

HOUSING RESOURCES

Chapter 4



This section analyzes resources available for the development, rehabilitation, and preservation of housing in Scotts Valley. This includes an evaluation of the City's regional housing need, availability of land for new housing, the availability of financial resources to support housing activities, and the availability of administrative resources to assist the City in implementing housing programs.

A. Regional Housing Needs

1. Regional Housing Needs

State law requires each jurisdiction when preparing its State-mandated Housing Element, to develop housing programs to meet its "fair share" of housing needs for all income groups. This "fair share" concept seeks to ensure that each jurisdiction, to the extent feasible and appropriate, provides housing for its resident population, and those households who might reasonably be expected to reside within the jurisdiction, with a variety of housing accommodations appropriate to their needs.

The regional fair share determination process begins every five years with the State Department of Finance's population projections for the State of California and the many regions throughout the state. The State Department of Housing and Community Development (HCD) uses these projections to determine the amount and composition of housing need in different regions of California. The region's housing need projections are determined in consultation with Council of Governments, which are designated public agencies which address regional planning in each region of the State.

Once the regional housing need for Santa Cruz County and Monterey County is determined, the Council of Governments allocates a share of the region's housing need to each jurisdiction. In the Monterey County and Santa Cruz County area, the agency responsible for assigning "fair share" housing targets to each community is the Association of Monterey Bay Area Governments (AMBAG). Local jurisdictions are then required, as part of the Housing Element process, to develop local programs to accommodate their share of housing need.

Based upon Statewide population projections, HCD determined that 15,130 housing units would address the region's housing needs arising from 2009 through 2014 due to population and employment growth.

Once basic housing need is calculated for the region, AMBAG is required to allocate the region's total to each community within the AMBAG region. In doing so, AMBAG must take into account various planning factors. According to Section 65584 of the Government Code, these considerations are:

- Market demand for housing
- Employment opportunities
- Availability of suitable sites and public facilities
- Commuting patterns
- Type and tenure of housing
- Loss of units in assisted housing developments
- Over-concentration of lower income households
- Geological and topographical constraints

A Technical Advisory Committee was formed to disaggregate the regional housing needs allocation into Monterey County and Santa Cruz County. In making its determination, the Technical Advisory Committee relied on AMBAG's Population and Employment forecasts for the region, which is used for transportation planning purposes.

2. Scotts Valley's Housing Need

Once the region's housing need was allocated to Santa Cruz and Monterey counties, each jurisdiction was allocated a share of the County's need. To make this allocation, AMBAG determined the amount of household growth projected for each jurisdiction. The ratio of a jurisdiction's versus the County's projected household growth was then applied to the County's total housing need.

State law requires that AMBAG allocate housing unit goals in such a manner as to avoid and reduce the disproportionate concentration of lower income households in any one jurisdiction. To that end, AMBAG compared the existing household income distribution of each jurisdiction to the County. Based on the assumption that all cities should eventually provide the same affordability levels of housing.

Chart 4-1 below summarizes the City's allocation of the region's housing needs by affordability level. Should the County's lawsuit change the final allocation, the City's Housing Element should be amended accordingly.

**Chart 4-1
Scotts Valley's Regional Housing Needs Production Goals**

| Household Income Group | Affordability Level | | Production Goals |
|------------------------|-----------------------|------------------------------------|------------------|
| | Definition | Income Range for a 4-person family | |
| Very Low | < 50% of County MFI | Less than \$43,500 | 42 |
| Low | 51%-80% of County MFI | \$43,5001 to \$69,600 | 32 |
| Moderate | 81-120% of County MFI | \$69,6001 to \$97,600 | 36 |
| Above Moderate | 1201% + of County MFI | Above \$97,600 | 78 |
| Total | | | 188 |

The City is required to facilitate and encourage the production of new housing affordable to these various household income levels. For purposes of assignments, single-family homes and condominiums are only affordable to above-moderate-income households. Apartments rent at \$900-\$1,400 for a one-bedroom unit, \$1,200 to \$1,800 for a two-bedroom unit, and \$1,500-\$2,450 for a three-bedroom unit. Moderate-income households can afford most apartments. However, second units and guest houses rent for approximately \$1,000 and are affordable to lower income households.

