



# City of Santa Cruz 2023-2031 Housing Element







# City of Santa Cruz

## 2023-2031 Housing Element

 PROHOUSING

Adopted by City Council: December 12, 2023

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# Chapter 1

## *Introduction*





## Introduction

The Housing Element is one of the seven State mandated elements included in the Santa Cruz General Plan. The purpose of the Housing Element is to identify and plan for the City's existing and projected housing needs; it contains a detailed outline and work program of the City's goals, policies, quantified objectives, and programs for the preservation, improvement, and development of housing for a sustainable future. The Housing Element is reviewed and certified by the California Department of Housing and Community Development (HCD) for compliance with State Housing Element law.

Through research and analysis, the Housing Element establishes the City's official housing policies and objectives and identifies available candidate housing sites to accommodate the Regional Housing Needs Assessment (RHNA) goals as determined by the Association of Monterey Bay Area Governments (AMBAG). The RHNA quantifies current and anticipated future housing growth within a City. The Housing Element is a critical tool for the City of Santa Cruz to plan for and accommodate current and future growth within the community over the eight-year planning cycle.

## State Requirements

### *1. State Requirements*

California State Housing Element Law (California Government Code Article 10.6) establishes the requirements for the Housing Element. As stated in California Government Code Section 65588, local governments are required to review and revise the Housing Element of their comprehensive General Plans every eight years.

The following overarching Housing Element goals are included in California Government Code Section 65580 to ensure every resident has access to housing and a suitable living environment:

- a) The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.
- b) The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
- c) The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of the government.
- d) Local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for housing needs of all economic segments of the community.
- e) The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and

community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs.

- f) Designating and maintaining a supply of land and adequate sites suitable, feasible, and available for the development of housing sufficient to meet the locality's housing need for all income levels is essential to achieving the State's housing goals and the purposes of this article.

Table 1-1 summarizes the Housing Element requirements mandated by the State and identifies where these requirements are addressed in this document.

Table 1-1: Housing Element Requirements		
Housing Element Requirement(s)	Gov. Code Chapter	Reference in Housing Element
Analysis of employment trends.	Section 65583.a	Appendix C.B
Projection and quantification of existing and projected housing needs for all income groups.	Section 65583.a	Appendix C
Analysis and documentation of the City's housing characteristics, including cost for housing compared to ability to pay, overcrowding, and housing condition.	Section 65583.a	Appendix C.F
An inventory of land suitable for residential development including vacant sites and sites having redevelopment potential.	Section 65583.a	Appendix G
Analysis of existing and potential governmental constraints upon the maintenance, improvement or development of housing for all income levels.	Section 65583.a	Appendix E.3
Analysis of existing and potential nongovernmental (private sector) constraints upon maintenance, improvement or development of housing for all income levels.	Section 65583.a	Appendix E.1
Analysis concerning the needs of the homeless.	Section 65583.a	Appendix C.E.7
Analysis of special housing needs: handicapped, elderly, large families, farm workers, and female-headed households.	Section 65583.a	Appendix C.E
Analysis of opportunities for energy conservation with respect to residential development.	Section 65583.a	Appendix F
Identification of Publicly Assisted Housing Developments.	Section 65583.a	Appendix D.4
Identification of Units at Risk of Conversion to Market Rate Housing.	Section 65583.a	Appendix D.4
Identification of the City's goal relative to the maintenance, improvement, and development of housing.	Section 65583.a	Chapter 2
Analysis of quantified objectives and policies relative to the maintenance, improvement, and development of housing.	Section 65583.b	Chapter 2
Identification of adequate sites that will be made available through appropriate action with required public services and facilities for a variety of housing types for all income levels.	Section 65583.c(1)	Appendix G
Identification of strategies to assist in the development of adequate housing to meet the needs of low and moderate-income households.	Section 65583.c(2)	Chapter 2
Description of the Public Participation Program in the formulation of Housing Element Goals, Policies, and Programs.	Section 65583.d	Appendix A

Table 1-1: Housing Element Requirements		
Housing Element Requirement(s)	Gov. Code Chapter	Reference in Housing Element
Description of the Regional Housing Needs Allocation (RHNA) prepared by the Association of Bay Area Governments.	Section 65583.e	Chapter 1
Analysis of Fair Housing, including Affirmatively Furthering Fair Housing.	Section 8899.50	Appendix D
Review of the effectiveness of the past Housing Element, including the City's accomplishments during the previous planning period.	Section 65583.f	Appendix B
<i>Source: State of California, Department of Housing and Community Development.</i>		

## 2. Regional Housing Needs Assessment

The Regional Housing Needs Allocation (RHNA) is the methodology used for determining future housing need, by income category, within the State and is based on growth in population, households, and employment. The statewide determination is under the administration of State HCD. The quantified housing need is then allocated among the State's Council of Governments (COGs). For Santa Cruz, this agency is the Association of Monterey Bay Area Governments (AMBAG).

