

This chapter discusses the characteristics of residents, summarizes housing opportunities available to residents, and outlines Scotts Valley’s housing needs. Programs to address these needs are set forth in Chapter 5.

A. Population Characteristics

Population characteristics affect the housing need in a community. These include population growth, the age and race/ethnicity of residents, household type, employment and income.. This section details trends in population characteristics that affect housing need in Scotts Valley.

1. Population Trends

Incorporated in 1966, Scotts Valley has grown from a small town of 3,621 persons in 1970 to a community of 11,565 persons in 2005. As shown in **Chart 2-1**, Scotts Valley has had the fastest rate of population growth countywide. Over the next decade, the Association of Monterey Bay Area Governments (AMBAG) forecasts that population in Scotts Valley overall will increase to 11,923 by 2010. A similar growth is projected for Santa Cruz and Watsonville, while Capitola is projected to experience modest growth.

Chart 2-1 Population Growth in Santa Cruz County					
Jurisdictions	Population Growth				
	1970	1980	1990	2000	2005
Scotts Valley	3,621	6,891	8,615	11,385	11,565
Capitola	5,080	9,095	10,171	10,033	9,918
Watsonville	14,719	23,662	31,099	44,265	49,571
Santa Cruz	32,076	41,483	49,040	54,593	56,421
Unincorporated	65,386	107,010	130,809	135,326	132,617
Santa Cruz County	120,882	188,141	229,734	255,602	260,092
Source: U.S. Census, 1970-2000; AMBAG,2008					

2. Age Characteristics

Scotts Valley's housing needs are determined in part by age characteristics of residents in that each group often has a different lifestyle, family type, income level, and housing preference. As people move through each stage of life, housing needs change. **Chart 2-2** and the following text highlight the most significant age changes and influence upon housing needs in Scotts Valley.

According to the 2000 Census which represents the latest census information available, young adults ages 25 to 44 are the largest segment in the community, comprising 30% of residents. Generally, younger adults occupy rental units, condominiums, or smaller single-family homes that are more affordable in price. However, given the high home prices in Scotts Valley, housing options for young adults are likely to be limited to the rental market. The increase in young adults and families has also resulted in a corresponding 54% increase in the number of school-age children.

The second largest group, middle age adults ages 45 to 64, comprises 23% of the City's population. Since 1990, middle age adults have increased by 66% due in part to the aging of persons in the 35 to 45 age group in Scotts Valley and an influx of persons who commute to Santa Clara County. This trend, evident countywide, is attributable to the baby boom generation. Unlike other age groups, middle-age residents are at the peak of their earning power, seeking larger homes, and are more likely to be homeowners.

Countywide trends show that the percentage of seniors ages 65 and older declined; however, the senior population in Scotts Valley increased 24% over the 1990s. Typically, seniors live in single-family homes, but may begin to consider trading down their larger homes for smaller dwellings that are more easily maintained after children leave home. In Scotts Valley, many seniors also live in the several mobile home parks in the community.

Chart 2-2
Age Characteristics and Trends

Age Group	1990		2000		% Change in Number
	Persons	Percent	Persons	Percent	
Children (0-18)	2,007	23%	2,939	26%	46%
College Age (18-24)	755	9%	800	7%	6%
Young Adults (25-44)	2,993	35%	3,436	30%	15%
Middle Aged (45-64)	1,592	18%	2,637	23%	66%
Senior Adults (65+)	1,268	15%	1,573	14%	24%
Total	8,615	100%	11,385	100%	32%
Median Age	35.9 years		38.3 years		

Source: 1990 and 2000 Census

3. Race and Ethnicity

During the 1990s, the demographic composition of Santa Cruz County gradually changed. Countywide, Hispanics, Asians, and African-Americans increased to approximately one-third (34%) of all residents. Scotts Valley experienced similar race/ethnic change during the 1990s, yet to a lesser degree. Shown in **Chart 2-3**, whites comprised the largest race/ethnic group in Scotts Valley, yet this group's representation declined by six percentage points over the decade due to substantial growth by other groups.

Change in minority representation, while slight, showed in two aspects. Hispanics and Asians recorded the largest increase in population, increasing by approximately 300 residents each. More noticeable was the increase in the number of residents in the "All Other Category." Unlike prior efforts, the 2000 Census allowed respondents to record themselves with multi-ethnic backgrounds. Still, Scotts Valley had a significantly smaller proportion of minorities than elsewhere in Santa Cruz County.

