. Non-deed restricted affordable units in the moderate- or low-income categories will generally be ADUs. Affordability levels of ADUs are determined through current market research of comparable units and rent levels as described in this Section under Additional Opportunities for Housing.

Of the 28 pending projects, there are six pending projects that are located on parcels less than 0.5 acres in size. These projects involve consolidated sites. No pending project sites are larger than 10 acres in size.

## **OPPORTUNITY SITES**

The County has identified a total of 25 opportunity sites, where the property owner has expressed an active interest in constructing housing on the parcel and has indicated the number of units they would like to develop. These sites are listed in Table 5 of Appendix HE-E and are zoned appropriately for the intended development. Additional analysis has been done on these sites to determine a realistic development capacity over the planning cycle, rather than using default the minimum density of the General Plan land use designation. These opportunity sites are anticipated to yield 1,160 units.

There are also approximately 15 opportunity sites for which rezoning is required to accommodate the intended use and development density. These 15 sites are listed in Table 7 of Appendix HE-E: Sites to Be Rezoned, with the details regarding the proposed development of these sites provided in the full inventory tables available on the County's website.

The County currently has one surplus property (owned by the Redevelopment Successor Agency) suitable for housing located at 7<sup>th</sup> Avenue and Brommer Street (APN 026-261-16), which is included in the Inventory as an Opportunity Site. This is a six-acre site located within the coastal zone and is zoned C-2, which is a district that supports mixed-use development. The County is intending to surplus the property in 2023 for a mix of uses, including three acres of high-density affordable housing. The County also owns several other parcels, the whole or portions of which may be suitable for housing and surplus in the future, based on master planning for those sites.

## **HOUSING ON PUBLIC FACILITY SITES**

In 2019, General Plan and County Code amendments were completed related to Public Facility and School Employee Housing. The amendments facilitate workforce housing projects on Public Facility (PF)-zoned sites that are owned by a school or school district. They amended the "General Land Use Policies Planning Framework" in the "Authority and Purpose" introductory section to the Land Use



Element to state that housing for school employees on school owned sites within the Public Facility/ Institutional Land Use Designation is a quasi-public use and is not subject to the Rural Density Matrix.

Policy 2.21.1, Public Facility/ Institutional Land Use Designation in the Built Environment Element was amended to allow the following:

- 100% affordable multi-family rental housing projects as ancillary or primary public/quasi-public use on land within the USL with a Public Facility/ Institutional Land Use Designation, at the Urban High-density range. The housing units shall be affordable to lower-income households as defined in Title 25 of the California Code of Regulations and shall require a Master Site Plan.
- Multi-family rental housing for school employee households as an ancillary or primary public/quasi-public use on sites within the Public Facility/ Institutional Land Use Designation that are owned by a private or public school, where consistent with the carrying capacity of the parcel and where the adequate services and appropriate infrastructure are available or will be provided concurrent with development. The density range shall be up to Urban High.
- Exempts school employee housing on school-owned sites from complying with the rural density matrix and from General Plan policies requiring a minimum amount of land area per dwelling unit.

As provided in the Sustainability Update, the density range for Urban High is between 11 to 30 units per acre. In keeping with the updated Urban High-density range of the Sustainability Update, and pursuant to the PF development standards which allows 11 to 30 units per acre, the density range attributed to the PF sites in the Site Inventory provides 30 units per acre for both school employee housing and affordable rental housing projects.

To identify PF sites with a realistic development capacity for school employee and affordable rental housing, staff relied upon HCD's Site Inventory Methodology, with 14 PF sites included in the Inventory (Appendix HE-E, Table 6), available to accommodate 420 housing units. The unit count shown in the Inventory has been conservatively calculated to include only that portion of the property that is an underutilized parking area or is undeveloped. Structurally developed acreage of inventory sites have been excluded from the unit calculation and noted in the information provided to HCD. Furthermore, the selected sites have existing access that would not interfere with the existing development or preclude the development of access for proposed housing, or secondary street frontage available for new development access. Sites with resource constraints were otherwise not included in the inventory.





Public Facility zoned sites included in the Inventory are in the USL (with exception of six sites located outside the USL) where infrastructure is already available and can be expanded to meet the maximum density of 30 units per acre allowed by the General Plan and Zoning Ordinance. One recently built, County-assisted affordable housing project on a non-vacant PF zoned site was the St. Stephens Senior Housing project built on excess land at the rear of a church property zoned public facility (PF). St. Stephen's Lutheran Church and the County of Santa Cruz - MidPen project provides 40 low-income seniors housing, including senior veterans and elderly, with new, affordable apartment homes in the Live Oak neighborhood of Santa Cruz. Supportive services staff are onsite to help all residents access a wide range of programs and specific services provided in collaboration with the VA Palo Alto Healthcare System HUD-VASH Program and the Health Projects Center. Additional amenities at St. Stephens include private balconies, a community room with kitchen, computer lab, laundry room, fitness center and outdoor bocce ball court. St. Stephens Senior Housing began construction in spring 2016 and welcomed residents in the summer of 2017. The project retained the existing church and provided shared pedestrian and vehicular circulation between uses. The underdeveloped portion of the site is 1.7 acres in size and provides approximately 22 units per acre under the current Urban High General Plan Designation. Updated standards and height allowances permissible by the Sustainability Update for PF zoning would allow 53 units on this portion of land (30 units per acre) and serves as a successful example of one of the many underutilized nonvacant PF sites available for housing on the site inventory.