3. Housing Production

During the time frame of January 1, 2000 to December 31, 2008 a total of 379 new housing units have been built in Scotts Valley. There are currently 159 market rate units approved and 20 affordable units approved which have not been constructed because to the economic down turn. The following describes affordable housing built since 2000. **Chart 4-3** on the next page summarizes the units counted toward the City's Regional Housing Needs.

Duplex Housing-College Housing

According to the 2000 Census, group quarters include university owned, on-campus and off-campus housing for unmarried students, provided the dorm is restricted to students who do not have their families living with them. Six duplex units have been built at Bethany College as part of their Master Plan to produce a total of 22 duplex units. These duplexes, reserved for married families, qualify within this category and are therefore eligible for counting as independent housing units. College officials indicate that these family units rent below \$1,000/month and are affordable to low income households.

Triplex Units

The City and Polo Ranch developers are working with Habitat for Humanity to build affordable units. The developers of the 41-unit Polo Ranch project are, pursuant to a development agreement, proposing 2 triplexes consisting of 4 low income units and 2 very low income units. The City has approved the affordable housing project, the Affordable Housing Subcommittee has negotiated with the applicant to provide a build-ready site to Habitat for Humanity, and the City staff are currently reviewing the draft EIR. The project is anticipated to begin later in 2009 and be completed in 2010.

Apartments

The Bay Tree Apartments, Acorn Apartments, Kelly Court, and one small other project provide 70 new apartments, with some affordable to low and moderate income households. Acorn provides 4 low income units and Bay Tree provides 5 low income and 4 moderate income units restricted for 30 years as a condition for receiving RDA assistance. Kelly Court is building an 11-unit project in the Redevelopment Project Area and has built through a developer agreement, to deed restrict 3 low-income apartments as part of a vertical mixed-use project onsite.

Second Units

The City has facilitated the development of second units over the planning period by the following: 1) reducing development standards; 2) permitting them by right; and 3) reducing the impact fee from \$14,321 to \$9,394. Since 2000, the City has approved the construction of six second units in the community. Based on interviews with applicants and a review of current rents cited in the Sentinel, second units are generally charging rents comparable with apartments, which are affordable to moderate income households.

Single-Family Attached

Several single-family projects were built within the boundaries of Redevelopment Project Areas and were therefore required to fulfill a 15% inclusionary requirement as part of State law. The Bluebonnet Lane project includes 31 condos (near the Scotts Valley Senior Center) and provides 2 low-income and 3 moderate-income units restricted until 2048. The Torrey Oak project (11-unit condominium project on Mt. Hermon Road and La Cuesta Drive) set aside 1 low-income unit and 1 moderate income unit as restricted until 2036. One additional affordable condominium unit has also been built. 48 new units were approved on Bluebonnet in 2008 and will provide 6 new affordable units.

Chart 4-3 summarizes the City's regional housing needs requirement, housing projects built and approved, and the remaining requirement that would need to be fulfilled through the designation of adequate sites.

Chart 4-2
Housing Production in Scotts Valley
January 2000 - December 2008

| | Affordability of Units | | | Total |
|-------------------------------|------------------------|----------|----------------|-------|
| | Lower Income | Moderate | Above Moderate | |
| Housing Built/Approved | | | | |
| - Single-Family Detached | 0 | 3 | 188 | 191 |
| - Duplexes/Triplexes | 15 | 0 | 34 | 49 |
| - Apartments (5+ units) | 10 | 7 | 56 | 73 |
| - Second Units | 6 | 0 | 0 | 6 |
| - Condos/Townhomes | 4 | 3 | 53 | 60 |
| Total | 35 | 13 | 331 | 379 |

B. Housing Opportunity Sites

This section analyzes the remaining housing need and where the City will designate sites that will have zoning and development standards, infrastructure and public facilities in place to accommodate the construction of new housing during the planning period.

1. Housing Sites Planned for Residential Uses

Based on the City's land inventory, the City Council has proposed the following sites to meet the remainder of the RHNP. **Chart 4-4** lists each site, the Assessor's parcel number, acreage, density assumption, and affordability level.

