



CITY OF SCOTTS VALLEY

PLANNING DEPARTMENT

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City of Scotts Valley
Affordable Housing Action Plan Brochure
 (updated January 2021)

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INTRODUCTION

History and General Program Provisions

This brochure gives a general overview of the Affordable Housing Programs within the City of Scotts Valley (within the city limits/boundaries). In June 1992, the City adopted an Affordable Housing Action Plan (Action Plan) which summarizes the type, location and standard (e.g., very-low, low and moderate) of built affordable housing units in the City.

Since 1994, new affordable housing units and other programs have been implemented. Current programs include the Inclusionary Housing Below Market Rate (BMR) Program. This program is explained in further detail on page 4 of this brochure. Prospective buyers must fall within household income limits and shall not have owned a residence or had an interest mortgage deduction for at least the last three years before applying for a unit. There is a preference system for qualified households which gives priority to those residents who live and work within the City limits or boundaries. The City also contracts with the Housing Authority of Santa Cruz County to assist in administering affordable housing programs.

An Affordable Housing Subcommittee was established to assist staff in the implementation of the Action Plan. The Affordable Housing Subcommittee meets on an as-needed basis. The Subcommittee evaluates affordable housing proposals that come before the City and provides direction on the implementation of new and existing affordable housing programs. Affordable Housing Agreements have been negotiated by this Subcommittee for several projects.

Disclaimer

- ***The purpose of this brochure is to inform readers of the City's programs, locations of affordable housing units, and related information.***
- ***The brochure does NOT replace the selection and certification process that developers establish for their housing project.***
- ***In some cases, the City may establish specific rules or procedures to address a particular project.***
- ***Interested parties are responsible for placing their name on the developer's waiting list and preparing complete applications which must then be submitted to the developer on a timely basis.***
- ***Because the process for obtaining an affordable unit is often very competitive, interested parties cannot be guaranteed that they will be selected for a unit within the program.***

WHO QUALIFIES FOR AN AFFORDABLE HOUSING UNIT?

Income Limits

Low and moderate income is defined in the Community Redevelopment Law by reference to Section 50093 of the State Health and Safety Code (HSC). Income levels are defined below:

- **Extremely low income** is defined as income less than 30% of median income for the applicable household size (HSC Section 50106).
- **Very low income:** is defined as income less than 50% of median income for the applicable household size (HSC Section 50105).
- **Low income:** is defined as income of 50% to 80% of median income for the applicable household size (HSC Section 50079.5).
- **Moderate income:** is defined as household income of 80% to 120% of median income for the applicable household size.

The table below gives the maximum income limits by household size and by income level, such as extremely low, very low, low, and moderate. These incomes limits are effective May 2020 and are updated annually (usually in the Spring of each year).

City of Scotts Valley Household Income Limits May 2020

	Very Low	Low	Moderate
Household Size	50% of Median Income	80% of Median Income	120% of Median Income
1	\$46,350	\$74,350	\$92,400
2	\$53,000	\$85,000	\$105,600
3	\$59,600	\$95,600	\$118,800
4	\$66,200	\$106,200	\$132,000
5	\$71,500	\$114,700	\$142,550
6	\$76,800	\$123,200	\$153,100
7	\$82,100	\$131,700	\$163,700
8	\$87,400	\$140,200	\$174,250

Preference Criteria

In addition to the income limits, the City has adopted a preference system to ensure that affordable housing units are provided to City residents and workers as a priority. As a unit is rented or sold, the project developer works with the City and its consultant, the Housing Authority, to review applicants according to the adopted preference criteria, which is the criteria to be met by households in the rank order listed and defined below.