Schools and school districts make up several of the owners of PF sites in the county and interest in redevelopment of vacant or underdeveloped portions of these sites for school employee housing or affordable housing is strong. County staff regularly confers with private school and public school district administrators seeking to utilize their sites for school employee housing. Following the lead of the Santa Cruz City School District, the Live Oak School District is considering options for financing and development of school employee housing. A former private school site located north of Highway 1 at Mattison Lane is available and of interest to affordable housing developers. Other sites zoned PF included in the Inventory located outside the USL are school employee housing sites where the school administration has been actively consulting with the County to develop the unit count proposed, including an evaluation of septic capacity and sufficient area to support the proposed number of units. The Monte Vista Christian High School, located in the rural area, has completed preliminary infrastructure analysis confirming that septic development is not precluded for their desired unit count. A letter of intent from their leadership confirms their intent to develop housing on a portion of their site. In addition, an underutilized former elementary school in the San Lorenzo Valley, Redwood School is also located in the rural area, comprised of four parcels, and has existing services currently and substantial acreage available to expand infrastructure to support the requested employee units. Lastly, although Saint Francis High School is also located in the rural area, they are in a sanitation and water district currently and do not have a septic constraint that would preclude developing their



desired employee housing units noted. School districts and private schools are showing strong interest in addressing their teacher retention issues with on-site housing. Barriers, if any, may center around funding: some school districts, such as Live Oak, may be forced to obtain funding through voter bonds.

The affordability level selected for employee housing has been established conservatively as moderate income for sites in the Inventory, though some units may be provided as low-income units. Affordable units are allocated to the low-income category for development of affordable rental multi-family housing.

## ADDITIONAL OPPORTUNITIES FOR HOUSING

Santa Cruz County has several additional types of additional housing opportunities, which are promoted and supported in the County. The County has a strong track record of ADU construction and has seen increases in recent years since the adoption of new state law and updates to the County Code and promotion of ADU construction. The County also has a steady rate of housing construction on residential parcels in rural areas. The County has recently amended the General Plan and County Code to provide strong support for farmworker housing. The County also promotes housing development under SB9, although housing units anticipated to be developed under SB9 are not counted towards the RHNA requirement. As noted in Table 4.4-3, a total of 848 units can be accommodated and allocated towards RHNA requirements for the planning period though these additional housing opportunities, analyzed on a non-site-specific basis.

### RURAL RESIDENTIAL DEVELOPMENT

Since 2015, the County has been tracking building permits issued for new dwellings in rural areas of the county, outside the USL and RSL. Within these areas, urban services are limited, and development density is limited by the Rural Density Matrix, so the rate of new dwellings in these areas is low. However, the County has seen a slight increase in the rate of development of new residences in rural areas, as noted in Table 4-4.7 below.

<b>Table 4-4.7: Building Permits issued for Single Family Dwellings in Rural Areas 2018-2022</b>						
<b>Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>Number of permits</b>	14	11	12	12	17	66
<b>Rate of change</b>		-21.43%	9.09%	0.00%	41.67%	7%



Over the past five years, there has been an increase of 7% in the number of building permits issued for these units. Projecting this 7% increase to continue over the planning period, the County anticipates a total of 70 rural residential dwellings, affordable to above moderate-income households.

### ACCESSORY DWELLING UNITS

In 2020, new state Accessory Dwelling Unit (ADU) laws went into effect that required updates to the County’s ADU ordinance. As discussed in Appendix HE-D, the County has made tremendous progress in removing barriers to the construction of ADUs and Junior ADUs, updating the County Code to ensure consistency with state laws, and providing resources on the County Website to support and promote ADU development. New Housing Element policies and programs commit the County to providing additional support for ADU construction: Policies H-1.4 and H-2.6 encourage ADUs in new projects, including ADUs allowed pursuant to SB9 and in rural areas; and Program H-1H commits the County to providing technical assistance to homeowners seeking to construct ADUs, and to supporting ADUs in rural areas. In 2024, the County will complete additional updates to the ADU regulations to align with state legislation that went into effect in 2023 (Program H-1M). The County will also be providing pre-approved ADU construction plans on its website by the end of 2023.

Over the past nine years, the County has had a significant number of ADUs constructed. Especially since updating the ADU ordinance in 2020 and publishing online resources to support ADU development, the County has seen a notable increase in ADU applications and construction.

Table 4-4.8: Building Permits Issued for ADUs 2014-2022										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL
TOTAL	20	30	19	28	34	27	36	70	58	322

The uptick in building permits issued for ADUs in 2020 through 2022 reflects the updated ordinance that facilitates the development of ADUs, as well as the support the County provides on the website and in person. As can be seen, the number of permits issued annually continues to increase following the 2020 code update. Overall, between 2014 and 2022 the average annual increase in ADU permits was 21% and the average number of ADU permits per year was 36. Between 2014 and 2020 the average annual increase in ADU permits was only 11% and the average number of ADU permits issued per year was 28. Following the update of the ADU ordinance the average annual increase in ADU permits jumped by 9% up to 20% between 2020 and 2022 and the average number of ADU permits issued per year has been 55 over the last three years. Continuing the 20% annual average increase in ADU permits seen between 2020 and 2022 into the next cycle through 2031 would result in a total of approximately 1,010 ADU



permits with an average number of ADU permits per year of approximately 112. Considering the current rate of increase, as well as new ADU programs in the Housing Element and further updates to the ADU ordinance, the number of ADU permits is expected to continue to increase. However, the County conservatively projects that a total of 478 ADUs will be constructed over the next eight years, or 60 ADUs per year. This number was arrived at by taking the 9 percent jump in the average annual increase seen in the data after 2020 and applying it to the average number of building permits issued annually for ADUs over the past three years, which was 55. While this methodology is somewhat arbitrary, given the uncertainties in predicting the future, it reflects a conservative approach which is much lower than the actual rate of increase seen over the last three years.