Chart 2-3
Trends in Race and Ethnicity

Race/ Ethnicity	1990		2000	
	Persons	Percent	Persons	Percent
White	7,881	91.5%	9,694	85.1%
Hispanic	421	4.9%	729	6.4%
Asian/Pacific Islander	238	2.8%	536	4.7%
African-American	40	<1%	48	0.4%
All Others	35	<1%	378	3.3%
Total	8,615	100%	11,385	100%

Source: 1990 and 2000 Census

According to the 2004 Comprehensive Housing Affordability Strategy (based upon the 2000 Census), homeownership levels vary by race and ethnicity. Among whites, 76% of households own their own home. Homeownership rates dip slightly for people of other race and ethnic groups. For instance, approximately 71% of African Americans own a home, followed by Asians/Pacific Islanders (70%), and Hispanics (68%). All Native Americans (8 households) own their homes. Differences observed in homeownership rates are due in part to the average income level of residents.

What is a household?

The Census Bureau defines three basic types of households: household, family, and nonfamily.

Household: Defined as all members living in the same home regardless of relationship.

Family household: Refers to persons living in the same home related by blood, marriage, or adoption.

Nonfamily households: defined as households consisting of unrelated individuals living together.

4. Household Type

Household composition affects housing needs within Scotts Valley. For instance, younger adults entering the labor market often look for smaller and more affordable housing, which is difficult to find in Scotts Valley. In contrast, families and middle age adults often look for larger housing that can comfortably accommodate children. Although many seniors live in single-family homes, they may consider smaller homes that are easily maintained.

In 2000, Scotts Valley had 4,273 households. Of that total, families comprised 69% and non-families the remaining 31%. As shown in **Chart 2-4**, married families with children increased the fastest among all households, followed by other families, resulting in a slight increase in the average household size. Still, Scotts Valley had a smaller average household size of only 2.5 persons.

In addition to conventional housing, Scotts Valley has approximately 4% of its population living in group quarters. A total of 452 residents live in group quarters and are not counted as households per se. This population is comprised of a large senior congregate housing facility and additional residential care facility providing approximately 200 to 250 beds, and Bethany College dorms accommodating approximately 225 students.

Chart 2-4
Household Characteristics

Household Type	1990		2000		% Change in Number
	Number	Percent	Number	Percent	
Total Households	3,342	100%	4,273	100%	28%
Family Households					
Married With Children	865	26%	1,244	29%	44%
Married No Children	1,077	32%	1,249	29%	16%
Other Families	333	10%	475	11%	43%
Non-Family Households					
Single Person	822	25%	1,001	23%	22%
Other Non-Families	245	7%	304	7%	24%
Average Household Size	2.48		2.56		3%

Source: 1990 and 2000 Census

B. Economic Characteristics



Located in northern Santa Cruz County, Scotts Valley developed in part as a bedroom community of Silicon Valley, and many major employers have relocated to the community and provided higher paying jobs to residents. Transitions in the Silicon Valley and technology industries, however, will continue to affect the firms relocating to the city and the income of residents.

1. Employment Market

According to the 2000 Census, 5,690 Scotts Valley residents were in the labor force (66% of the eligible population), with a 2.6% unemployment rate. This is significantly lower than the 6.0% unemployment rate countywide. According to 1999 Economic Census, Scotts Valley had 512 retail, professional, scientific, technical, and manufacturing firms representing half the entire business base and employing 3,500 people. **Chart 2-5** shows the largest employers in Scotts Valley.

Silicon Valley has grown to 1.5 million jobs over the past 50 years. The 1950-1960s saw expansion into the defense-related industries. This was followed by an expansion into integrated circuits from the 1960-1980s. Application of these technologies led to the personal computer industry, which dominated the 1980- to mid-1990s, and the internet industries of the 1990s. Scotts Valley's employment base has followed these patterns since early 1970s.

According to 2002 Projections, over 230,000 jobs were created in the Silicon Valley during the late 1990s, mostly in the internet and high technology sector. However, since 2000, as the region lost 92,000 of those jobs due to regional, national and global factors, changes occurred in Scotts Valley. For

instance, the Borland complex is now occupied by start-up firms with 10 to 25 people. Along with this trend, more than 500,000 square feet of commercial office space is currently vacant.

