

Local Government Scorecard
Santa Cruz City Planning Commission Meeting
December 19, 2019

SUBJECT: Establish an Ad-hoc Subcommittee to specifically discuss Inclusionary Zoning and other related housing matters

STAFF RECOMMENDATION:

Establish an Ad Hoc Subcommittee on Housing. In order to establish a subcommittee, the Planning Commission must determine the topic of work, and the timeline in which that work should be completed. The City Planning Commission
December 19, 2019

Discussion of formation of potential Planning Commission Subcommittee focused on Housing DATE: December 13, 2019

By Laws, as excerpted in Attachment 2 to this report, limit the duration of an ad hoc subcommittee to no longer than six months and require a report back to the full Commission at the conclusion of the project. Meetings of an ad hoc subcommittee are not subject to the Brown Act and do not require public notice or public hearings. The required final report can be provided as a written report or as oral testimony at a noticed public meeting attended by a quorum of the Planning Commissioners. Staff support is provided to subcommittees at the discretion of the planning director. Based on current staff resources, support available for a subcommittee during the first half of 2020 will be limited.

BACKGROUND:

Inclusionary Work Plan

The City Council has directed the Planning Commission work with staff and the community to develop further recommendations about the City's inclusionary housing requirement. This task could be completed by an Ad Hoc Subcommittee working with both Housing and Planning staff, along with community stakeholders.

On December 10, the City Council introduced an ordinance that would increase the required inclusionary housing percentage, which establishes the number of affordable inclusionary housing units that must be included with all new market

rate housing development, to 20%. As part of the item, the City Council also directed the Planning Commission to review the proposed inclusionary program and develop recommendations that will facilitate the production of affordable housing, including workforce housing.

Specifically, the motion stated:

Motion carried to refer the revised Inclusionary Housing Ordinance to the Planning Commission and direct the Planning Commission and staff to work with community stakeholders to consider options for making the ordinance more effective, including 1) provisions to streamline its operation and to increase incentives for developers to meet the requirements, and 2) priority regarding possible flexibility for workforce housing projects intended to meet the housing needs of the local workforce.

Currently, the Santa Cruz City School District is in the feasibility phase of developing a rental housing project on their Swift Street campus, with the intent of providing rental housing for ten percent of the district staff and faculty. The School District is concerned that their project feasibility will be impacted by the inclusionary housing requirement change to twenty percent, and that they could potentially lose the financing they have arranged. The City has a meeting scheduled with the School District during the week of December 16th, and it is anticipated that a code change related to flexibility for that and other workforce housing projects could come before the Planning Commission as soon as January 2020. In its earliest discussions, the subcommittee could help to influence how workforce housing is accommodated in the inclusionary ordinance.

Subcommittee work on this topic might include exploring the following questions:

1. What sort of flexibility would facilitate the development of workforce housing?
2. Should the City adopt a definition of workforce housing?
3. Should alternative compliance options be expanded and how? E.g., should the ordinance include a range of compliance paths, such as lower percentages of affordable units with deeper affordability or higher percentages of affordable units with higher income limits? What would those levels be, and how would they relate to the number of units produced in the City in various Regional Housing Needs Allocation (RHNA) categories?
4. What incentives could be considered, either as part of alternative compliance options or otherwise, to support developers in complying with the inclusionary ordinance?

5. How can the inclusionary ordinance be simplified to make it easier to navigate for staff, developers, decision makers, and the public?
6. What information is needed to adequately assess the above questions? What options and alternatives have other jurisdictions explored or implemented?

Optional Workplan Items

The Housing Blueprint established 99 priority actions for the City, and while many of them have been completed or are underway, others have not yet been prioritized for immediate action. Work by an ad hoc subcommittee on one or both of these two optional topics would be productive and helpful to the City.

Housing Type Options

In the section of the Housing Blueprint relating to Housing Production, under the topic of Accessory Dwelling Units (page 9 of the Housing Blueprint Subcommittee Recommendations), action C states:

C. Complimenting the Junior ADU evaluations, review State Laws related to efficiency units and compare those with the City's Small Ownership Unit (SOU) and Single Room Occupancy (SRO) regulations to assess whether City Code changes are needed to help promote the production of smaller units and a variety of housing types.

SROs and SOUs are distinct types of small multi-family housing units that are allowed in a limited number of commercial and mixed-use zone districts in the City. The state building code has established standards for efficiency dwelling units which may be smaller than the sizes required by the Municipal Code for either of these unit types, and it may be useful to reconsider the standards that currently regulate these two types of housing. Further, the Housing Blueprint raises the question of whether the distinction between these two unit types, based primarily on tenancy (ownership vs. rental) is still useful and relevant given contemporary housing needs. Further, with the addition of Jr. ADUs to the local menu of housing options, questions are starting to come up regarding the state definitions and allowances for efficiency dwelling units. The City could consider allowing different configurations of housing that may be most similar to lodging houses, dorms, detached bedrooms or others. Beyond looking just at smaller units, other work could be done on standards for co-housing. Generally, this topic would consider existing types of housing in the City and identify opportunities for adding variety to the market.