In accordance with Section 65584 of the California Government Code, AMBAG is tasked with creating a methodology for distributing the "fair share" of housing need to its member jurisdictions. The City of Santa Cruz's RHNA allocation is divided amongst four income categories, which are based on the Santa Cruz County's median income for a family of four. [Table 1-2](#) below identifies the City's 6<sup>th</sup> Cycle RHNA by income categories. The Santa Cruz AMI is \$119,300 for a family of four, according to the 2022 HCD Income Limits.

Table 1-2: City of Santa Cruz 6 <sup>th</sup> Cycle RHNA by Income Category		
Income Category	Percent of Area Median Income (AMI)	RHNA
Very Low-Income	0-50% AMI	859
Low-Income	51-80% AMI	562
Moderate-Income	81-120% AMI	709
Above Moderate-Income	>120% AMI	1,606
<b>TOTAL RHNA</b>		<b>3,736</b>
<i>*The Santa Cruz County AMI is \$119,300 for a family of four, according to 2022 HCD Income Limits.</i>		

It is important to note the City was successful in not only meeting its 5<sup>th</sup> Cycle RHNA across all income categories as of April 13, 2023, but it also permitted more than double the total RHNA units (see [Table 1-3](#)). There was a wide range of approved and constructed projects including Single Room Occupancy (SRO) units, fully affordable developments, and mixed-use developments with both affordable and market-rate units in combination with commercial space. The City plans to be successful, once again, in meeting the new 6<sup>th</sup> Cycle RHNA for 2023 through 2031.



**Table 1-3: City of Santa Cruz 5<sup>th</sup> Cycle RHNA**

Income Category	5 <sup>th</sup> Cycle RHNA	Permitted Units (as of 4/13/2023)	
		Count	Percent of RHNA
Very Low-Income	180	196	109%
Low-Income	118	433	367%
Moderate-Income	136	233	171%
Above Moderate-Income	313	802	256%
<b>TOTAL:</b>	<b>747</b>	<b>1,664</b>	<b>223%</b>

Additionally, the City received the Prohousing Designation from HCD in August 2023 to further support housing efforts. This designation allows the City to gain competitive points when being considered for funding from several programs, such as: Affordable Housing & Sustainable Communities (AHSC), Infill Infrastructure Grant (IIG), Transformative Climate Communities (TCC), Solutions for Congested Corridors, and Local Partnership Program. The Prohousing Designation also allows the City to become eligible to apply for the new Prohousing Incentive Program grant funding – a \$26 million State investment from the Building Homes and Jobs Trust Fund.

### 3. Relationship to Other General Plan Elements

The Housing Element is one of a number of elements of the City’s General Plan. The City’s Housing Element identifies programs and resources required for the preservation, improvement, and development of housing to meet the existing and projected needs of its population. The goals, policies, actions, and programs within the Housing Element relate directly to, and must be consistent with, all other elements in the City’s General Plan.

The Housing Element works in tandem with development policies contained in the Land Use Element. The Land Use Element is the guide for decision makers on the pattern, distribution, density, and intensity of land uses that, over time, will help the City achieve its vision for the future. Based on the location, type, intensity, and distribution of land uses throughout the City, the Land Use Element defines the land use build-out potential. By designating residential development, the Land Use Element places an upper limit on the densities and types of housing units constructed in the City. Land use patterns and decisions are influenced by population and economic growth (which create market demand), transportation access and opportunities, the availability of infrastructure, environmental constraints, and quality of life potential reflected in school quality, parks and recreational opportunities, and cultural amenities. The presence and potential for jobs affects the current and future demand for housing at the various income levels in the City.

The City’s Circulation Element also affects the implementation of the Housing Element. The Circulation Element establishes policies for a balanced circulation system in the City. The Circulation Element aims to reduce the impacts of transportation on the region’s environment and provide a variety of options so individuals can choose to travel by car, bicycle, foot, or public transportation. Consequently, the Housing Element must include policies and incentives that consider the types of transportation infrastructure essential for residential housing units in addition to mitigating the effects of growth in the City.

The Housing Element has been reviewed for consistency with the City's other General Plan Elements, and the policies and programs in this Element are consistent with the policy direction contained in other parts of the General Plan. As portions of the General Plan are amended in the future, the Housing Element will be reviewed to ensure that internal consistency is maintained.

## *4. Public Participation*

Government Code Section 65583 requires local governments to make diligent efforts to achieve public participation from all economic segments of the community. Public participation is a key component to the success of this Housing Element. Throughout the update process, the City prioritized outreach to the general public, community organizations, stakeholders, and various agencies to ensure all voices were heard and all feedback was considered. Appendix A provides a detailed description of outreach conducted and comments received.