



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

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July 14, 2015

AGENDA: July 22, 2015

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

SUBJECT: REVIEW OF PROPOSED DRAFT HOUSING ELEMENT, 2016 – 2023

Members of the Planning Commission:

INTRODUCTION

As you know, State law requires the County to update the Housing Element of the General Plan on an established schedule. The current Housing Element 2010-2015 is being updated to cover the period 2016-2023. Three public meetings were hosted by the Housing Advisory Commission (HAC) last March to introduce the Housing Element and to solicit public ideas and concerns at the start of the update process. On April 8, 2015, your Commission held a study session and discussed the content of the update and schedule for preparation. According to the schedule the County should submit a draft of the updated Housing Element to the California Department of Housing and Community Development (HCD) for preliminary review in August. This will accommodate HCD's 60 day review and comment period, with the final Element to be submitted to HCD for certification by the end of the year.

The purpose of today's meeting is for staff to receive comments and suggestions on the draft from your Commission, as well as to collect any additional input from the public. The Housing Advisory Commission and Board of Supervisors will also be reviewing the draft at public meetings before it is submitted to HCD.

DIFFERENCES IN CIRCUMSTANCES AND AREAS OF CONCERN SINCE THE LAST HOUSING ELEMENT WAS CERTIFIED IN 2010

The Economy

In 2015 many factors that affect the need and supply of housing are different than they were in 2010 when the last Element was certified. In 2010 the economy was continuing in the recession that began in 2008 when home values, lending and construction markets collapsed and the overall economy affected housing stability. The median price of single family homes

declined substantially from the high in 2007 until prices began to recover and reverse direction in 2011. Banks were constrained by much tighter lending guidelines, making it challenging for qualified buyers to purchase homes despite the lower prices. The already constrained rental market felt the pressure of limited access to homeownership by newly formed households and households who lost homes to foreclosure and other economic challenges.

In 2015, the economy is improved but not entirely recovered. The number of foreclosures has substantially decreased and lending has become less restrictive. Central concerns at this time are:

- The escalating cost of rental housing;
- The shortage of rental housing stock;
- The lack of diversity in the housing stock overall, which is more than 70% single family dwelling on moderate and larger sized lots; and
- Locating new development where it will contribute to the overall environmental and financial sustainability of the community.

The difficulty is specifically the cost of housing in relationship to local incomes, and the lack of a range of housing types such that residents in different circumstances and household sizes can find homes of suitable size. These two concepts are closely related. These concerns are in addition to the ongoing concern about the exceptional difficulty that special populations have locating and affording adequate housing in the County.

Redevelopment, a major source of funding for affordable housing, was discontinued state wide by legislation passed in 2011. The Redevelopment Agency (RDA) of the County of Santa Cruz was generating about 8 million dollars each year for affordable housing programs and housing projects at the time it was dissolved.

Public Policy

Another significant difference from the last Housing Element is that the County now has the benefit of several documents and technical studies that demonstrate and explain the connections between the availability of housing and the local economy, land use patterns and regulations, and transportation choices. These include:

- “Economic Development Vision and Strategy” and “Economic Vitality Study”, (2014)
- “Sustainable Santa Cruz County Plan” (2014)
- “Update of Affordable Housing Regulations” and Nexus Study, (2014)
- “Economic Trends Report” (2013)
- “Climate Action Strategy” (2013)

For example, the economic vitality studies identified availability of workforce housing as key to the economic success of the County. Recommendations included incentivizing accessory

dwelling units and small rental units, and considering a higher density overlay zoning as a tool to encourage small units. Sustainable Santa Cruz County and the Climate Action Strategy suggested tools to encourage efficient use of land including infill development, compact forms of development, mixed use, and development close to transportation corridors, each of which can positively impact the availability and affordability of workforce housing. These reports and studies, along with the public input that informed them, have focused attention on the policies and programs that can encourage diversity in the housing stock.

Meeting the requirements of the Regional Housing Needs Allocation (RHNA)

Lastly, several members of the public and county commissioners commented that the Housing Element should focus on defining local housing issues and possible solutions, more than on the quantitative requirements of the Regional Housing Needs Allocation (RHNA). In this Housing Element update the County has the opportunity to do that, as the inventory that was prepared for the update documents adequate capacity in vacant and underutilized land to meet the RHNA requirements for 2014-2023. However, since there is no site specific rezoning to 20 units/acre associated with this update, other strategies must be relied upon to demonstrate that capacity. The discussion in the Housing Element can therefore shift from meeting the RHNA requirement for available land, which was difficult to do in previous years, to the practical, local actions the County can take to help alleviate the housing crisis. (This discussion is found in Section 4.7 of the document.)

ORGANIZATION OF THE DOCUMENT

The Housing Element is Chapter 4 of County General Plan. It is prepared according to HCD regulations to include certain required information and is organized into the following sections:

- 4.1 Introduction
- 4.2 Community Profile
- 4.3 Housing Needs
- 4.4 Housing Constraints
- 4.5 Opportunities for Energy Conservation'
- 4.6 Housing Sites Inventory
- 4.7 Quantified Housing Objectives, Goals and Policies
- 4.8 Conclusion

Early Sections lay out the characteristics of the community, both of the people and the housing stock (4.2), and details of the need for affordable housing, especially for special populations, and programs that are available to assist residents to secure affordable housing (4.3). Section 4.6 and the related appendices inventory the available land that could be used to supply different types of housing, and the fact that the supply is adequate to meet the RHNA requirement for this regulatory cycle. The key section, however, is 4.7, which lays out a framework for policies and programs that have the potential to incentivize the type of housing that households can afford and that would be a good match for their needs.

NEXT STEPS

Staff will be bringing this proposed Draft Housing Element to the Board of Supervisors on August 4, 2015. Staff will consider any suggestions and recommendations of your Commission, as well as comments we will receive at the next meeting of the HAC, and will convey that feedback to the Board. After the Board acts, the draft will be submitted to HCD for review, and the CEQA process will begin.

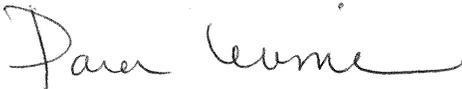
After the State completes its comments staff will further revise the document as needed. Public hearings will then occur before the Housing Advisory Commission and Planning Commission for recommendations to the Board of Supervisors, who will take action on the Final Housing Element Update.

At this time we are on schedule to submit a final Housing Element to HCD for certification before the deadline.

RECOMMENDATION

It is therefore **RECOMMENDED** that your Commission review the draft Housing Element 2016-2023, receive public comment, and provide comments and recommendations for consideration by staff and the Board of Supervisors.

Sincerely,



for: Kathy M. Previsich
Planning Director

Attachments:

Draft Santa Cruz County Housing Element, 2016-2023, available at:

www.sccoplanning.com/PlanningHome/Housing.aspx and on file at the Planning Department