



SANTA CRUZ
COUNTY
GRAND JURY

Grand Jury <grandjury@scgrandjury.org>

Board of Supervisors' Response to 2022-2023 Grand Jury Report--"Housing Our Workers"

Caitlin Smith <Caitlin.Smith@santacruzcounty.us>

Mon, Aug 28, 2023 at 4:18 PM

Good Afternoon,

Please see attached for the Board of Supervisors' response to the findings and recommendations in the 2022-2023 Grand Jury Report, "Housing our Workers—Essential Workers Need Affordable Housing."

Best,

Caitlin C. Smith

County Supervisors' Analyst

Santa Cruz County Board of Supervisors

701 Ocean Street, Room 500

Santa Cruz, CA 95060

831-454-2200 main

831-454-3516 direct

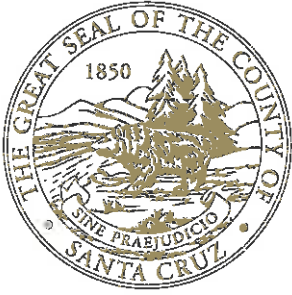
caitlin.smith@santacruzcounty.us

To email all five members of the Board of Supervisors at once,

please use: BoardOfSupervisors@santacruzcounty.us



Board of Supervisors Response--Housing Our Workers.pdf
338K



County of Santa Cruz

BOARD OF SUPERVISORS

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FIFTH DISTRICT

August 25, 2023

The Honorable Syda Cogliati
Santa Cruz Courthouse
701 Ocean Street
Santa Cruz, CA 95060

**RE: Response to the 2022-2023 Grand Jury Report "Housing Our
Workers—Essential Workers Need Affordable Housing"**

Dear Judge Cogliati:

The purpose of this letter is to formally transmit the response of the Santa Cruz County Board of Supervisors to the 2022-2023 Grand Jury Report "Housing Our Workers—Essential Workers Need Affordable Housing."

Sincerely,

ZACH FRIEND, Chair
Board of Supervisors

ZF: cs
Attachment

CC: Clerk of the Board
Santa Cruz County Grand Jury



The 2022–2023 Santa Cruz County Civil Grand Jury
Requires the

Santa Cruz County Board of Supervisors

to Respond by August 31, 2023

to the Findings and Recommendations listed below
which were assigned to them in the report titled

Housing Our Workers

Essential Workers Need Affordable Housing!

Responses are **required** from elected officials, elected agency or department heads, and elected boards, councils, and committees which are investigated by the Grand Jury. You are required to respond and to make your response available to the public by the California Penal Code [\(PC\) §933\(c\)](#).

Your response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Please follow the instructions below when preparing your response.

Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

1. **For the Findings, mark one of the following responses with an “X” and provide the required additional information:**
 - a. **AGREE with the Finding**, or
 - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
 - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.
2. **For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:**
 - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
 - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
 - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.
3. **Please confirm the date on which you approved the assigned responses:**

We approved these responses in a regular public meeting as shown
in our minutes dated August 22, 2023.

4. **When your responses are complete, please email your completed Response Packet as a PDF file attachment to both**

The Honorable Judge Syda Cogliati Syda.Cogliati@santacruzcourt.org and

The Santa Cruz County Grand Jury grandjury@scgrandjury.org.

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

F1. While all city and county planning departments have demonstrated a good understanding of the new State housing laws and the need to facilitate more housing, the failure to do so in a timely manner has served to further decrease the availability of housing and further increase the need and cost of more housing.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

The pace of State law changes related to housing typically does not give the California Department of Housing and Community Development (HCD) adequate time to develop guidance before laws go into effect. It is up to jurisdictions to analyze laws, without the benefit of State guidance, and determine how to incorporate into and balance new laws with other existing local and State code requirements. The County has worked diligently to update policies and codes related to new laws, where necessary, and to issue guidance and application materials for use by the public. Further, implementation of laws is often “clarified” by case law after the fact, requiring further adjustment of materials.

The County’s role is to ensure the availability of appropriately zoned land to ensure capacity for units, and to ensure that policies, regulations, permitting and related procedures do not thwart development, while also complying with the General Plan, local codes, and State laws that regulate housing and protect the environment. Therefore, jurisdictions including the County are dependent upon private-sector, non-profit and for-profit housing developers to build new housing of all types.

There are many other forces that influence housing development volumes and locations, including national and State economic trends, real estate-related market forces, interest rates, costs of construction labor and materials, land costs, disasters, and their resulting impacts on availability of labor and materials, in some cases neighborhood opposition and/or the input of other local regulatory agencies, and the demand for luxury and/or second homes in coastal areas. All of these forces affect the pace and volume of housing development, and therefore the supply and cost of local housing over the decades.