Each site has specific lot sizes, general plan land use and zoning designations, allowable density, and other attributes. The site criteria and ability to facilitate and encourage the construction of affordable housing are outlined below:

- **Above-Moderate income.** Residential sites which allow for single-family homes (e.g., such as R-R, R-1, etc.) are considered affordable to above-moderate income housing based on earlier sales prices.
- **Moderate income.** Sites smaller than 1 1/2 acres, zoned for high density (9 to 15 units/acre), and typically could have apartments would facilitate moderate-income housing or sites with confirmed affordability restrictions.
- **Lower income.** Sites 1.5 acres and larger, either individually or through consolidation, with a land use designation allowing up to 20 units per acre, or sites with confirmed affordability restrictions.

Town Center Specific Plan

The City of Scotts Valley approved a specific plan and programmatic Environmental Impact Report for the development of a town center on approximately 15 acres along Mt. Hermon Road which was previously the old Skypark Airport. The Programmatic Environmental Impact Report and Specific Plan anticipate a total of 300 new housing units within the Specific Plan area. 100 of the units would be a stand-alone housing project and 200 units would be part of the mixed use development in the town center core area. This project is within the City's Redevelopment Agency which requires that 15% of the units be affordable resulting in 45 new affordable units.

In addition to the 15% required affordable units, the nature of the housing in the mixed use core of the Town Center should result in additional affordable housing opportunities being provided.

College Housing

Bethany College comprises 80 acres of land set in riparian and slope areas. Bethany's Master Plan proposes 28 units of married student housing, 36 multi-family units along Bethany Loop, and 30 dorm units. College officials

indicate that all units will be rented to lower income households. Development of duplexes have already begun with six units built to date. Bethany apartments and dorm units cannot proceed until several issues are addressed: 1) proper environmental review has occurred; 2) the sites receive a water allocation; and 3) a secondary access road is built from Scotts Valley Drive to Bethany Drive to Canham Road to address fire safety concerns.

Second Units

The City has facilitated the development of second units over the planning period by the following: 1) reducing development standards; 2) permitting them by right; and 3) reducing the impact fee from \$14,321 to \$9,394. Since 2000, the City has approved six second units in the community. The City also updated its accessory dwelling unit ordinance for consistency with new state law. Since 2000, six accessory units have been built. Based on the market for second units in Santa Cruz, Scotts Valley estimates that a total of 25 second units may be built from the 2000 to 2008 planning period. Second units are anticipated to be affordable to lower income households.

Old Quarry Site

Scotts Valley is home to an abandoned 16-acre quarry site and an adjacent vacant site used for outdoor trailer sales. The sites are vacant and substantially underutilized, designated as commercial (C-S) and rural residential (R-R), but could accommodate substantial new housing on both sites. However, full site development is contingent upon addressing potential environmental constraints, such as riparian habitat, sensitive species (e.g., the Mt. Hermon June Beetle and silver leaf manzanita), slope and topography, and view sheds, as well as the potential for fossils and paleontological resources. In March 2004, the City Council approved a quarry remediation plan and allowance of commercial and residential uses on 6.26 acres of the site. The 2.26-acre portion fronting Scotts Valley Drive is intended as vertical mixed use; the 4 acres in back of the frontage is intended as very high density residential only. The six acres of developable land have been approved for 94 multiple-family units of which 14 will be affordable in an overall mixed residential-commercial use setting.

Gateway South Specific Plan

The Gateway South Specific Plan is an adopted plan for the area located at the southern main entrance to the City at Highway 17 and Mt. Hermon Road. Some of the Plan area is located in the Redevelopment Project Area. Specific Plan policies encourage a range of housing types and development configurations. This Specific Plan area is occupied by a new 180-room hotel, 41 apartments (including 9 affordable units), and 20 townhomes. The Plan

anticipates 133 total units with a minimum of 21 units being affordable. The Specific Plan area has seven vacant residential sites zoned RV-H, and one site zoned C-S which allow high density mixed use by right.