After conducting market research on rental rates for ADUs, the County has determined that ADU rents in the unincorporated county are affordable to a range of incomes, with 23% of units affordable to low-income households, 49% to moderate income households, and 28% to above-moderate income households. These percentages are reflected in ADU projections provided in Table 4.4-3. The market research involved searching online sources and documenting current market rental rates for various size rental units for different areas of the county. This information was compared to current maximum rental rates for the different affordability categories. For the most part market rental rates fall into either the moderate- or low-income categories depending on the size of the unit and the location in the county. An ADU permit issued for a similar size unit in the same area of the county would be placed in the same income category. Based on this methodology it can be seen that for most areas of the county a studio ADU falls in the low-income category and 1- and sometimes 2-bedroom ADUs fall in the moderate-income category. The larger ADUs generally fall into the above-moderate income category. Applying this methodology to permits issued, percentages of ADUs in the various income categories was determined. These same percentages were applied to the projected number of ADUs in Table 4.4-3.

## HOUSING UNDER SB 9

As noted in the Housing Element Introduction, California SB 9 (2022) is intended to support an increased supply of starter, modestly priced homes by encouraging the construction of smaller houses on small lots. The law allows two primary residential dwelling units on one eligible single-family zoned parcel, and to split one eligible single-family zoned parcel into two separate parcels of approximately equal size ministerially. The law allows a minimum of four homes on one parcel, and jurisdictions may allow more homes than provided under state law.

To support and encourage housing construction under SB9, Santa Cruz County updated the Planning Department website in the spring of 2022 to include an SB 9 webpage with eligibility criteria, objective standards, a ministerial review process flow chart, and associated application forms for both accessory dwelling units and/or land division applications. Additionally, Santa Cruz County has planned amendments to the County Code to align local regulations with State



SB9 legislation by the end of 2023 or early 2024 (Program H-11). As of May 2023, eight SB9 pre-application reviews have been completed, and four land division applications have been submitted.

While the law will benefit residential property in the County within the USL, the law may be especially beneficial to property owners that are outside the USL but are within Census designated Urban areas and therefore are eligible under SB 9. Currently, County regulations prohibit owners of most residential parcels outside the USL in the County from subdividing their land or constructing more than one residence along with one ADU on a parcel. As many of these parcels are large with room to accommodate additional residences or to split parcels, the County believes that there is unmet demand in these areas for the construction of additional residences, as well as for lot splits. The County also anticipates additional applications after the County Code has been updated and residents become more familiar with the opportunities provided by the law.

The County analyzed residentially zoned parcels within urban census designated places outside the USL and determined that there are 751 parcels that would be eligible for additional housing units and/or lot splits under SB 9, excluding parcels that do not meet the objective criteria, such as parcels with historic resources, riparian woodlands, or in high hazard zones. Although the County anticipates that homeowners will apply for additional dwellings and ADUs on these sites that would be allowed under SB 9 over the next eight years, conservatively additional units anticipated under SB 9 are not being applied towards the County's RHNA.

## **FARMWORKER HOUSING**

Recognizing that there is a shortage of safe and affordable farmworker housing, and that farmworker housing is essential to the viability of local agriculture, in 2019 the County updated its zoning codes to allow housing projects of up to 12 units or 36 beds for agricultural employees, consistent with the Employee Housing Act (EHA projects), within the Agriculture and Commercial Agricultural zone districts, as a ministerial use. The County has approved three EHA farmworker housing units since that time, and has provided technical assistance to additional applicants, and has received several additional applications for developing farmworker housing. That recent code update also clarified that single-family homes in any zone could also be used to house up to six farmworkers, without any additional requirements that are not imposed on other single-family uses in the same zone, in compliance with the EHA (Government Code Sections 17021.5 and 17021.6):

Santa Cruz County Code Section 13.10.631

(C)(16) "Single-Family Farmworker Housing" means any housing accommodations occupied by no more than six farmworkers for which the owner/operator has obtained or seeks a License pursuant to



Section 17021.5 of the Act, which allows such projects to be deemed a single-family dwelling and a residential use of the property.

(E) Single-Family Farmworker Housing. Single-Family Farmworker Housing projects as defined in subsection (C) of this section may, at the applicant's option, be proposed pursuant to Section 17021.5 of the Act, in which case they are deemed a residential use and subject to the same permitting requirements and development standards that apply to a single-family dwelling proposed in the applicable zone, rather than being deemed an agricultural use pursuant to subsection (D) of this section. All Single-Family Farmworker Housing Projects that provide housing for at least five farmworkers shall obtain a License from the Enforcement Agency pursuant to the Act.

The County also has a long history of successfully assisting the development, reconstruction, and rehabilitation of affordable farmworker housing dating back to the 1990's, often with significant financing from its former Redevelopment Agency, including properties such as San Andreas, Jardines del Valle, Pippin Orchards and Cienega Heights, Villas del Paraiso, Schapiro Knolls, and Tierra Alta Apartments and Buena Vista Migrant Center, both of which are operated on County property through a long-term ground lease to the Housing Authority, with USDA funding. Several sites in the 6<sup>th</sup> cycle sites inventory are conducive to and/or currently exploring options for development of additional affordable housing for farmworkers, possibly with financing from the State's Joe Serna Jr. Farmworker Housing grant program, including 76 Murphy Road, 578 Green Valley Rd., and property owned by the Salesian Society near its St. Francis School in Watsonville.

To further support farmworker housing development through implementation of EHA, the Housing Element includes Policy H.1.8. This policy supports the development of farmworker housing through implementation of the EHA and to allow development of 100% affordable rental housing for farmworkers, while protecting farmland in priority zoned areas, and to include farmworker housing in projects whether the site is in an agricultural, residential, or mixed-use zone district.

In addition to the EHA or "on farm" farmworker housing, the County and its former Redevelopment Agency have provided millions of dollars in financing over many years for acquisition, development and/or rehabilitation of affordable housing for farmworkers on multiple non-profit-owned housing sites. These include San Andreas, Jardines del Valle, Villas del Paraiso, Pippin Orchard, and Cienega Heights, currently under construction. Some of these properties also received State Joe Serna, Jr. grants to assist development of the farmworker units.