1. **Live and work in Scotts Valley:** A household which includes at least one adult whose primary work location is within the city limits of the City of Scotts Valley and they have been working in Scotts Valley for a minimum of six (6) months, and the household has resided in the City of Scotts Valley for a minimum of six (6) months prior to the date of application to purchase the unit.
2. **Live in Scotts Valley:** A household which has resided within the city limits of the City of Scotts Valley for a minimum of six (6) months prior to the date of application to purchase the unit.
3. **Work in Scotts Valley:** A household which includes at least one (1) adult who has worked within the city limits of the City of Scotts Valley for a minimum of one (1) year prior to the application to purchase the unit and at least one (1) adult shall be working in Scotts Valley at the time of occupancy of the unit.
4. **Live and work in Santa Cruz County:** A household which contains at least one (1) adult who works within the County of Santa Cruz and the household has resided in the County of Santa Cruz for a minimum of one (1) year prior to the date of application to purchase the unit.
5. **Live in Santa Cruz County:** A household which has resided in the County of Santa Cruz for a minimum of six (6) months prior to the date of application to purchase the unit.
6. **Work in Santa Cruz County:** A household which includes at least one (1) adult has worked in the County of Santa Cruz for a minimum of one (1) year prior to the date of application to rent the unit and at least one (1) adult shall be working in the county of Santa Cruz at the time of occupancy of the unit.
7. **All Others:** A household which does not meet any of the above listed Preference Criteria.

AFFORDABLE HOUSING PROGRAMS

Inclusionary/BMR Housing Program

The City's Municipal Code requires that each new housing project include 15% of the units as affordable housing units (below market rate). This requirement is referred to as

the City's Inclusionary Housing Program. The City reviews all new housing development within the Inclusionary housing plan area (formerly Redevelopment Plan Area).

Each new housing project over six (6) units must generate physical affordable housing units. Projects with less than six (6) units may choose to pay an "in-lieu" fee. For example, a new housing project with ten units would be required to provide 1.5 new affordable housing units. For the fractional portion of the units required, the developer could provide two (2) units or pay an in-lieu fee for the 0.5 unit fractional portion and provide one (1) unit within their project.

Each project is considered on a case by case basis with the Affordable Housing Subcommittee who then makes a recommendation to the City Council. Each project is required to enter into an agreement to secure the unit to be rented or sold to qualifying families, at restricted prices for 45 years for sale units or 55 years for rental units, as mandated by State Law.

For the units that are sold, qualifying individuals or households must also be first-time-home buyers. To be a first-time-home buyer, the buyer shall not have owned a residence or had an interest mortgage deduction for at least the last three years before applying for a unit. For this purpose, a residence includes a single-family residence, condominium, share in a housing cooperative, any manufactured home or mobile home (as defined under federal and state law), or occupancy in a two to four family residence owned.

For this purpose, a present ownership interest means ownership by any means, whether outright or partial, including property subject to mortgage or other security interest. A present ownership interest also means a fee simple ownership interest, a joint ownership interest by joint tenancy in common, or tenancy by the entirety, or a life estate interest.

First Time Homebuyers Program (FTHP)

In November 1997, the City implemented a "silent second mortgage" program for first-time home buyers (see text box above for definition). Although state funding is no longer available for funding of second mortgages, a buyer of Inclusionary/BMR units must qualify as a first-time-homebuyer.

Density Bonus

As required by State Law, development projects may receive a density bonus and other incentives for projects where the additional units are set aside as restricted affordable housing units. See the link below for more details:

https://library.municode.com/ca/scotts_valley/codes/code_of_ordinances?nodeId=TIT17ZO_CH17.62DEBO

HOW TO FIND AN AFFORDABLE HOUSING UNIT

Rental Units

Below market rate (BMR) rental units are found by contacting the on-site manager at each complex. All of the apartment projects listed in this brochure have on-site managers, except the San Augustine Way site. Typically, there is a waiting list. Interested households should first determine their income level (page 3) and then check where they fall within the City's Preference Criteria (page 4). Interested parties should apply directly to the manager; see contact names and phone numbers on pages 7-8.

The City contracts with the Housing Authority of Santa Cruz County to assist in implementing the programs. For additional resources within Santa Cruz County, please visit the housing Authority's website: <https://www.hacosantacruz.org/>.

For-Sale Units

NEW For Sale Units BMR (Below Market Rate): For-sale units are found initially at the time a project is constructed and units are sold. After that, units become available when owners choose to sell them. For those units which have not been built, interested parties should contact the developer to get on a waiting list.

