



HOUSING

SANTA CRUZ COUNTY

October 2021 Newsletter

*Santa Cruz County thrives when all of our community members
have access to safe, stable, affordable homes.*

In this issue:

- City Council Denies 831 Water Street Application
- HSCC Endorses 130 Center Street & Pippin Phase II
- Local Projects Receive Disaster Tax Credits
- Habitat for Humanity Making Progress on Harper Street Project
- County Amends ADU Ordinance
- Santa Cruz City Working on Small Ownership Unit (SOU) Updates
- Empty Home Tax Campaign Moves Forward

Santa Cruz City Council Denies 831 Water Street Application

On Tuesday, October 12, the Santa Cruz City Council voted to deny the 831 Water Street project application. Because the project had a significant amount of affordable housing, the developer was using SB 35 which exempts it from some local approval steps. Under SB 35, jurisdictions have limited ability to deny housing applications if they are in compliance with the jurisdiction's objective standards. City staff recommended approval of the project based on a determination that the developer had met all of the city's objective standards. Council members disagreed with staff's analysis and decided that the project was in violation of the following standards:

- A city law stating that affordable units should be distributed throughout a project and all of the affordable units for the Water Street project are included in one building.
- A regulation that projects cannot be within 20 feet of a 30% slope without permission of the council or city staff.
- A requirement for completed plans for storm water management or drainage.
- A requirement for traffic and noise studies.

The two-building project included a total of 140 housing units. Seventy-one units would have affordable rents to people who earn less than 80% of area median income. The affordable units would include 60 studios, seven one-bedroom and four two-bedroom units. One building would include market rate units and the other would have 100% affordable units.

Density Bonus Law

The state density bonus law allows developers to request three concessions if it reduces costs to allow affordable units. The developer requested a waiver for the requirement to spread affordable units throughout the project so that state affordable housing tax credits could be used to finance the 100% affordable housing building which require a deed restriction on the parcel with the affordable units. Spreading the units across both buildings makes the project ineligible for \$23 million of funding.

Traffic and Noise Study Requirement

City staff did not believe a traffic study was required because the city did not have an objective standard for this type of development and staff thought it would be appropriate for a noise study to be a condition of approval at a later stage of the project.

30% Slope Regulation

City staff did not believe that the project was in violation of the regulation that states projects cannot be within 20 feet of a 30% slope. Staff will review General

Plan maps to see if the site is identified as a slope.

So What's Next?

Under state law, the developer could file a lawsuit against the city to enforce the state law. If the court rules that the Council denied a project that complied with the objective standards or forced the project to reduce density without an adequate proof of health and safety impacts, then the court is required to compel compliance within 60 days and award legal fees to the plaintiff. By October 14th, the city was required to write a letter to the developer with an explanation of the grounds for denial. *Stay tuned for further developments!* HSCC has actively supported this project and will continue to seek its approval and completion.



New HSCC Project Endorsements

130 Center Street - Santa Cruz

HSCC has endorsed the 130 Center Street project which includes a six-story mixed-use building with 233 single room occupancy residential units and two commercial spaces. The project also includes 209 parking stalls, 305 residential bike parking spaces, and 27 public bicycle parking racks. With 35 very low-income units the project will help the City of Santa Cruz address its RHNA allocation, as well as adding 202 market rate units to the housing stock. The project's location is ideally suited for housing UCSC students with its proximity to public transit and smaller units will provide much needed housing for couples, young professionals, and elderly residents who are downsizing. [Click here to keep up with HSCC updates on this project.](#)

Late breaking news: The City Planning Commission approved this project!

Pippin Phase II - Watsonville

Pippin Phase II is the proposed new construction of multi-family rental apartments located at [78 Atkinson Lane](#) and Brewington Avenue in Watsonville. The site consists of two contiguous parcels, one parcel is within the city limits of Watsonville and the other parcel is in unincorporated Santa Cruz County. The 80 unit project would include one manager's unit and one, two, and three bedroom flats in 3 residential buildings in three-story walk-up wood frame buildings serving households earning between 30%-60% Area Median Income (AMI). The proposed unit mix includes 24 one-bedroom, 32 two-bedroom and 24 three-bedroom homes. Of the 80 homes, 39 will be for farmworkers and their families, and 12 for individuals with intellectual and developmental disabilities. [Click here to keep up with HSCC updates on this project.](#)



Local Projects Awarded Disaster Tax Credits

The California Tax Credit Allocation Committee (TCAC) facilitates the investment of private capital into the development of affordable rental housing for low-income Californians. TCAC allocates federal and state tax credits to the developers of these projects. In 2020, TCAC received an increase in federal tax credits for multi-family housing projects in counties devastated by wildfires. Because Santa Cruz lost over 900 housing units in the CZU Lightning Complex fires, a disaster tax credit allocation of over \$12 million was awarded to build scores of deed-restricted affordable housing units in Santa Cruz County.