The County is committed to facilitating additional farmworker housing. The County General Plan includes a program (ARC-1.4c in the Agriculture, Natural Resources + Conservation Element) to provide materials on the County website, and distribute bi-lingual materials to agricultural landowners, managers and lessees regarding opportunities and applicable development standards for farmworker housing. Additional policies and programs in the Housing Element (H-4.1, H-4.3, H-4b, and H-4g) support farmworker housing through developing affordable housing



programs, seeking all sources of financing available, using local affordable housing dollars for affordable farmworker housing, and maintaining code requirements and expedited permit reviews for farmworker housing.

The County has approximately 2,946 parcels zoned for agricultural use that are eligible to develop housing for 5 to 12 agricultural employees as a by-right use. Most if not all these parcels are located in rural areas with limited water and sewer services. Conservatively, the County estimates that approximately 1% of the parcels would be developed with by-right agricultural employee housing (EHA), each with an average of four farmworker housing units, resulting in a total of 100 additional units over the next eight years. The County anticipates that 50% of these units will be affordable to low-income farmworker households, and 50% to very-low-income households.

In 2020 the County also created a new program for Affordable Rental Farmworker Housing (ARFH). The program supports the development of up to 200 ARFH units for farmworker households in the County by qualified non-profit housing providers within certain agricultural areas of the Pajaro Valley. These ARFH projects may be allowed as a conditional use on qualifying agricultural land in CA or A zoning districts, at a density of 30 units per acre, to be reserved by qualifying developers on a first come basis. Each ARFH project is estimated to consist of approximately 40 to 60 multi-family dwelling units. As of May 2023, the County has received one reservation for 80 units at 76 Murphy Rd. in Watsonville. Several other large agricultural property owners have also expressed interest in the remaining 120 units. If all 200 units are reserved and built out, the General Plan allows the Board of Supervisors to increase the reserve. Program H-4b in the Housing Element provides additional support for ARFH projects, directing the County to seek funding through the Joe Serna Farmworker Housing Grant Program. As such, the County anticipates meeting the total reserve of 200 ARFH units within the next eight years. As these units will be developed by non-profit developers, the County conservatively projects that 75% of the units will be affordable to very low-income farmworker households, and 25% to low-income households.

Like many farmworkers, a significant percentage of county residents have special housing needs and may experience barriers to accessing stable housing. Santa Cruz County has several programs, and partners with other agencies to help meet these housing needs. See Section 3 and Appendix HE-D for additional information regarding emergency shelters, transitional and supportive housing, single room occupancy units, and permanent supportive housing.

## PERMANENT ROOM HOUSING

Permanent Room Housing (PRH) (also known as Single-Room Occupancy, or “SRO”) is included in the County’s zoning regulations (section 13.10.424 thru 13.10.429). The PRH is a Combining District (zoning overlay). The purposes of the PRH Combining District are to:



- (A) Preserve safe housing that is affordable by design and often occupied by low- and moderate-income residents who live or work in Santa Cruz County;
- (B) Provide property owners with an option to legally recognize or convert obsolete Type A visitor accommodation, nursing home, residential care, and other similar facilities to multifamily structures or dwelling groups, with or without support services;
- (C) Inside the Coastal Zone, encourage and protect lower cost visitor accommodation by disallowing conversion of Type A visitor accommodations that are actively operating, or on land zoned VA or CT, to multifamily structures or dwelling groups.

The PRH Combining District is intended to add an additional allowed use to eligible properties. Property owners within this district are not required to maintain multifamily rental housing in perpetuity. Property owners may amend or supersede PRH use/development permits for other land uses that are associated with the property's underlying zone district.

As stated in Section 13.10.426 of the County code, the PRH Combining District is available to all RA-, RR-, R-1-, RM-, VA-, PA-, C-1-, C-2-, C-4-, CT- and SU-zoned parcels with buildings that were originally established or permitted for Type A visitor accommodation (motel, hotel, lodging house), nursing home, residential care facility or other similar use.

As stated in Section 13.10.428.C of the County Code, the PRH use/development permits require a review by County staff at least once every five years from the date of permit issuance to confirm that the property is continuing to meet the use and development standards outlined in SCCC 13.10.427, and to verify compliance with other conditions of approval. The review includes health and safety, any repairs, and rent rates. Said review must be complete within 180 days of the five-year due date.

In effect since 2020, the PRH Combining District creates a pathway for permanent housing to be legalized and upgraded as necessary to meet health and safety criteria. Eight PRH applications were approved in 2020, with a total of 66 housing units. While no PRH project applications were received in 2021 or 2022 to date, the Homekey project located at 8705 Highway 9 would have been a PRH project, if not for the review streamlining provided by the Homekey statute.

## LOWER-INCOME UNITS ON NON-VACANT SITES

If a housing element relies on nonvacant sites to accommodate 50% or more of its RHNA for lower-income (low and very low-income) households, additional analysis is required to demonstrate that new development will not be impeded on these sites. For the County, more than 50% of the required lower income units are projected to be accommodated on nonvacant sites. For all nonvacant sites, after first analyzing each site to determine that the site was developable and had adequate area suitable for development, the existing use was evaluated, and if the use was determined likely to impede development, the site was excluded from the





Inventory (see above regarding analysis of development potential and capacity). As discussed above, for many of these sites, although technically not vacant, development is minimal and there are no viable uses on the parcels that would impede development during the planning period. This includes sites with development such as small sheds and storage units, parking areas, or unused buildings remaining from a prior use on the site. For sites with an active use, the use was evaluated, and if found to inhibit new development, the site was excluded from the Inventory. This discussion was further supported by a review of recently approved projects and a representative sample of these projects was detailed in Table 4.4-5 above.

Nonvacant sites that are identified in the Inventory as accommodating lower-income units include commercially zone sites that can accommodate mixed-use development, sites with pending projects, opportunity sites, sites zoned for public facilities that are eligible for the development of affordable housing, and sites identified for potential rezoning. As discussed below, additional analysis of nonvacant sites in each of these site categories was provided to verify that existing uses and/or structures on the site would not impede the development of housing units during the planning period.