When the selection process has started, the developer will have an application period where interested parties may apply. Interested parties should contact a mortgage lender to evaluate their credit status and be prepared to submit a pre-approved loan with their application package. A down payment is usually required, depending on the type of loan.

RESALE of BMR (Below Market Rate) Units: BMR units must remain affordable for a fixed period of time. Should an existing owner of a BMR unit choose to sell their unit and the affordability period is still in effect, the existing owner must follow certain procedures to sell the unit including approved advertising, screening of potential buyers for preference criteria and income levels and selling the unit for a price not to exceed the resale price as determined by the City.

As of January 2021, there are a total of 49 existing BMR owner units in the City and there is always the chance that one of those owners will decide to sell their unit to another qualified buyer. Households desiring to purchase an existing BMR unit should regularly check local newspapers and real estate sources on a regular basis for BMR resale unit advertisements.

Remember, in most situations, the process of obtaining a rental or for-sale unit is competitive, and therefore, there is no guarantee that any person will get a specific unit within the programs.

Before contacting an apartment manager, developer or seller of a BMR unit:

1. Confirm your total household income level, such as moderate, low, very low, etc., on page 3; then,

2. Check which preference criteria, such as live and work in the City limits, live in the City, etc., you qualify for on page 4.

AFFORDABLE HOUSING UNIT TYPES AND LOCATIONS

BMR Rental Units

The following 84 below-market-rate rental units are described below. To check availability and find details on the rental application process, please contact the apartment / office manager or property owner directly.

- “Acorn Court Apartments” at 100 Acorn Court:** This 26-unit rental apartment project includes four **(4)** new affordable units (4 low-income), with a 30-year agreement (executed on October 20, 1999) to keep the four units at affordable rental rates. To promote the creation of new affordable rental units, the Agency assisted the project with gap financing, which provides the difference between the average market rate or moderate income rate (whichever is lower) and low income rental rates. The affordable units are rented on an as-available basis. All units have two-bedrooms. The management requires a minimum 1-year lease and a gross income of three-times the portion of rent calculated. Print an application from the Acorn Court website. **Contact: Manager, at (831) 440-1984 or www.acorncourt.com.**
- “Bay Tree Apartments” at 800 Flora Lane:** This project includes 41 apartments and 20 town homes. Of the 61 total units, a minimum of nine **(9)** units are designated as low and moderate income apartment units, with a 30-year agreement (executed on June 7, 2000) to keep the nine units at affordable rental rates. An affordable housing agreement ensures five low and four

moderate income units. To promote the generation of new rental units at lower rates, the City assisted the project in gap financing. The gap financing provides the difference between the average market rate or moderate income rate (whichever is lower) and low income rental rates. **Contact: Office Manager, at (831) 438-5004 or www.baytreeapartments.com**

3. **“Emerald Hill Apartments” at 101-102 Civic Center Drive:** This 46-unit apartment project includes an affordable housing agreement for 22 of the units to be held at low income rates. After project approval, a Federal HOME Grant was approved in the amount of \$420,000. In addition, the project used tax allocation credits. This program requires that all **46** units be held at affordable rates for lower income families. The Agency provided assistance for various elements of the project, in an amount of approximately \$1.2 million dollars. The project was completed in 1999, and units are occupied and rented on an as-available basis. **Contact: Office Manager, at (831) 439-9553, or emeraldhill@midpen-housing.org**
4. **“Markell Mixed Use Apartments” at 4404 Scotts Valley Drive:** This project provides and three (**3**) low-income one-bedroom apartments rented at studio-level rents, with a 55-year agreement (executed on July 20, 2005) to keep the three units at affordable rental rates. **Contact: Property Owner, at (831) 239-4899.**
5. **“Oak Tree Villa” (Brookdale Renaissance Senior Living Communities) at 100 Lockwood Lane:** This is a completed project for active seniors and assisted living, consisting of 204 units. Of the total units, **20** units are reserved for low income families (one to two persons). The project is located on Mt. Hermon Road at Lockwood Lane. Units are rented on an as-available basis. **Contact: Brookdale staff at (831) 438-7533 or <http://www.brookdaleliving.com>**
6. **“Oak Lane Apartment” at 134 Oak Lane:** This is an existing 4-unit apartment complex. One (**1**) of the units is a moderate-income unit. **Contact: Kane & Suzanne Silverberg, Property Owner, at (831) 475-5693.**
7. **“San Augustine Way Apartment” at 104 San Augustine Way:** This 6-unit apartment project was completed without any Agency assistance. The project provides the required affordable housing with one (**1**) very-low income unit, which is secured with a 30 year agreement with the Agency. **Contact: Marlyn or Ken Bergman, Property Owner, at (831) 438-4500.**