Scotts Valley Drive, North of Dunslee

Two other sites along Scotts Valley Drive were selected for new housing. North of Dunslee, this 9.5-acre vacant site slopes up to the west, and is a candidate for a density transfer. Of the 9.5 acres, 2 acres are considered developable –one-acre is zoned C-S and one acre is zoned R-R. The site has been rezoned C-S and allows up to 20 units per acre, yielding 40 units for this site. Greater densities and total units may be possible pursuant to a density transfer.

Scotts Valley Drive, North of Shell Station

Additional sites for housing are available along Scotts Valley Drive. North of the Shell station on the east side of Scotts Valley Drive are three vacant parcels totaling 3.8 acres, of which 2.0 acres are developable. These three sites are all contiguous to one another and the City is actively encouraging their consolidation to provide the preconditions for a quality residential product. The sites were rezoned to R-M in 2007. Together, this site could yield 30 housing units.

Bluebonnet Lane

The Bluebonnet Lane site is a 2.5-acre site adjacent to the Cavarallo Transit Center. The site is vacant, relatively flat, and has no environmental constraints. The site is located in the City's Redevelopment Project Area and requires that 15% of the units be affordable. Along the western half of the site, there is an opportunity for higher density residential uses which would be within walking distance of public and commercial uses, such as the Community Center, Transit Center, Senior Center, and Kings Village Shopping Center. The City rezoned this site as R-VH in 2007 and approved a 48 unit project with 6 affordable units in 2008. It is hoped construction will start within the next year.

Glen Canyon

The City has identified 3.6 acres at the corner of Glen Canyon/Mt. Herman Road rezoned the property to C-S with high density residential permitted as part of a mixed use project. The particular site was previously approved for office buildings, which are no longer desired. The site is a vacant lot is between Oak Creek Boulevard and the Shell Gas Station and backs up to residential uses. There are no environmental or topographical constraints.

Chart 4-3 on the next page summarizes these sites and their credit toward the 2009-2014 Regional Housing Needs Plan. Taken together, these sites will yield up to 106 units potentially affordable to lower income households and 77 units affordable to moderate-income households, exceeding the remaining RHNP.

**CHART 4-3
Regional Housing Needs Plan**

| RHNP Progress | Maximum Units | | | Total Units |
|-------------------------------------|---------------|-----------|-----------|-------------|
| | Lower | Moderate | Upper | |
| Regional Housing Goals | 74 | 36 | 78 | 188 |
| Approved – Bluebonnet Lane | 6 | | 42 | 48 |
| Approved – Pennicle View | | | 20 | 20 |
| Approved – Quarry Site | 7 | 7 | 80 | 94 |
| Approved – Greenhills Road | | | 17 | 17 |
| Remainder | 61 | 29 | 0 | 9 |
| Housing Sites | | | | |
| Bethany College | 22 | | | 22 |
| Second Units | 5 | | | 5 |
| Town Center Specific Plan | 45 | 55 | 200 | 300 |
| Gateway South Specific Plan | 21 | 22 | 93 | 136 |
| Erba Lane | | | 11 | 11 |
| Scotts Valley Dr/No. of Dunslee | 6 | | 34 | 40 |
| Scotts Valley Drive, No. Mt. Hermon | 7 | | 33 | 30 |
| Glen Canyon | 2 | | 8 | 10 |
| Total Housing Sites | 121 | 84 | 528 | 733 |
| Remainder (RHNP-Sites) | -0- | -0- | -0- | |

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Source: City of Scotts Valley, 2009