*Nonvacant commercial sites:* On nonvacant (underutilized) commercial sites that are not identified as opportunity sites (Appendix HE-E, Table 3), a total of 23 lower-income units in mixed-use developments are anticipated to be constructed. These lower-income units are projected under the County's inclusionary housing regulations, which require that for projects with more than seven new units, 15% of the units must be affordable to very low, low or moderate-income households. As noted in the discussion above for underutilized commercial sites, additional analysis was provided to ensure that the sites were appropriate for mixed-use development and could be developed with housing during the planning period.

As demonstrated in Table 4.4-5 the County has recent experience with redeveloping non-vacant commercial sites with major mixed-use projects. A commercial site owned by the former County's redevelopment Agency located at 1520 Capitola Road, consisting of four oversized parcels with a home on two of the parcels, nearly four acres of property located within a commercial zone, was surplused several years ago to three non-profit entities for development of affordable housing and two community health clinics. The clinics were completed in 2022, and the 57-unit affordable housing development is nearly completed, with occupancy scheduled for October 2023. While the surplus process did invite proposals for development of commercial uses at this site, such as neighborhood retail, with or without housing included, no proposals were received from any commercial developers, due to the lack of demand for newly built commercial space in this area at that time. The market for commercially zoned land continues to be very soft.

*Sites with pending projects:* On sites with pending projects (Appendix HE-E, Table 4), a total of 105 units affordable to lower-income households are projected. These are sites for which an



application has been submitted, but the project has not yet been entitled, or has been entitled but a building permit has not yet been issued but is anticipated to be issued during the planning period. Some of the sites for pending projects include some existing development. However, as applications on these sites include preliminary analysis regarding development capacity, and the property owner intends to develop these sites in accordance with the submitted application, any existing development on these sites is not anticipated to inhibit new residential development during the planning period.

*Opportunity sites:* For development on opportunity sites which are zoned appropriately for the intended use (Appendix HE-E, Table 5), a total of 901 lower-income units are projected to be developed during the planning period. These are sites where either the owner has expressed an active interest in developing the site, and has specified the intended number of units, including affordable units, they would like to develop during the planning period, or in some cases they are County properties, or properties that the County has identified that are clearly locations that could accommodate a significant number of units and are appropriate for multi-family housing. Inclusionary housing requirements also apply to development on these sites. For opportunity sites that include some existing structures or uses, additional analysis was done to determine a realistic development capacity, either assuming the existing use will be demolished, or the development would be limited to the portion of the site that is not being used, to ensure that the existing development would not inhibit new residential units.

*Housing on public facility sites:* For housing on sites zoned for public facility use (PF), a total of 335 lower-income housing units are projected as lower-income units (Appendix HE-E Table 6). This number was determined based on an analysis of PF-zoned sites within the USL that would be suitable for the development of affordable housing, pursuant to programs in the General Plan and SCCC which allow for the development of 100% affordable housing on public facility sites at the Urban-High density range. These include sites such as religious institutions, where the development of housing is consistent with the mission of the institution and where sufficient area exists on the site such as underutilized parking areas to accommodate housing construction. As such, existing development on these sites is not anticipated to impede the development of housing. As noted in the discussion on page 4-80, analysis was completed to ensure that these sites were developable, and to determine a realistic development capacity.

A recently built, County-assisted affordable housing project on a non-vacant site zoned public facility (PF) located at 2500 Soquel Avenue in Santa Cruz is the St. Stephens Senior Housing project built on excess land at the rear of a church property. As discussed earlier in the Section under Housing on Public Facility Sites, this project demonstrates the feasibility of housing projects on nonvacant PF sites in the County.

*Sites to be rezoned:* Sites to be rezoned to accommodate the RHNA shortfall include both vacant and non-vacant sites and are anticipated to accommodate 1,503 lower-income units (Appendix HE-



E, Table 7). However, the majority of the sites to be rezoned are nonvacant, as most of the developable land in the county has been previously developed. Sites to be rezoned include 15 sites where the property owner has expressed in developing the parcel and has indicated the number of units they would like to develop.

Analysis of each non-vacant site was provided in accordance with the analysis provided for underutilized residential and commercial sites as discussed above.

The County anticipates that a significant portion of the housing needed during the planning period will be constructed as part of mixed-use developments on commercial sites that have been zoned appropriately for mixed-use development. This includes new residential development on commercially zoned sites with active commercial uses, where the use was evaluated and found not to impede new development on the site. As can be seen in Table 4-4.5, the County has a successful track record of mixed-use projects on nonvacant commercial sites, where the existing commercial buildings or non-conforming residences are retained. The County does not therefore anticipate that existing uses will be discontinued on all non-vacant sites during the planning period, but instead anticipates that new residential development can support existing commercial uses on these sites.

*Policies and programs supporting housing development:* As discussed throughout Section 4 of the Housing Element, during the prior planning cycle the County updated the General Plan and County Code with new policies, programs and regulations to support the development of housing, including housing on nonvacant sites. This includes updated development standards in the Sustainability Update that support housing on residential and commercial sites, and new programs and standards to support housing on public facility sites.

Policies in the Housing Element that will support the development of housing include Policy H-1.9, which provides a 50% density bonus for consolidating two or more sites into a new site with a minimum of 1.5 acres, where in support of a multi-family housing project. Several new or existing programs in the Housing Element also provide financial incentives to support and incentivize housing construction, including policies H-4B, H-4D, and H-3.4.

*Findings:* If a housing element relies on nonvacant sites to accommodate 50% or more of its RHNA for lower-income (low, very low and extremely-income) households, the jurisdiction is required to make findings based upon substantial evidence that existing development on nonvacant sites included in the Inventory will not impede the development of housing on these sites, in accordance with Government Code Section 65583.2(g)(2).