Chart 2-5
Top Employers in Scotts Valley

Major Employers	No. of Employees
Seagate Technology	880
Threshold Enterprises	548
Aviza	259
Central Coast Alliance for Health	146
Embarcardero Technology	111

Source: City of Scotts Valley Business License 2008

The City's objective is to balance the requirements of providing a fair share of affordable housing and mix of different housing types (apartments, condominiums, townhouses) in the region, while not exceeding the capacity of the City's infrastructure. Between 1998 and 2004, the number of jobs gradually declined from 6,355 to 5,399 jobs, while the number of housing units increased from 4,121 to 4,565. The job to housing ratio has thus

declined from 1.54 in 1998 to 1.18 in 2004. This means that the number of jobs is declining in relation to the number of housing units in the City. The Association of Monterey Bay Area Governments (AMBAG) considers that 1.50 is an appropriate balance between jobs and housing.

2. Occupational Profile

Scotts Valley's higher median household income is reflective of the type of occupations held by residents. As shown in **Chart 2-6**, three of every four residents in the workforce held managerial and professional positions or sales/technical/ administrative occupations. Of particular note, 53% of City's residents in the workforce held managerial and professional jobs. While the 2000 Census does not estimate household income associated with different jobs, regional estimates can be derived from the National Compensation Survey. More than half of all jobs held by Scotts Valley residents earn salaries ranging from \$70,000 to \$80,000, on average. However, because many households have multiple wage earners, the income for many householders is likely to be significantly higher.

Chart 2-6
Occupations of Scotts Valley Residents

Occupational Category	Jobs		2000 Mean Salary
	Persons	Percent	
Managerial Positions	1,321	24%	\$82,000
Professional and related	1,628	29%	\$71,100
Sales and office	1,378	25%	\$35,700
Service Occupations	554	10%	\$22,400- \$43,800
Production, transportation, etc	279	5%	
Construction, extraction/maint.	352	6%	
Farming, Forestry, Fishing	29	1%	\$18,500
Total	5,541	100%	

Source: 2000 Census.

National Compensation Survey, Bureau of Labor Statistics

3. Household Income

Many City residents work in manufacturing, technology, and other high-paying industries. As a result, Scotts Valley households earn the highest median household income (\$72,000) compared to any other community in Santa Cruz County. Furthermore, from 1990 to 2000, Scotts Valley's median household income also rose faster than all other cities in the county. **Chart 2-7** shows the change in median household income for all cities.

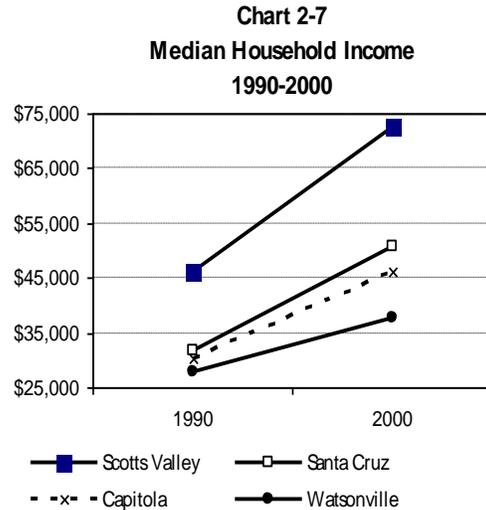


Chart 2-8 details the reason for this change. While the number of households in income groups below \$100,000 declined or remained the same, those earning more than \$100,000 increased in number by 1,189 households. Households earning between \$100,000 and \$150,000 increased 261%, while the number of households earning more than \$150,000 increased by 570%. While part of this change is presumably due to inflation, the primary reason is that many of Scotts Valley residents work in increasingly higher paying jobs.

Chart 2-8
Household Income Trends

Income Category	No. of Households		Change in Number	% Change in Number
	1990	2000		
< \$25,000	839	551	-288	-34%
\$25,000 to \$34,999	384	426	+42	11%
\$35,000 to \$49,999	641	510	-131	-20%
\$50,000 to \$74,999	705	708	+3	--
\$75,000 to \$99,999	490	547	+57	12%
\$100,000 to \$150,000	263	951	+688	261%
More than \$150,000	88	589	+501	570%
Total	3,410	4,282	---	---

Source: 1990 and 2000 Census

Median household income varies depending upon household characteristics. According to the 2000 Census, married couple families earned a median income of \$101,297 – more than double than that earned by other families and single-persons. Part of the reason is that two-thirds of all married families have two or more workers (2000 Census). Household income is highest during working years, with householders between the ages of 25 and 64 earning a median income ranging from \$81,000 to \$101,000. In contrast, seniors and single-persons earned a median income in the mid \$30,000s.