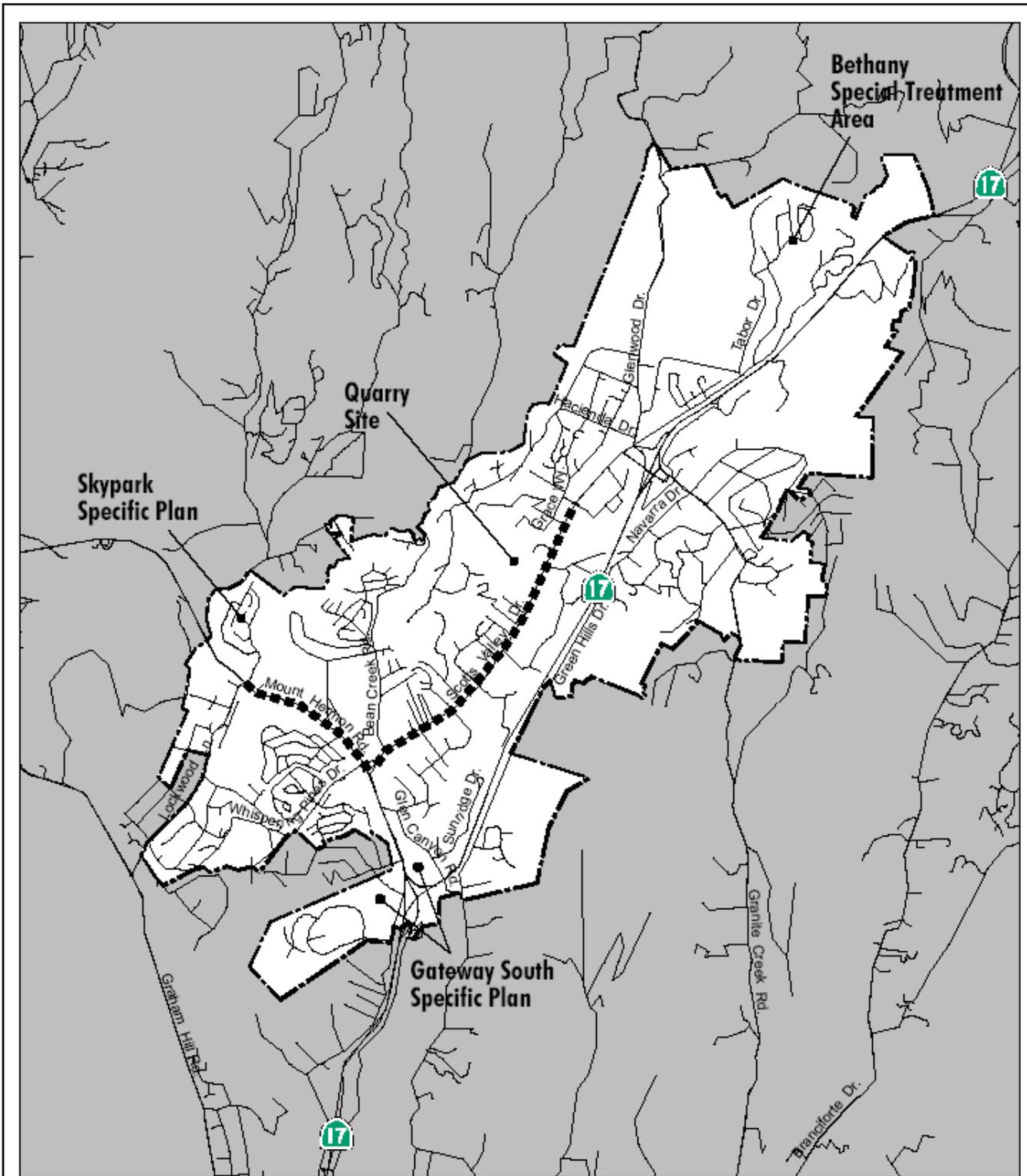
* Surplus of lower income sites will cover the deficit in moderate income units

Chart 4-4 provides a complete description of each parcel, its attributes, and assumed suitability to facilitate housing affordable to households of different income levels, including lower income. It is anticipated that lots in the Gateway area and Scotts Valley Drive will be consolidated to provide for better design.

**Chart 4-4
Housing Sites for the Regional Housing Needs**

| LOCATION | APN | SIZE | ZONING | DENSITY | LOW UNITS | MARKET UNITS | CURRENT USE |
|----------|-----------|-------|--------|---------|-----------|--------------|-------------|
| Bethany | 23-022-08 | 333.0 | P/QP | open | 22 | | Various |