Accordingly, the County of Santa Cruz hereby makes the following findings:



WHEREAS, in Santa Cruz County, detailed analysis of nonvacant sites has further demonstrated that certain types of existing uses would not constitute an impediment to residential development during the planning period; and therefore, findings have been made based upon substantial evidence, including an analysis of successful development projects in the county on nonvacant sites, an analysis of development trends, and updated development standards that support development on nonvacant sites, that existing development on nonvacant sites will not impede future development in accordance with the following factors:

- a. For the following categories of sites with sufficient developable area that is not currently developed, consistent with recent development trends in the county, existing uses have been found to not impede residential development and were presumed to remain, with future development occurring on the undeveloped portion of the site:
  - i. Inactive commercial sites with structures that are not currently in use but could be rehabilitated as part of a mixed-use development,
  - ii. Residential sites with existing low-density residential development, and with sufficient developable area that is not currently developed, where new development would occur on undeveloped portions of the site while retaining existing dwellings,
  - iii. Commercial sites with an active commercial use, but with sufficient developable area, such as excess parking, where residential development could be located as part of a mixed-use development,
  - iv. Sites where the property owner has expressed their intention to develop the parcel during the planning period, while retaining existing development on the site.
- b. For the following categories of sites, consistent with recent development trends in the county, existing development is presumed to be discontinued during the planning period and would therefore not impede future development:
  - i. Sites with dilapidated development,
  - ii. Residential sites with minor structures or development, including sites with small sheds and storage units, parking areas, greenhouses, or unused buildings remaining from a prior use on the site,
  - iii. Nonconforming residential uses on commercial sites,
  - iv. Commercial sites with minimal development, or with older development and without an active commercial use,
  - v. Sites where the property owner has expressed their intention to develop the parcel during the planning period and demolish existing structures on the site.



## SITES IDENTIFIED FOR REZONING

To meet the projected shortfall in the RHNA allocation, the County has identified a total of 76 parcels suitable and available to be rezoned to zone districts that allow residential use, with a sufficient number of parcels to be rezoned to accommodate 1,710 lower and moderate-income units, in conformance with Government Code sections 65583(f) and 65583.2(h). This total includes 43 parcels to be rezoned pursuant to SB 10, discussed below. Table 7 of Appendix HE-E identifies a list of parcels suitable to be rezoned, including opportunity sites to be rezoned to accommodate higher-density housing projects. Each rezoned site will be available for development in the planning period where water, sewer, and dry utilities can be provided. Sites zoned and designated for residential use will allow up to 30 units per acre (Urban High Designation) or 45 units per acre (Urban High Flex Designation). Sites zoned for commercial use to accommodate residential units in mixed-use development will allow up to 45 units per acre. In accordance with HCD guidance, sites allowing a minimum of 20 units per acre can accommodate housing affordable to lower-income households.

Program H-1B directs the County to rezone parcels as needed to accommodate the shortfall in the RHNA allocation by December 2026, in accordance with Government Code section 65583.2(i). Additionally, under Program H-1C, a by-right overlay zone will be applied to sites that were identified in the Inventory as sites for lower-income housing in one or more prior cycles, but were not developed, to permit rental and owner-occupied multi-family housing uses by right (ministerially) for developments with 20% or more lower-income units.

### SB10 REZONINGS

January 1, 2022, SB 10 became effective to help alleviate the housing crisis by increasing residential density. SB 10 allows local agencies to adopt an ordinance to allow up to 10 dwelling units on any parcel, at the height specified in the ordinance, if the parcel is located within a transit-rich area or urban infill site, with a finding that the increased density affirmatively furthers fair housing. Up to two ADUs or junior ADUs (JADUs) would be permitted on each parcel, and these would not count toward the 10-unit threshold allowed by the law.

In January 2023, the County of Santa Cruz began the process of rezoning and amending the General Plan Land Use Map for approximately 44 residentially zoned parcels in the urban area of the County to the appropriate zone district and General Plan land use designation that will allow urban multi-family infill of up to 10 units per parcel, pursuant to SB 10. Pursuant to Program H-1b, these rezonings will be completed by December 2024. These rezonings are expected to yield a total net capacity increase of 375 units.

The properties proposed for inclusion in this project all share the following characteristics:

- Approximately 0.4 to 1.0 acres in size;



- Within the County US;
- Within the Census Urbanized Area designated by the Census Bureau;
- Outside the Coastal Zone;
- Outside any SRA High or Very High fire hazard zones;
- Currently zoned for single-family residential (R1), or in several cases for lower-density multi-family residential (RM-4);
- Currently designated for Residential Urban Low or Urban Medium land uses on the current General Plan Land Use Map;
- Vacant or underutilized parcels without obvious, significant barriers to development, such as steep slopes, or mapped sensitive resources or conflicts with existing access or property frontage on site.

The zone districts proposed for each property are consistent with the R-UH General Plan Land Use Designation proposed for each property, which sets the allowable density range of R-UH at 11 to 30 units per acre.

## AFFIRMATIVELY FURTHERING FAIR HOUSING ANALYSIS

Affirmatively furthering fair housing (AFFH) is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs in the county and providing access to opportunity by replacing segregated living patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

The County has incorporated AFFH into the Housing Element, including an assessment of fair housing and development of a site inventory reflective of AFFH, as well as development of goals, policies, and programs to meaningfully address identified fair housing issues.

A comprehensive AFFH analysis was prepared by Root Policy Research and is included as an appendix to this Housing Element (see Appendix HE-A: Fair Housing Report).

The Fair Housing Report provides both the Housing Needs Assessment and Fair Housing Assessment for Santa Cruz County. This analysis primarily utilizes U.S. Census Bureau American Community Survey (ACS) 5-Year Estimate data and California Department of Housing and Community Development (HCD) data, including expanded analysis commissioned by Root Policy



Research (Denver, Colorado) and LandWatch (Salinas, California). Data are provided for the County overall and for unincorporated areas where available, in comparison to the AMBAG region (comprised of Santa Cruz County, Monterey County, and San Benito County).