Households are often grouped into different income categories and types to facilitate assessment of needs and prioritizing assistance for housing. For state housing programs and for the Regional Housing Needs Assessment Plan discussed later, households are grouped into four income categories, expressed relative to the Area Median Income (AMI). The following income thresholds issued by HCD in 1999 were used to calculate the income distribution of households living in Scotts Valley for the 2000 Census.

- Very Low income: 0-50% of AMI or up to \$30,500
- Low income: 51-80% of AMI or up to \$47,800
- Moderate income: 81-120% of AMI or up to \$61,000
- Upper income: Above 120% or over \$73,200

As shown below in **Chart 2-9**, 52% of all renters earn low incomes compared to 29% of all homeowners. This finding is expected given the high cost of housing in Scotts Valley. Approximately 23% of renters earn moderate incomes versus 18% of homeowners. As expected for those owning homes, 53% of homeowners versus 25% of renters earn above-moderate incomes.

Chart 2-9
Household Income Distribution

Income Category	Household Characteristics		
	Total	Renters	Homeowners
Median Income	\$72,500	\$43,000	\$90,500
Very Low	702 (14%)	330 (25%)	372 (10%)
Low	1,059 (21%)	356 (27%)	703 (19%)
Moderate	973 (19%)	302 (23%)	671 (18%)
Above-Mod	2,304 (46%)	323 (25%)	1,980 (53%)
Total	5,038 (100%)	1,312 (100%)	3,726 (100%)

Source: 2000 Census

Notation:

HCD income limits for the same timeframe in which household income was sampled for the 2000 Census was used to interpolate income categories.

What are special housing needs?

California housing law considers certain households as having special needs due to income, household size, disability, or employment status that affect their ability to find suitable housing.

C. Special Needs Groups

Scotts Valley, like many communities, is home to a range of residents with special needs that affect their ability to afford or find suitable housing. State law defines special needs households to include seniors, people with disabilities, female headed households, large households, homeless people, and farmworkers. Though state law does not mention them, the City also has a number of college students and forestry workers who may have additional difficulties securing housing in Scotts Valley.

This section provides a discussion of the special needs facing each group, as well as the major programs and services available to address their housing and supportive service needs. **Chart 2-10** summarizes changes in the number and relative proportion of special needs groups residing in the community. The City has set up a special commission to deal with ADA issues related not only to public improvements and facilities but regarding the construction of units which will provide accessibility.

**Chart 2-10
Special Needs Groups**

1.

Special Needs Group	1990		2000	
	Number	Percent	Number	Percent
Senior Households (65+)	898	27%	965	23%
Disabled Persons (16-64)	N.A.	N.A.	1,251	11%
Female Headed Households	852	26%	1,434	34%
Single Parent w/children	224	7%	311	7%
Large Households (5+ persons)	269	8%	374	9%
College Students	906	11%	1,095	10%
Homeless Persons	N.A.	N.A.	25	<1%
Farm Workers	59	<1%	32	<1%

Source: 1990 and 2000 Census

Senior Households

Senior households are considered a special needs group because their limited income, health costs, and higher prevalence of disabilities make it more difficult to afford suitable housing. For Housing Element purposes, a senior householder is defined as one who is 65 years and older. According to the 2000 Census, the number of seniors increased 24% in the last ten years. Of the 965 households headed by a senior, 742 were owners.

Seniors have special needs related to their disabilities, limited income, and resulting housing cost burden. For instance, a high proportion of seniors have a self-care or mobility limitation, which makes it difficult to go outside the home alone or take care of one's personal needs. Seniors typically earn very low income; the mean social security income was \$10,600 while the mean retirement income was \$19,200 in 2000. This restricts the ability of

seniors to afford other necessities of life, in particular medical care and suitable housing.

While many seniors live in conventional single-family housing, more than 750 mobile homes provide lower-cost rental and ownership housing. Apartments also provide rental housing for seniors and, for those earning very low income, the Housing Authority provides rental subsidies to seniors. For more specialized care, the City also is home to a large congregate facility providing a more supportive living environment for senior adults. Of the 200 units in this complex, 10% have been restricted to low-income households.