Work on this topic could address any or all of the following questions:

1. Is there a type of small housing unit that is not currently allowed under the City's policies but is being demanded by the market?

2. What considerations are relevant for detached bedrooms? Is this a housing option the City should pursue?
3. Should SROs and SOUs continue to be two distinct housing types?
4. Are the current development standards for SROs and SOUs still appropriate? Are they meeting the needs and priorities of the community?
5. Should SROs and SOUs be allowed in residential zone districts? If so, under what circumstances?
6. Should SROs and SOUs be allowed to be combined with other types and sizes of multi-family housing?
7. Would co-housing standards separate from those included in the SRO and other existing standards be useful? Should other regulations for other alternative housing types be added or modified?
8. Does it make sense to allow Jr. ADUs on multi-family properties?
9. Should the City allow more than one Jr. ADU per parcel, on R-1 zoned property?
10. Could these smaller unit types be used to create housing targeted to students and new professionals? What policy changes would be necessary to facilitate that type of housing?

Section 1. What is an Ad Hoc Committee

Ad-hoc committees are established by the Planning Commission to gather information or deliberate on issues deemed necessary to carrying out the functions and purpose of the Planning Commission. Ad-hoc committees generally serve only a limited or single purpose, are not perpetual, and are dissolved once their specific task is completed. An ad hoc committee shall be less than six months in term and shall have fewer members than a simple majority of the membership of the appointing Planning Commission. Ad-hoc committees shall bring back information to the Planning Commission in either oral or written form.

Following ad hoc committee input, the Planning Commission shall then discuss, deliberate, and make recommendations on the designated issue, thereby providing the public with the opportunity to participate in the decision-making process. This shall take place in the presence of a quorum of the Planning Commission at a properly noticed public meeting. Ad hoc committees shall not be subject to the Brown Act. City staff shall not be required to be present at ad hoc committee meetings. All ad-hoc committees shall provide a final report to the Planning Commission in lieu of minutes.

PLANNING COMMISSION AND STAFF DISCUSSION:

The Commission discussed the idea to implement the inclusionary policy that came from the City Council vote on December 10. The Commission (all present) expressed an interest in participating in the ad-hoc subcommittee to generate a work plan within a six month period. How the ad-hoc subcommittee would be formed with three members and what the action steps should be in place for stakeholder conversation.

COMMISSION ACTION:

The Commissioner Robert Singleton motion to form a subcommittee of three members, the motion was seconded by Commissioner Vice Chair Spellman. Discussion ensued by Commissioner Any Schiffrin wanted to serve on the subcommittee and pressed the discussion on the ability of a commissioner providing an opinion or information to other commissioners without violating the Brown Act. Motion was approved on a 4-1 vote

Yes on the motion: Vice Chair Peter Spellman and Commissioners Julie Conway, Miriam Greenberg and Robert Singleton

No on the motion: Andy Schiffrin

Absent: Chair Greg Pepping and Commissioner Christian Nelson

The Vice Chair recommended that Commissioners Conway, Greenberg and Spellman serve on the ad-hoc committee.

CHAMBER POSITION:

The Santa Cruz County Chamber has long held the position that local government must take every step necessary to create the policies that lead to the development of more housing — at all income levels — and especially at the very low, low income levels. The creation of market rate housing can spur on the development of affordable below market housing.

Our community is suffering from the cumulative impact of thirty plus years of neglecting our housing needs. The Board of Directors of the Santa Cruz County Chamber of Commerce recognizes the solution to this problem will require sustained commitment and action over a long period of time.

The Chamber supports increasing the number of housing units in Santa Cruz County, with a focus on serving moderate to low income individuals and families through increased-density, mixed-use developments.

The Chamber understands that in increasing the number of housing units, impacts infrastructure issues, such as water, transportation and land use. Solutions to these and other infrastructure issues must be pursued simultaneously to housing issues.

The Chamber supports achieving an increase in the number of housing units that:

- Meets the broad spectrum of community needs
- Increases density, especially along the city and county transportation corridors
- Promotes affordability for moderate to low income-level households
- Provides for mixed uses and mixed income within a neighborhood.

The Chamber has supported inclusionary housing policies once the base line of economic analysis is completed that supports the specific inclusionary zoning percentage.

The Chamber supports an ad-hoc subcommittee of the Planning Commission to conduct the necessary community outreach and stakeholder engagement to provide more concentrated work plan to address Santa Cruz housing shortage.