Local Project Disaster Tax Credit Allocations

- **1482 Freedom, Watsonville - \$1,840,283**
- **1500 Capitola Road, Live Oak - \$2,298,474**
- **Miles Lane, Watsonville - \$3,154,168**
- **Pippin Phase II, Watsonville - \$3,796,670**

The tax credit award will provide a total of 262 housing units for Santa Cruz County. TCAC requires a period of at least 55 years that is recorded against the property. These developments will break ground in 2022.

Habitat for Humanity Making Progress On Harper Street Project

Located at [2340 Harper Street](#) in Santa Cruz's Live Oak neighborhood, Rodeo Creek Court features 11 single family homes on a one and a half acre site that is being developed as a residential infill project for affordable housing. Funding for the project is a combination of construction loans, grants from local and state government, individual donations, corporate home sponsors, ReStore proceeds, grants from private foundations, and grants from local and state governments. In August 2020, Habitat broke ground on the project, and as of August 2021, two families have become homeowners. Currently, two homes are under construction, and are anticipated to be completed in early 2022. All homes will be complete by June 2023.

The homes are designed as semi-detached units with clustered parking in the center of the development, and a community garden and children's play area in the rear, which borders a greenbelt riparian area. Applications for homeownership are currently being accepted for six units, which are mostly 3-bedrooms. More information can be found at www.habitatmontereybay.org

County Amends ADU Ordinance

At its October 5th meeting, the Board of Supervisors held a public hearing on amendments to the county's ADU (accessory dwelling unit) ordinance. The proposed changes would bring county code into compliance with the January 2020 California Department of Housing and Community Development ADU Handbook and resolve points of confusion in existing ADU regulations. The changes considered and approved by the Board included the following:

- **Owner Occupancy:** There was consideration to remove this requirement but the condition will remain with the concept of "owner" expanded to include relatives of the property owner and not allowing the possibility of no local owner on the property.
- **Design Standards:** Language was added to establish a design review process to ensure neighborhood compatibility with a "menu" approach to

allow some design flexibility.

- **Conversion ADUs:** Clarifying language was added to allow demolition of existing structure and rebuild within the same building envelope with up to a maximum of 150 square feet of extra space.. (Over 150 square feet would be considered new construction and subject to setback requirements and other development standards.)

The changes were approved with a majority vote by the Board. Supervisor Koenig cast the one dissenting vote.



Santa Cruz City Updating "Small Ownership Unit" rules

In response to direction in the Housing Blueprint Subcommittee report, the Advance Planning Division of the City Planning Department is working on updating the Small Ownership Unit type (SOU) to be more flexible and provide more "small unit" housing for students, single people, and the elderly.

Staff is considering changing the SOU unit type to Flexible Density Units (FDU) which would be similar but less restrictive and would help increase the number of small units in the City's housing stock. In 2007, the City created SOUs as for-sale housing units between 400 and 650 square feet but they can only be built in some commercial zone districts and developments with SOUs cannot include any other housing type. The City also has Single Room Occupancy (SRO) units that can be as small as 120 square feet with shared kitchen and bathrooms and they cannot be larger than 400 square feet.

City staff have researched regulations for smaller units in other jurisdictions and consulted with developers lenders, and community members. Key changes being considered include:

- Amending SOU code to allow units to be either sold or rented;
- Renaming SOU units to "Flexible Density Units (FDU)" since ownership would no longer be required;
- Allowing FDUs to be built in a development project that also includes larger apartments or condos;
- Adding some clarifying amendments to existing SRO standards, and otherwise retaining the SRO standards in their current form.

Currently efforts are underway to obtain feedback from the community. Any changes to the Municipal Code and regulations for housing would require approval by the City Council.

Empty Home Tax Campaign Moves Forward

On Saturday, October 23rd, the community group, Yes on the Empty Home Tax, officially launched its campaign to collect signatures to qualify for the November 2022 ballot. Revenue from the tax would be dedicated to a fund for the development of affordable housing in the City of Santa Cruz.