Existing For-Sale BMR Units (Resales):

As of January 2021, there are 43 BMR units that have been sold and could become available when an owner chooses to sell their BMR unit. The existing owner must follow City-regulated procedures for advertising and selling their unit. To check availability of resale BMR units, please monitor local real estate advertisements and real

estate agencies on a regular basis.

1. **“Blue Bonnet Lane Condos” at 268 Blue Bonnet Lane:** This project includes 31 condominium units on Blue Bonnet Lane, near the Scotts Valley Senior Center. The project provides a total of **(5)** restricted units, which are two low-income and three moderate-income units.
2. **“Cathy Lane Condos” at 14-30 Cathy Lane:** This condominium project on Cathy Lane, west of Scotts Valley Drive, provides a total of **(8)** restricted units, one low-income and seven moderate-income units.
3. **“Kelly Court” at 101 Kelly Court:** Located off Scotts Valley Drive and Oak Creek Blvd. (behind Malone’s Restaurant), this project includes 11 detached single-family lots. The project provides one **(1)** moderate-income house.
4. **4861 Scotts Valley Drive:** This 4-lot detached single-family project provides one **(1)** moderate-income house. The development has a Joint Maintenance Agreement.
5. **“Torrey Oaks Condos” and 138 and 140 La Cuesta Drive:** This 11-unit condominium project is located on Mt. Hermon Road and La Cuesta Drive. This project provides a total of **(2)** restricted units, which are (1) low-income unit and (1) moderate-income unit.
6. **“Town Center Collection” at 237 Blue Bonnet Lane:** This project is a 46-unit townhouse development located east of the transit center and north of the Kings Village Shopping Center. The project provides a total of five **(5)** affordable units, which are one (1) moderate and four (4) low income units.
7. **“Windward Place” at 11 and 13 Windward Place:** This project includes nine (9) detached single-family houses located on Ball Drive. Lot sizes range from 2,800 - 3,800 sq. ft. The project provides two **(2)** moderate-income houses.
8. **“Woodside” off Scotts Valley Drive near El Pueblo Road:** This 49-unit detached single-family house project includes six **(6)** moderate units and one **(1)** low-income unit.
9. **“The Manor” at 10 Siri Lane:** This 8-unit small lot detached housing project provides one **(1)** low-income affordable unit.
10. **“The Grove” on Polo Ranch Road:** In March 2016, the City approved a 50-unit townhouse style condominium development located on the former Borland Phase II Site. The project provides four **(4)** moderate-income units and three **(3)** low-income units.

11. **“The Terrace” on Scotts Valley Drive:** In November 2015, the City approved a 17-unit townhouse development located behind the Shell Gas Station near Mt. Hermon Road. The project includes two **(2)** affordable units, one low income and one moderate income. The moderate income unit is sold, and the low income unit is expected to be available in the summer of 2021. **Contact: Paul Burrowes at paul@burrowes.com**
12. **“The Cove” at Dunslee Way and Scotts Valley Drive:** In December 2016, the City approved a 25-unit townhouse development. The project included three **(3)** moderate-income units.
13. **“Polo Ranch BMRs” at 4303-A Scotts Valley Drive:** In February 2017, the City approved six **(6)** low-income condominium units in two triplex buildings, located behind the Chef Liu Restaurant. These units are the off-site inclusionary housing for Lennar Homes’ 40-lot subdivision called “Polo Ranch” located off Polo Ranch Road. **Contact: Brent Reed, Forward Planning Manager, at (925) 327-8307 or Brent.Reed@Lennar.com**