The AFFH background housing needs assessment data in Appendix HE-A provides the context for the County's 6<sup>th</sup> Cycle Housing Element goals, programs, and policies required to meet the County's share of the Regional Housing Needs Allocation.

Appendix HE-E, Housing Site Inventory, identifies sites suitable and available for residential development to meet the County's regional housing need by income level that is reflective of the County's AFFH Fair Housing Assessment and State HCD Site Inventory Methodology.

For purposes of the Inventory, AFFH means that sites identified in the Inventory to accommodate the lower-income housing needs are not concentrated in low-resourced areas (lack of access to high performing schools, proximity to jobs, location disproportionately exposed to pollution or other health impacts) or areas of segregation and concentrations of poverty. Instead, sites identified to accommodate the lower income RHNA must be distributed throughout the community in a manner that affirmatively furthers fair housing.

In accordance with State HCD site inventory methodology, characteristics evaluated for development of the Inventory included the appropriateness of sites such as the physical features (e.g., size and shape of the site, improvements currently on the site, slope instability or erosion, or environmental and pollution considerations), location (e.g., proximity to and access to infrastructure, transit, job centers, and public or community services), competitiveness for affordable housing funding (e.g., Low Income Housing Tax Credit scoring criteria), and likelihood or interest in development due to access to opportunities such as jobs and high performing schools. As recommended by HCD, for sites included in the Inventory to meet the lower income housing need, the County first identified sites within the USL in high opportunity neighborhoods with access to utilities, and proximity to transit, schools, parks, and community services, excluding sites subject to environmental or resource constraints or hazards. These factors further fair housing and ensure the County's site inventory is more competitive for development financing to ensure housing development meets RHNA in the county.

## CONCLUSION

The vacant and underutilized sites identified in the Inventory (Appendix HE-E), including sites with pending projects, opportunity sites, and PF sites, are sufficient to accommodate approximately 71% of the County's Regional Housing Needs Allocation of 4,634 housing units for the 6<sup>th</sup>-Cycle planning period. The County has also added a 10% buffer, necessary because of the state's no-net-loss policy which precludes jurisdictions from approving development that results in an overall housing site deficit. It essentially provides a degree of flexibility for policy



makers as they make development decisions. The default approach for calculating development density based upon the General Plan minimum density provides an additional buffer.

Using a non-site-specific analysis of the capacity in the county for ADUs, farmworker housing, and single-family dwellings in rural areas, the County can accommodate 848 additional units. Considering both the sites identified in the Inventory as well as additional capacity for other housing types, the County can accommodate 89% of the RHNA allocation, as shown in Table 4.4-3.

In order to meet the County's RHNA requirement plus a 10% buffer, the Housing Element includes Program H-1B to rezone approximately 75 parcels to residential zone districts. With the proposed rezoning, available sites identified in the Inventory, and additional housing capacity through ADUs, rural housing, and farmworker housing, the County can accommodate a total of 6,431 units for the planning period. This exceeds the total RHNA requirement by more than 10% and provides a minimum of a 10% buffer for all income levels.





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## 4.5 ENERGY CONSERVATION

This section summarizes opportunities for energy conservation in the construction of housing in Santa Cruz County.

HCD Requirement: An analysis of opportunities for energy conservation with respect to residential development. Cities and counties are encouraged to include weatherization and energy efficiency improvements as part of publicly subsidized housing rehabilitation projects. This may include energy efficiency measures that encompass the building envelope, its heating and cooling systems, and its electrical system.

### OPPORTUNITIES FOR ENERGY CONSERVATION

Santa Cruz County has been working for decades to promote energy conservation at both the community level and the level of individual structures. The creation of an Urban Services Line, the adoption of local building standards that encourage energy-efficient construction, the development of alternative sources of energy for residences, a Green Building program, and many other projects have been part of this effort over the years. More recently, the County has conducted land use planning studies to develop recommendations for increased efficiency in the land use pattern and increased transportation choices, both of which increase opportunities to reduce energy use. The County has also developed climate action plans to identify specific strategies to reduce greenhouse gas emissions in general and energy consumption in particular. This section of the Housing Element provides information on the newer programs that promote energy conservation and outlines long-standing County policies that continue to be implemented.

### LAND USE - TRANSPORTATION - HOUSING

Land use patterns, availability of transportation choices, and style of residential development are closely related to energy conservation. In 2014, the County completed the Sustainable Santa Cruz County Plan<sup>33</sup> which laid out recommendations for increased efficiency in the land use pattern and increased transportation choices, both of which increase opportunities to reduce energy use. More recently, the County completed the Sustainability Policy and Regulatory Update (Sustainability Update)<sup>34</sup>, which is a comprehensive update to the County's General Plan/Local Coastal Program and modernization of the County Code. The Sustainability Update implements the Sustainable Santa Cruz County Plan with new policies and code regulations that support more sustainable communities in Santa Cruz County that reduce energy consumption, including

<sup>33</sup> Sustainable Santa Cruz County Plan, Santa Cruz County, 2014, available at: <https://www.sccoplanning.com/PlanningHome/SustainabilityPlanning/GeneralPlanTownPlans.aspx>

<sup>34</sup> Sustainability Update, Santa Cruz County, 2022, available at: <https://sustainability-update-sccgis.opendata.arcgis.com/>



energy-efficient buildings, compact communities that reduce vehicle miles traveled and vehicle emissions, and encourage alternative, more energy efficient modes of transportation. Highlights of the Sustainability Update related to energy conservation include:

- New Santa Cruz County Design Guidelines provide design guidance to ensure neighborhood compatibility, and encourage public gathering places, quality open space, and the inclusion of sustainable design features such as rainwater cisterns and solar energy systems.
- New “Residential Flex” zone district supporting compact residential development along key corridors along with updated guidance to facilitate mixed-use projects and support “15-minute neighborhoods” (see the Built Environment Element).
- Updated policies related to energy, water, and material conservation that reduce carbon emissions (see the Built Environment Element).
- New Access + Mobility Element aimed at connecting land uses and accommodating travel by non-motorized vehicles and pedestrians, as well as transit.
- New requirement in Santa Cruz County Code Chapter 13.11 to include trees in all residential developments.
- Layered network approach to roadways supports alternative modes of transportation.