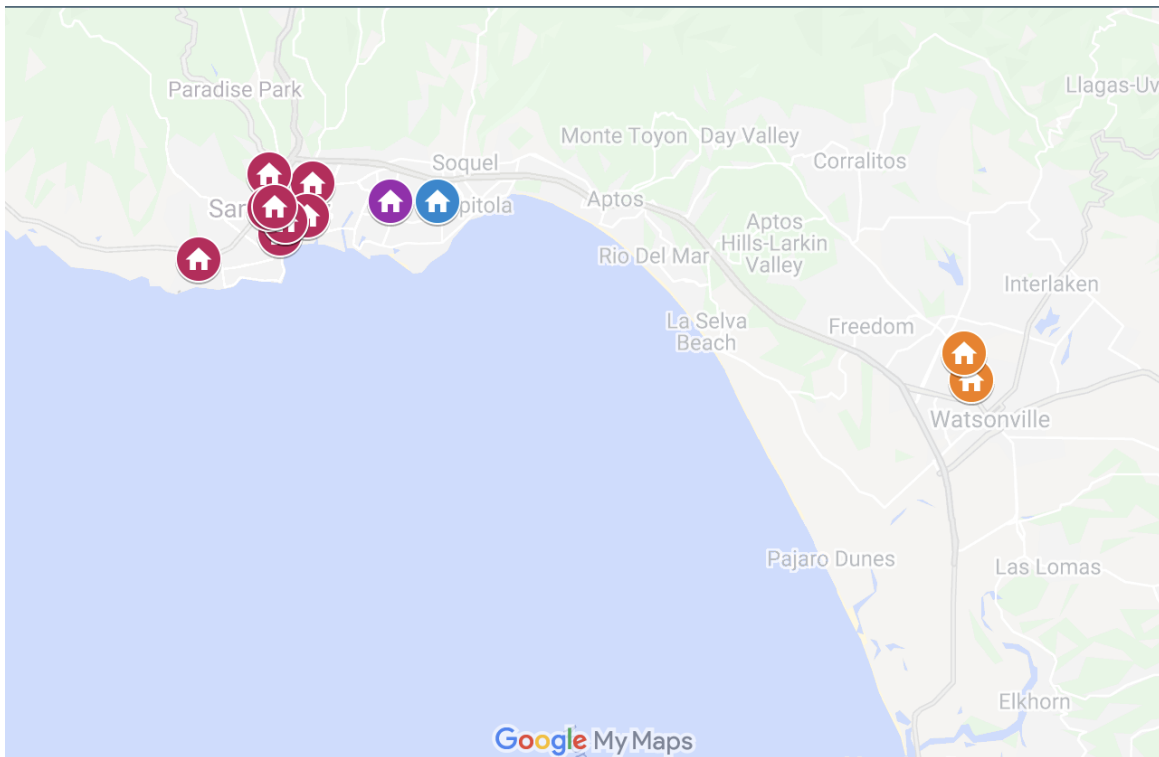
The proposed tax defines an empty home as a place of residence that is not occupied either by the owner or a renter for a minimum of 120 days a year. Parcels with six or less units will pay a \$6000 fee if all units on the parcel are empty. If a parcel has seven units or more, each empty unit would be taxed separately at \$3000 per empty unit.

The group submitted the necessary paperwork to begin the petitioning process and the City delivered the title and summary on October 22nd. This started the clock for the group to obtain 3,848 signatures within the next 180 days. If enough signatures are obtained to qualify for the November 2022 ballot, the tax could be passed with a simple majority vote. For more information, check out the [Empty Home Tax website](#). The campaign has just submitted a request for HSCC endorsement, which will be considered by our board in the next couple of weeks.



Tracking Affordable Housing Projects

Remember to check out [the affordable housing project tracker](#) on HSCC's website, featuring a color coded and interactive map of Santa Cruz County, as well as more detailed project pages which we will use to include updates and resources related to the various projects. We are making an effort to track all the affordable housing projects “in the pipeline” in the five local government jurisdictions of our county. Real projects are being worked on every day, and we invite you to follow along and be part of our advocacy. Please feel free to fill out [our endorsement request form](#) if you know of a project that should be included.



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*Our community thrives when all community members
have access to safe, stable, affordable homes.*

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- \$500 Sustainer
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- \$5,000 Sponsor
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- \$25 - Limited Income
- \$100 - Friend
- \$250 - Supporter
- \$500 - Advocate
- \$1,000 - Champion

Visit www.housingsantacruzcounty.com/join-us to securely submit your donation or mail check to Housing Santa Cruz County, 132 Van Ness Avenue, Santa Cruz, CA 95060.

All donations are tax deductible.

Contact Us: admin@housingsantacruzcounty.com

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