The County has been very proactive in the areas of both Accessory Dwelling Units (ADUs) and Density Bonus law. For ADUs, the County has developed online tools, guidebooks, fee reductions, and a new ADU Technical Assistance program, to encourage the development of ADUs. The County's 2018 density bonus code updates exceeded the State's density bonus law minimum requirements in place at the time and has been implemented with multiple projects since its adoption. In 2019, the County also updated its codes for farmworker housing on agriculturally zoned parcels and updated its codes to allow affordable rental and school employee housing in public facility zone districts to make "workforce housing" more feasible and possible on more acreage within the unincorporated area. However, many factors impact a property owner's ability to develop, including economic conditions, neighborhood opposition, legal challenges to CEQA determinations, etc.

F3. The County of Santa Cruz has identified several sites for higher density housing, identified sites along transportation corridors for housing and changed zoning laws to allow more mixed-use developments, however in the past several years, few low income homes have been built or approved.

AGREE

PARTIALLY DISAGREE

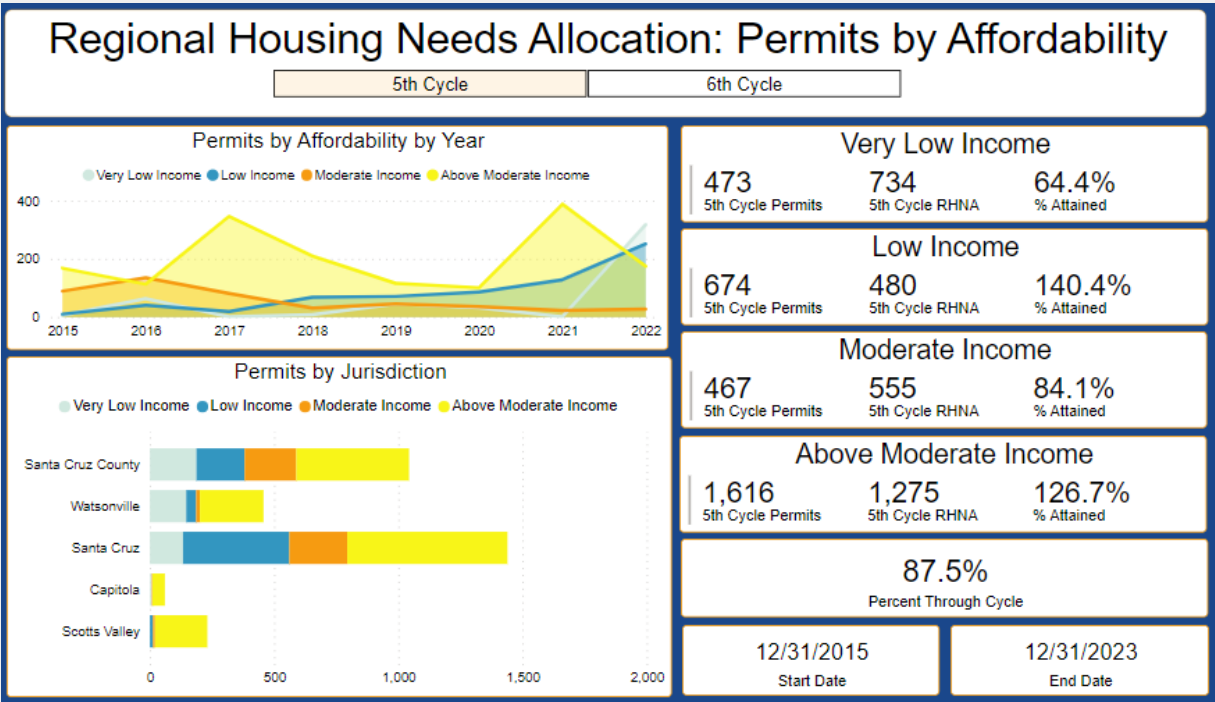
DISAGREE

Response explanation (required for a response other than **Agree**):

The Grand Jury's report does not include the latest 5th Cycle Regional Housing Needs Allocation (RHNA) status submitted to the State in April 2023. The updated status, which added the units permitted in calendar year 2022 to the prior years of this cycle, shows a total of 1,043 units were permitted, or 79% of the County's RHNA assignment. Of those units permitted, 381 were in the low and very low categories, for approximately 72% of the required lower-income units.