2. Disabled Persons

Disabled persons have special housing needs because of their fixed income, the limited numbers of accessible and affordable housing, and the medical costs of their disability. According to ADA, a disabled person has a physical or mental impairment that substantially limits one or more major life activities. However, few accurate statistics are available on disabilities. According to the Census, Scotts Valley has approximately 1,250 residents with a disability, not counting those living in convalescent homes.

Many persons with disabilities live in an independent fashion in conventional housing or with other family members in their homes. To maintain independent living, disabled persons may need special assistance. Central Coast Center for Independent Living in Capitola provides advocacy, workshops, disability awareness training, peer support, housing assistance, and independent living training. Disabled persons can also benefit from special housing design features, income support for those unable to work, and in-home supportive services for persons with medical conditions.

For disabled persons requiring a supportive environment, residential care facilities provide another option. Scotts Valley allows State-authorized, certified or licensed family day care homes, foster homes, or group homes serving six or fewer disabled persons in the community. Scotts Valley currently has two such facilities providing approximately 250 beds for the elderly and disabled community. As noted above, the Oak Tree Apartments reserves 10% of their units as affordable to lower-income households.

3. Families with Children

Given the escalation of prices and rents for housing in Scotts Valley in recent years, families have a greater difficulty in affording suitable housing. Two groups of families are defined as special needs groups by the State of California. Large households with five or more members comprise a special need group because of their need for larger units, which are often in limited supply. Female-headed households, comprised largely of single-parents with children, also have a greater need of child care and affordable housing.

Large families have difficulty finding housing, particularly rental housing. To save on living expenses, lower-income large households often reside in

small or too-expensive units, resulting in overcrowding and overpayment. According to the 2000 Census, Scotts Valley is home to 374 large households, of which 72 (20%) are renters. The City of Scotts Valley has a significant stock of large homes for families and affordable projects (e.g., Emerald Hill), but fewer market rate larger apartments that are affordable.

According to the 2000 Census, Scotts Valley has 1,434 female headed family households or 33% of all households and 311 single-parent families. In 1999, female headed households earned a median income of \$40,100 and single-parents females with children earned a median income of \$33,500 – approximately half the median income of all families in Scotts Valley. Given that single-parents spend 12% to 25% of income on childcare, many also have less disposable income for housing and other basic necessities.

4. College Students

College students have special housing needs due to limited income. Many students who attend community college on a part time basis have full-time jobs, while full-time students often work less. In the latter case, students often earn low incomes, pay more than half their income for housing, and/or may not afford rents. According to the 1990 Census, about 900 persons or 27% of Scotts Valley residents attended college.

Scotts Valley is located near several colleges; University of California at Santa Cruz has 14,000 students and Cabrillo College has 15,000 students. Although UCSC provides a substantial number of student units, UCSC has had to contract with several motels to address the high demand for housing. Locally, The City of Scotts Valley is home to Bethany College, a liberal arts college of 500 students. The College provides 300 students with on-campus housing. The demand for student housing is anticipated to increase – the “Bethany 2012” vision calls for increasing enrollment by 1,700 students by 2012.

5. Farming, Forestry, and Fishing Jobs

Scotts Valley’s location in the Santa Cruz Mountains and nearby agricultural setting means that some will work in the farming, forestry, and mining industries. According to the 2000 Census, 32 Scotts Valley residents were employed in farming, forestry, fishing, and mining industry. In Scotts Valley, these jobs are primarily attributable to mining and forestry work. Forestry workers are employed by the Department of Forestry/Fire Protection.

Contrary to popular opinion, forestry jobs pay some of the lowest incomes. This is because the forestry industry hires part-time workers. The federal government sets wages that are not adequately adjusted for regional and local differences in the cost-of-living. According to the Employment Development Department, the mean wage for farming and forestry industry ranges from \$16,000 for farm workers to approximately \$21,000 for forestry workers. Thus, forestry workers are often in need of subsidized or affordable housing.

6. Homeless Persons

Santa Cruz County estimates that 3,293 people are homeless countywide of which 174 live in Scotts Valley. Upon closer review of this survey, however, this survey overestimated homelessness in Scotts Valley, because it was based in part on vehicle counts as well as the homeless count included in census tracts that extended well outside the City's boundaries and near Santa Cruz's homeless shelter. In contrast, the Police Department has estimated the actual number of homeless people to range from 10 to 25 at any one time and this was verified in February 2009 when the City participated in a county wide homeless count.