| | | | | | | | |
|--|----------------------|----------|---------|---------|-----|-----|---------|
| 2 nd units | various | various | -- | -- | 5 | | Various |
| Town Center | See specific plan | 17 acres | various | various | 45 | 255 | Vacant |
| Quarry | 22-451-04,10 | 6.26 | C-S* | 15-20 | 14 | 80 | Vacant |
| Gateway | 22-151-05 | 1.72 | R-VH | 15-20 | 5 | 29 | Under |
| Gateway | 21-321-04 | 2.03 | R-VH | 15-20 | 6 | 34 | Vacant |
| Gateway | 22-151-03 | 1.10 | R-VH | 15-20 | 3 | 17 | Under |
| Gateway | 22-151-04 | 0.57 | R-M | 8 | 1 | 3 | Vacant |
| Gateway | 22-151-11 | 1.10 | R-VH | 20 | 3 | 17 | Under |
| Gateway | 22-151-07 | .50 | R-VH | 15-20 | 2 | 8 | Under |
| Gateway | 22-151-08 | .48 | R-VH | 15-20 | 1 | 7 | Under |
| Erba Lane | 22-481-15 | 0.75 | R-H | 15 | 0 | 11 | Vacant |
| Greenhills | 24-211-01 &02 | 43 acres | R-R-2.5 | 2.5 | 0 | 17 | Vacant |
| Pinnacle View | 21-281-01,02,05 & 06 | 2 acres | R-VH | 15-20 | 0 | 20 | Vacant |
| Bluebonnet | 22-211-92 | 2.48 | R-VH | 15-20 | 6 | 42 | Vacant |
| Dunslee | 22-451-01 | 2.00 | C-S* | 15-20 | 6 | 34 | Vacant |
| Scotts Valley Drive, no. of Mt Herman* | 22-162-69 | 2.30 | R-M | 8 | 5 | 25 | Vacant |
| | 22-162-74 | .01 | R-M | 8 | 0 | 0 | Vacant |
| | 22-132-48 | 0.94 | R-M | 8 | 0 | 0 | Vacant |
| Glen Canyon | 22-162-76 | 3.6 | C-S* | 15-20 | 2 | 8 | Vacant |
| TOTAL | | | | | 126 | 607 | 733 |



Source: Scotts Valley General Plan, January 2001;
 FEMA, May 1996; Census TIGER®, 2000

- City Boundary
- ▬▬▬ Major Corridor

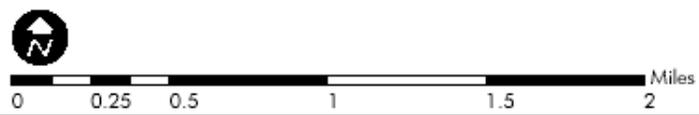


Figure 3
 Housing Opportunity Areas

C. Resources for Addressing Housing Needs

The City of Scotts Valley has access to a variety of existing and potential funding sources available for affordable housing activities. They include programs from local, state, federal and private resources. In addition, various public and nonprofit agencies are available to assist the City in implementing its housing policies and programs. The following describes the financial and administrative resources available to the City of Scotts Valley.

1. Financing Resources

Redevelopment Housing Set-Aside

State law requires all redevelopment agencies, including Scotts Valley Redevelopment Agency (RDA) to set aside a minimum of 20% of all tax increment revenue generated from redevelopment projects for affordable housing. The Agency's set-aside funds must be used for activities that increase, improve, or preserve the supply of affordable housing. Housing developed under this program must remain affordable to the targeted income group for at least 55 years for rentals and 45 years for ownership housing.

Approximately \$1,000,000 annually in housing set-aside funds is expected to be generated for housing-related purposes. Using set-aside funds, the RDA presently funds the First Month's Rent/Security Deposit Program (\$78,000 annually), \$500,000 for subsidies for completed affordable housing projects, \$500,000 for loans and advances for affordable housing (e.g., Bluebonnet and Windward Place), \$45,000 for monies to support the Santa Cruz Housing Authority, as well as other programs. The RDA has purchased an affordable housing parcel in the Town Center Specific Plan area for the development of affordable units and expects to joint venture the development of the mixed use housing in the Town Center core using RDA Housing Funds.