## CLIMATE ACTION

The County also adopted its first Climate Action Strategy in 2013<sup>35</sup> that identifies specific strategies to reduce greenhouse gas (GHG) emissions in general and energy consumption in particular. Santa Cruz County led the way to implement the primary strategy to establish a community choice aggregation (CCA) program on the Central Coast. As a result of the County’s leadership role and significant investment of staff and financial resources, in 2017 Monterey Bay Community Power (MBCP) was founded to provide clean affordable energy to customers in Monterey, San Benito, and Santa Cruz Counties. Since beginning operations in 2018, Central Coast Community Energy (3CE, formerly MBCP) has expanded to San Luis Obispo and Santa Barbara Counties and has enrolled 33 Central Coast communities and now serves more than 430,000 customers – 94% of households and businesses in the region. 3CE is on a path to sourcing 100% clean and renewable energy by 2030 – 15 years ahead of the state goal. In collaboration with regional and statewide partners, 3CE has provided customers with access to more than \$28 million in Energy Program rebates and incentives to electrify the transportation, buildings, and agricultural sectors.

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<sup>35</sup> Climate Action Strategy, County of Santa Cruz, 2013, available at: <http://www.sccoplanning.com/PlanningHome/SustainabilityPlanning/ClimateActionStrategy.aspx>



The County in 2022 adopted an updated Climate Action and Adaptation Plan<sup>36</sup> (CAAP) that provides actionable steps towards reducing greenhouse gas emissions, adapting to climate hazards, and ensuring the safety and well-being of those most vulnerable to climate change. Regarding energy conservation specifically, the CAAP includes strategies for the elimination of fossil fuel use in new and existing housing. Specifically:

- Adoption of an ordinance requiring all -electric construction for new housing units; and
- A commitment to investigate strategies for encouraging or requiring certain electrification retrofits in existing housing units and various incentives and mechanisms to implement such a program for existing housing stock.

Combined with the 100% renewable electrical energy provided by 3CE by 2030, implementation of these strategies would reduce or eliminate GHG emission in new and existing housing. Notably, there is an organization currently working in the County to complete energy efficiency retrofits in low-income housing units. Central Coast Energy Services, Inc. is a not-for-profit organization which provides energy conservation, consumer education and advocacy, home improvement, utility assistance, job training, and other services to people in need.

The CAAP recognizes that providing housing to meet community needs, focusing on infill housing within urban areas, can help to mitigate climate change, by reducing driving times and utilizing existing infrastructure. Policies and programs in the Housing Element will align with this focus on infill housing, also supporting housing and increased density along and near transportation corridors.

## BUILDING CODES

The County has adopted the 2022 California Building Standards Codes, including the California Energy Code with a local amendment to require beginning January 1, 2023, all-electric construction for all newly constructed residential developments, including residential mixed-use projects (residential components), multi-family, single-family and accessory dwelling units located within the Urban Services Line. This requirement, along with the clean energy provided by 3CE, will significantly reduce and eventually eliminate greenhouse gas emissions related to new housing in the county. A good example of this strategy is the Bienestar Plaza mixed use affordable housing project in the mid-county areas which has been designed and constructed as an all-electric development with many energy efficient features, built to achieve a GreenPoint Gold or higher rating. The development has onsite renewable generation from the rooftop photovoltaics that is estimated to produce 75% or more of annual common area electricity use.

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<sup>36</sup> Climate Action and Adaptation Plan, County of Santa Cruz, 2022, available at: <https://www.co.santa-cruz.ca.us/OR3/Resilience/ClimateChange.aspx>



The County has also adopted a local amendment to the California Building Code providing for a streamlined permit process for solar energy systems and electric vehicle charging stations in general, which includes the housing sector. The County has adopted CALGreen, California's green building code. CALGreen includes both mandatory and voluntary measures involving planning and design, energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality in residential and non-residential construction. CALGreen is updated on a three-year cycle to increase sustainable building practices in new construction—and some additions and alterations—in California. The development of CALGreen has been an important step toward more efficient and responsible building design which helped California meet the greenhouse gas reduction goal to reduce emission below 1990 levels by 2020 two years ahead of schedule.

## COUNTY POLICY

By maintaining the Urban Services Line (USL), which was initially adopted in 1978, the County has maintained a distinction between urban and rural areas, directing most residential development within the USL and discouraging rural land divisions. From an energy conservation standpoint, this strategy reduces vehicle miles traveled and helps support development of an efficient public transit system. The proposed areas identified for housing units in this document support this policy by including opportunities for housing near transportation corridors and creating live-work communities in urban areas.

## RELATED HOUSING ELEMENT PROGRAMS

As part of this Housing Element Update, Santa Cruz County will continue to implement the existing programs and policies described above related to energy conservation. This is reflected in the two policies listed here and included in Section 4.2 implementing Goal 5 Promote Energy Conservation and Sustainable Design:

- Require all new housing projects to comply with the California Building Standards Code with local amendments and the new policies and code regulations in the Sustainability Update that support more sustainable communities in Santa Cruz County that reduce energy consumption, including energy-efficient buildings, compact communities that reduce vehicle miles traveled and vehicle emissions, and encourage alternative, more energy efficient modes of transportation.
- Implement the CAAP strategy to investigate strategies for encouraging or requiring certain electrification retrofits in existing housing units and various incentives and mechanisms to implement such a program for existing housing stock.