Given the few homeless in Scotts Valley and the extensive service center in Santa Cruz, there has been no demand for duplicate sites in Scotts Valley. Should demand for shelters and transitional housing arise, the City permits emergency shelters in the C-S and C-SC zones. The City has amended the Zoning Code to permit transitional housing in the I zoning district. The City does not have either type of facility but does have one residential treatment facility for persons recovering from substance abuse.

In North County, Valley Churches United Mission provides emergency food services. The Homeless Garden Project provides job-training. The Homeless Community Resource Center offers free meals, bathing, laundry, mail, phone facilities, referrals, and job counseling. The Shelter Project provides motel vouchers to homeless persons and provides emergency short-term rent assistance for persons at risk of eviction. New Horizons School also provides elementary education and supportive services for homeless children.

D. Housing Characteristics



Housing characteristics also determine how the housing stock fits the needs of residents. This section analyzes housing characteristics, including the type of housing units available, the ownership and vacancy rates, age and condition, and the price and affordability of housing.

1. Housing Types

According to the 2000 Census, Scotts Valley had 4,477 housing units, representing a growth of 92 units annually since 1990. As shown below, the

majority of units in Scotts Valley are single-family detached homes, which increased in number and proportion from 59% in 1990 to 64% of the housing stock by 2000. Multi-family units also increased in number and remained at approximately 18% of the City's housing stock. Mobile homes continue to provide a relatively larger proportion of the City's housing at 17%. **Chart 2-11** provides a summary of key housing characteristics in Scotts Valley.

**Chart 2-11
Housing Unit Characteristics**

Housing Type	1990		2000	
	Number	Percent	Number	Percent
Single-Family-Detached	1,764	50%	2,457	55%
Single-Family-Attached	327	9%	408	9%
Multi-Family (2 – 4 units)	363	10%	376	9%
Multi-family (5 or more)	279	8%	422	9%
Mobilehomes/other	823	22%	814	17%
Total	3,556	100%	4,477	100%
Rental Vacancy Rate		7.6%		3.4%
For-Sale Vacancy Rate		3.1%		0.7%

Source: 1990 and 2000 Census

2. Housing Tenure and Vacancies

Over the 1990s, the tenure distribution of housing remained stable. Scotts Valley had 4,307 occupied units, comprised of 3,229 owner and 1,078 renter households. Scotts Valley also has a high homeownership rate of 75%, which is well above the county average of 47%. Perhaps another important indicator is that housing vacancy rates, which declined over the decade as well. Vacancy rates in the city are low, at 3.4% for rentals and 0.7% for homeowners – well below industry standards for an optimal housing market. **Chart 2-12** provides key housing characteristics in Scotts Valley.

Chart 2-12
Housing Tenure and Vacancy

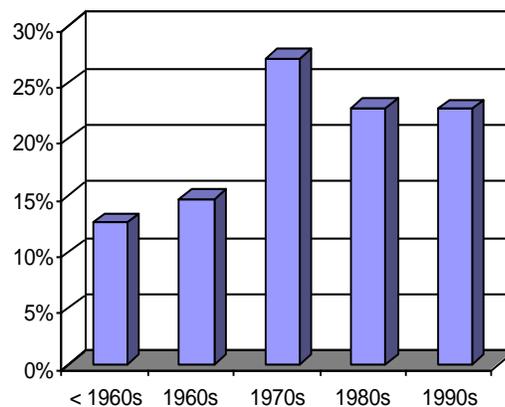
Housing Type	1990		2000	
	Number	Percent	Number	Percent
Homeowners	2,461	74%	3,229	75%
Renters	881	26%	1,078	25%
Total Units	2,342	100%	4,307	100%
Rental Vacancy Rate		7.6%		3.4%
For-Sale Vacancy Rate		3.1%		0.7%

Source: 1990 and 2000 Census

3. Housing Conditions

Housing age often indicates when homes require repairs. After 30 years, most homes require greater main-tenance, such as a new roof, wall plaster, and stucco. Homes older than 50 years require more substantial repairs to plumbing, electrical, or other components. As shown in **Chart 2-13**, housing is in excellent condition in Scotts Valley, except for a small area near City Hall, encircled by Bean Creek Road, Erba, Scotts Valley Drive, and Oak Lane. Within this area, 100 older homes need substantial repair and one smaller mobile home park could benefit from rehabilitation.