Proposition 46 Funds

In 2002, California voters approved a record \$2.1 billion bond to address the State's affordable housing crisis. The bond is the State's first in twelve years. According to HCD, the housing bond will create up to 22,000 permanently affordable homes for rent; enable more than 65,000 families to purchase their own homes; provide housing assistance for 12,000 to 24,000 farmworker families; and underwrite 20 million shelter bed days for homeless people. These bond funds will be available on a competitive basis and represent a major opportunity to leverage local monies for affordable housing.

2. Administrative Resources

Described below is a sample of public and non-profit agencies that have been involved in housing activities in north Santa Cruz County. These and other agencies play important roles in meeting the housing needs of the community. In particular, they are or can be involved in the improvement of housing stock, expansion of affordable housing opportunities, preservation of affordable housing, and/or provision of housing assistance to those in need.

Scotts Valley Redevelopment Agency

The Scotts Valley Redevelopment Agency has played an active role in meeting the housing needs of the community. Since 1995, the Agency contributed housing set-side funds to support the development of 71 affordable housing units including the recently constructed Baytree and Acorn apartment projects. The Agency has also provided funds to increase home purchase opportunities through the Silent Second Mortgage Program.

Housing Authority of the County of Santa Cruz

The Housing Authority of the County of Santa Cruz was created to provide housing assistance for the County's lower- and moderate- income residents. The Housing Authority administers the Section 8 rental assistance program and manages public housing developments. The Housing Authority also administers various programs, including the Mortgage Credit Certificate Program. Currently 45 Scotts Valley households receive Section 8 rental assistance through the County, and 15 low and moderate income households have received financial assistance through the MCC program.

Community Action Board of Santa Cruz County, Inc. (CAB)

CAB conducts, administers and coordinates community programs to combat poverty in Santa Cruz and Monterey Counties. CAB offers several programs: energy/utility payment assistance; the Shelter Project (housing and homeless services); job training and employment services; immigration assistance; and community building. Under the Shelter Project, CAB operates five services for homeless people or those at risk of homelessness, including: Housing for Medical Emergencies Program, Motel Vouchers for homeless persons facing emergency medical situations, Emergency Rent Assistance to prevent eviction, and a Message Center (voice mail), Shelter Hotline, and Resource Guide.

Front Street, Inc.

Front Street, Inc. (FSI) is the primary provider of social rehabilitation facilities throughout Santa Cruz County. FSI has been in operation since 1990, when it took over the 47-bed Front Street board and care facility in Santa Cruz. FSI also operates the 15-bed Darwin House for persons with mental illness and/or chemical dependency. FSI is committed to supporting its clients at the highest level of independence possible and provides both board and care and independent housing with wrap-around services.

Habitat for Humanity

Habitat for Humanity is a non-profit, Christian organization dedicated to building and rehabilitating affordable housing for lower income families. Habitat builds and repairs homes with the help of volunteers and partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans. Volunteers, churches, businesses, and other groups provide most of the labor for the homes. Government agencies or individuals typically donate land for new homes. Habitat Santa Cruz has built 24 homes since 2000 and is developing 6 single-family homes in Scotts Valley.

Mid-Peninsula Housing Coalition (MPHC)

Mid-Peninsula is an established regional non-profit organization involved in the development, management, acquisition and rehabilitation of affordable rental housing. MPHC primarily develops affordable family and senior rental apartments. Since it was founded in 1971, MPHC has developed over 3,700 affordable housing units in six northern California counties. MPHC has also rehabilitated over 300 units in blighted neighborhoods. MPHC has been involved in the preservation of affordable housing units that are at risk of converting to market rate uses. MPHC built the Emerald Hill project, a 46-unit apartment project that provides housing for very-low-income households.

First Community Housing

FCH is a 501 [c] [3] non-profit, public benefit developer committed to building high quality, sustainable, affordable housing and passing energy savings along to our tenants. FCH locates developments adjacent to transit corridors and provides free "eco-passes" to all our tenants, allowing free bus and light rail use throughout Santa Clara County. FCH develops the following housing types: family housing, senior housing, SROs, live/work lofts, and mixed use developments. Since its founding in 1986, FCH has developed 800 units with another 200 units in development. FCH's incorporation of green building materials has been featured in numerous green building journals, the AIA Memo and Global Green USA Case Study.