In addition, the County has approved additional housing projects that include lower-income units, which either have not yet applied for building permits due to changing economic conditions or are still in the process of preparing their building plans, and/or pulled permits during calendar year 2023, and therefore are not yet included in the prior year's annual reports. Many local housing projects have been delayed and/or been negatively impacted by economic factors related to the multiple disasters affecting the County during the 5th cycle, including the three-year COVID-19 pandemic, 2020 CZU fires, and 2023 atmospheric river storms. The most recent permitting data for all jurisdictions is available through the online State dashboard at: <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard>.

As shown below, on the chart provided on page 11 of that dashboard (filtered to Santa Cruz County jurisdictions), the County permitted more Very Low-Income Units in the 5th cycle (through December 2022) than any of the local cities, and more Low- and Moderate-Income units than any city except the City of Santa Cruz.



To make infill housing development more feasible and more environmentally sustainable, the Board of Supervisors adopted the Sustainability Policy and Regulatory Update (Sustainability Update) in December 2022. This project, comprised of comprehensive General Plan and County Code amendments and rezonings, incorporates many policy and regulatory improvements to encourage the development of more housing on urban infill parcels within the County’s established Urban Services Line, where infrastructure is available or can be made available more efficiently than in rural areas. Changes include establishment of a new high-density zoning district called Residential Flex (22-24 units/acre) and County Code adjustments to urban residential standards, including increased height and story allowances that could make projects more economically feasible, reduced setbacks, and increased allowances for residential square footage in mixed-use development. The rezoning of parcels along Portola Drive, which were included in the project, allow for Urban High Residential development at an increased density range of 11 to 30 dwelling units per acre.

The effect of these policy and mapping changes have yet to be fully realized, as the amendments are currently under consideration at the California Coastal Commission. However, the changes are anticipated to greatly improve the potential for housing units to be built along transportation corridors. The County is optimistic that the Coastal Commission will approve these updates so that much-needed housing can be built for local essential workers and others in need.

F6. Capitola and the County of Santa Cruz need to work together to facilitate significant housing in the mid-county area where a large percentage of jobs are located.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

The Board of Supervisors agrees that housing located near job centers and transportation corridors is key to future sustainable urban development. Coordination among the various local jurisdictions and regional agencies within the county is important to making progress on the housing crisis.

The planning directors meet quarterly, and further informal communications frequently occur. Coordination also occurs in the regular bi-monthly meetings of the Planning Directors Forum hosted by the Association of Monterey Bay Area Governments (AMBAG), as well as in the local Continuum of Care, known as the Housing for Health Partnership, which includes representatives from all local jurisdictions.

In addition to coordination among directors, other planning, and public works staff in various divisions (including housing and development review) are familiar with, and frequently reach out to their colleagues in neighboring jurisdictions when needed to coordinate on developments and other projects that require such cross-jurisdictional coordination, such as those located close to city limits, and regional infrastructure and planning efforts.

Several recent examples of this include the Pippin I (built in 2018) and Pippin II (currently under construction) affordable housing development projects. Each of these projects included one parcel on unincorporated County land and one parcel in the City of Watsonville. Extensive coordination occurred between City and County staff at various stages of their development in order to get these projects funded and completed.

F12. While all local municipalities have voiced support for prioritizing housing for local workers, only some of them have clear local preference guidelines that give some priority to local workers. Without clear guidelines and incentives, new housing is more likely to be purchased by those who do not live and work here.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

Many California jurisdictions including the County that fund affordable housing projects or administer affordable housing programs, such as inclusionary or “below market-rate” programs, provide general preferences to prospective applicants who live and/or work in their locality. State and federal fair housing laws, as well as conditions attached to State and federal subsidies, limit the extent to which these preferences can be very narrowly tailored to provide priority preferences to local workers only, as opposed to those who may live locally but work elsewhere, and/or to those who work versus those who may be retired, unemployed, or unable to work due to disabilities or other reasons. The reasons are that such preferences could create a “disparate impact” on certain protected groups who may be less likely to be in the group receiving the preference, and thus the preference limits their access to fair housing, which would violate the law.

Most local jurisdictions including the County generally provide legally allowable preferences in their local affordable housing projects and programs for those who live or work in the County. This sometimes include priorities for additional special needs groups, such as for those displaced by recent disasters, or for those who are homeless, households with a disability, seniors, homeless families, or other special needs group.

Furthermore, if a project is being built by an employer specifically for its employees, then it does not violate fair housing law to limit those units to the specified group of employees. Examples include housing for farmworkers, or local school districts building housing for their employees. The County’s inclusionary housing program (also known as a below-market rate housing program), established through the 1978 voter initiative called “Measure J”, does generally limit the eligibility to access these affordable housing units entirely to applicants who live or work within the county.