Chart 2-12
Decade When Housing Built



4. Housing Prices

The Santa Cruz County Association of Realtors (SCAOR) reports that the median price of a single-family home increased 46% countywide from 1996-99 and an additional 40% in Santa Cruz and Scotts Valley from 1999-2002. Shown in **Chart 2-14** the median sales price for a single-family home in Scotts Valley was about \$570,000 in 2002. The median price of homes escalated to \$757,603 in 2007 but dropped to \$611,000 in 2008 as a result of the global economic downturn.

Chart 2-14
Home Prices in Scotts Valley, 2008

Housing Sales Price Distribution	Sales Price	
	Single-Family	Condo-miniums
Median Price 2008	\$611,000	\$397,141
Median Price 2007	\$757,603	\$502,760
Median Price 2006	\$744,409	\$517,794
Median Price 2005	\$754,055	\$516,910

Source: Santa Cruz Association of Realtors website.

As shown in **Chart 2-15**, rents vary significantly. For higher-end complexes (Bay Tree and Acorn Court), rents range from \$1,550 for a one-bedroom unit to \$1,850 for a two-bedroom unit, to \$2,450 for a three-bedroom unit. For older complexes, rents range from \$900 to \$1,200. Single-family homes provide a large proportion of rental housing. Duplexes and triplexes with two bedrooms generally rent for \$1,000 to \$1,500 per month. Three-bedroom homes rent for \$1,500 to \$2,200 and four bedroom homes rent for \$2,500. In Scotts Valley, mobilehome owners are not allowed to rent their units.

Chart 2-15
Average Rents in Scotts Valley, 2002

Size of Units	Average Rent	
	Apartment	House
One-Bedroom	\$900-\$1,400	N.A.
Two-Bedroom	\$1,200-1,800	\$1,000 to \$1,500
Three-Bedroom	\$1,500 to \$2,200	\$1,500 - \$2,200
Four-Bedroom	N.A.	\$2,500+

Source: Internet Search and Interviews with Realtors

Housing Affordability

According to the National Association of Home Builders (NAHB), only 7% of the homes sold in the County are affordable to the median family income, the County is one of the least affordable housing markets in the nation. To calculate housing affordability, households are divided into four income categories based on definitions discussed earlier in this chapter. Second, the calculation assumes that housing is affordable only if a household does not exceed state and federal income to housing cost thresholds. Finally, a standard and readily available mortgage and loan package is assumed.

Chart 2-16 provides a summary of the ability of households to afford a home. Based on the housing prices mentioned earlier, except for mobile homes, single-family homes and condominiums are affordable to above-moderate income households unless the project is highly subsidized. In recent years, Scotts Valley has been requiring developers to set aside ownership units as affordable to moderate income households in the community.

Moderate-income residents typically live in multiple-family dwellings, in particular apartments, and can afford up to \$1,945 in rent. Moderate income households may also be able to afford older mobile home units. Lower income households have fewer housing choices. Low-income households can afford to pay less than \$1,245 per month and very low-income households could only afford up to \$738. In practical terms, lower-income households cannot afford an adequately-sized apartment without doubling up.

Chart 2-16
Housing Affordability in Scotts Valley, 2008

Maximum Income for Family of Four	Max. Affordable Payment		Max. Affordable Price	
	Annual Income	Monthly Payment	Home Purchase	Rent
Very Low	\$43,500	\$1,087	\$122,419	\$905
Low	\$69,600	\$1,740	\$213,624	\$1,624
Moderate	\$97,600	\$2,440	\$296,304	\$2,276

Notations:

1. Based on a family of four individuals; families of three can afford less and larger families can afford slightly more.
2. Maximum affordable payment based on payments of 30% of household income
3. Property taxes and insurance based on averages for the region
4. Utilities are estimated at approximately \$125 per month.
5. Calculation of affordable home sales prices based on a down payment of 10%, annual interest rate of 6.25%, 30-year mortgage, and 30% affordability standard.

5. Housing Problems

Housing Problems

The federal government defines "housing problems" as households that pay too much for housing, live in overcrowded housing conditions, or live in homes with physical problems.

A continuing priority of all communities in the Santa Cruz area is maintaining, preserving, and enhancing the quality of life. A key measure of quality of life used in Scotts Valley is the prevalence and extent of documented "housing problems," or housing overcrowding and overpayment. The following text and Chart 2-17 describe housing problems in Scotts Valley.

Overcrowding occurs when housing costs are high relative to income so that families have to reside in small units or 'double-up' to devote more income to other basic needs. According to the 1990 and 2000 Censuses, overcrowding increased from 2.9% (96 households) to 3.4% (146 households) due to an increase in overcrowding among renters. In 2000, 95 renter households and 51 owner households lived in overcrowded conditions. In comparison, 10.9% of households in Santa Cruz County lived in overcrowded homes.

Residents may choose to pay more for housing rather than live in a small home. Overpayment refers to households who spend more than 30% of income toward rental costs or mortgage payments. According to the 2000 Census, housing overpayment affects 44% of renters and 35% of owners. However, it is important to note that overpayment is not particularly problematic for households earning higher than average incomes, particularly since they have more disposable income available for housing.

Housing overpayment continues to be an important issue for Scotts Valley. Housing overpayment affects approximately two thirds of very low and low income renters and the majority of very low, low, *as well as* moderate income homeowners. Housing overpayment adversely affects the ability of lower income seniors and families to afford housing. Diminished housing affordability also precludes public employees serving the community (e.g., police and fire personnel, nurses, and teachers) from living in Scotts Valley.

Chart 2-17
Housing Overpayment in Scotts Valley

Households by Tenure	Renters			Owners		
	Renter Hhlds.	Number Overpay	Pcnt.	Owner Hhlds.	Number Overpay	Pcnt.
Very Low	287	251	88%	131	110	84%
Low	211	136	64%	189	140	74%
Moderate	207	42	20%	253	161	63%
Above-Moderate	314	25	8%	1,664	294	18%
Total	1,019	453	44%	2,238	705	32%

Source: U.S. Census, 2000.

6. Affordable Housing Opportunities

Existing housing that receives governmental assistance is often a significant source of affordable housing in many communities. Because of its significance, State law requires the Housing Element to identify any publicly assisted rental housing that receives government subsidies, evaluate the potential of these units to lose their affordability between 2002 and 2012, and analyze the cost of preserving or replacing these units. **Chart 2-18** summarizes affordable projects in Scotts Valley.

Because of the significant increase in housing costs in recent years, the City's Redevelopment Agency (RDA) has played a key role in facilitating and encouraging the production of affordable housing. Dependence on RDA funds and the leverage of those funds has become critical given that the City is not eligible for many other funding sources. None of the affordable projects in Scotts Valley is at-risk of converting to market rates by 2012.

Chart 2-18
Summary of Publicly-Subsidized
Affordable Rental/For Sale Housing In Scotts Valley

Project Name	Affordable Units	Funding Source	Earliest Expiration Date of Affordability
Acorn Apartments 100 Acorn Court Private Ownership	4 of 26 4 low income	Private. RDA rent subsidy of approx. \$14,183 per year.	Completed -- 2000 Length of affordability control is 30 years.
San Augustine Apts. 5720 Scotts Valley Dr. Private Ownership	1 of 6 units 1 very low	Private	Completed -- 1997 Length of affordability control is 30 years.
Kelly Court Single Family Detached Private Ownership	1 moderate	Private	On going
Windward Place Single Family Detached Private Ownership	1 moderate 1 low income	Private	On going
Scotts Valley Drive Single Family Detached	1 moderate	Private	On going
Cathy Lane Single Family Condo	7 moderate 1 low income	Private	On going
Blue Bonnet Lane Single Family Condo	3 moderate 2 low income	Private	On going
Oak Lane Multifamily Attached Apartment	1 moderate	Private	On going
Project Name	Affordable	Funding	Earliest Expiration

	Units	Source	Date of Affordability
Emerald Hill Apts. 101-102 Civic Center Mid-Peninsula Housing	46 of 46 low units	\$420,000- HOME LIHTC; RDA loan of \$1.2 million;	Completed – 1999 Length of affordability control is 55 years.
Bay Tree Apts. 100 – 800 Flora Lane Private Ownership	5 low, 4 mod of 61 total.	Private. RDA rent subsidy of \$48,000 per year	Completed -- 2002 Length of affordability control is 30 years.
Oak Tree Villa (Senior) 100 Lockwood Lane SHP Oak Tree Villa	20 of 204 units are low	Private and Density Bonus applied	Completed -- 1987 Length of affordability control is perpetuity.
Marked 4410 Scotts Valley Dr.	3 low income	Private	Completed -2007 Length of affordability control is 30 years.
La Cuesta Drive Detached Single Family	1 low income 1 moderate	Private	On going

Source: City of Scotts Valley, 2008