The County owns many parcels throughout the unincorporated area and is actively studying the potential for public-sector employee housing on several of its properties. Employers of various types may also develop housing for their employees on any other types of property they own that allows housing development, which includes residential zones and commercial mixed-use zones (C1, C2, PA, and/or RF).

F13. All municipalities are trying to identify and facilitate the building of housing projects, but most of that is done independently of the other municipalities or with outside partners. Since workforce housing and transportation gridlock is a county-wide problem, all county municipalities need to work more closely together and with property owners to develop housing solutions.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

Please see response to F6. In addition, the County has forged strong partnerships with various non-profit affordable housing developers and other public agencies, including local cities in some cases, and/or the countywide Housing Authority, resulting in the construction of many affordable housing developments over the past 40 or more years. Some of the more recently built projects include Pippin Orchards Phases I and II in the Watsonville area, Aptos Blue and Canterbury Park in Aptos, and St. Stephens, 1520 Capitola Road (Bienestar Plaza), and Rodeo Creek Court in Live Oak. Where possible, the County has pursued partnerships including with local cities. However, housing is inherently a local land use issue and thus makes cross-jurisdictional coordination unfeasible in many cases.

There are several regional agencies, such as the Regional Transportation Commission, that handle regional planning issues including transportation and groundwater. These agencies include representatives from each of the local jurisdictions, and staff of each of the local jurisdictions closely follow and participate in planning efforts of those regional agencies. Other regional entities that many local staff participate in, which help staff keep informed and share information on regional issues affecting housing development and housing needs, include AMBAG, the Monterey Bay Economic Partnership, the Housing for Health Partnership, and Housing Santa Cruz County.

Recommendations

R11. By the end of 2023 the County of Santa Cruz should demonstrate progress towards identifying sites and planning for increased housing along the transportation corridors in mid-county. (F6)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Like all AMBAG jurisdictions, the County of Santa Cruz is developing its 6th Cycle Housing Element, which is due to the State by the end of 2023. As a part of the Housing Element update, the County must analyze its capacity to accommodate the number of housing units dictated by the State under RHNA.

Where the supply of land is deficient, jurisdictions must also identify parcels for rezoning to make up the total number of units (4,634 for the County in the 6th Cycle). Together, the parcels identified for potential housing units are considered the “Housing Inventory.” On June 12, 2023, the County released its draft Housing Element and Housing Inventory for public review, thereby beginning the process of review and adoption of the Housing Element in 2023. The Housing Element (as well as the Built Environment Element of the General Plan) contain policies and programs that give clear preference for locating housing in infill areas within the existing Urban Services Line and along transportation corridors. The location of properties in the Housing Inventory focuses on potential development in these areas as well.

R12. By the end of 2023 the County of Santa Cruz should develop clear, measurable guidelines to ensure that local preference is given to local workers in the construction of low-income housing. (F12)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Please see response to F12 above.

R13. By the end of 2023, the County of Santa Cruz should demonstrate a plan to work with other county municipalities as well as other for profit and non-profit agencies to develop low-income housing for workers in the County, (particularly on properties such as the old drive-in theater acreage which is adjacent to transportation corridors. (F3, F6)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

County staff regularly meet with property owners, interested developers, employers, other public agencies, and non-profit housing providers to provide information on zoning, procedures, regulations, affordable housing programs, and funding opportunities that pertain to new development within the unincorporated areas. This is a typical service and is likely provided in all county jurisdictions as well. As noted in F13, the County also has strong relationships with non-profit affordable housing developers, regional housing, and infrastructure-related agencies, and supports projects with funding when available.

R14. By the end of 2023, the County of Santa Cruz should demonstrate progress in working collaboratively with UCSC to develop housing sites that are affordable for UCSC students and essential workers. (F2)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

To the extent that UCSC has projects within the County’s unincorporated areas requiring the County’s participation through its permitting or land use regulatory roles, the County will work with UCSC as it would any other applicant. For example, there is a proposed 624-bed housing complex being jointly developed by UCSC and Cabrillo College on Cabrillo’s Aptos campus, and the County would be happy to assist those partners through the regulatory process should the proposal move forward.

Given the disparate impacts of the ongoing housing crisis on lower-income families, any future funding the County might have for affordable housing would be applied consistent with the County’s Strategic Plan and equity goals.

R15. By the end of 2023 the County of Santa Cruz should demonstrate that they have reestablished regular meetings of a workgroup or other entity that would allow planners from all 5 county jurisdictions to share ideas on housing development and develop joint projects. (F13)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Planning directors throughout the county meet quarterly to discuss and share ideas on housing and other related issues. Planning staff from the various jurisdictions also collaborate through the regular AMBAG meetings and meetings of other regional bodies, as noted above in the response to F6, F13, and several of the recommendations above.