



SANTA CRUZ
COUNTY
GRAND JURY

Grand Jury <grandjury@scgrandjury.org>

Scotts Valley Response - Housing Our Workers

'Cathie Simonovich' via Santa Cruz Grand Jury <grandjury@scgrandjury.org>

Tue, Aug 29, 2023 at 2:04
PM

Reply-To: Cathie Simonovich <csimonovich@scottsvalley.gov>

To: "Syda.Cogliati@santacruzcourt.org" <Syda.Cogliati@santacruzcourt.org>, Santa Cruz Grand Jury
<grandjury@scgrandjury.org>

Cc: Mali LaGoe <mlagoe@scottsvalley.gov>, Taylor Bateman <tbateman@scottsvalley.gov>

Dear Honorable Judge Cogliati and Members of the Santa Cruz County Grand Jury,

We have attached the completed response packet for the report titled *Housing Our Workers - Essential Workers Need Affordable Housing!* This report was approved by the Scotts Valley City Council at the regular public meeting held on August 16, 2023.

Please confirm receipt of the report.

Best regards,

Cathie Simonovich
City Clerk



City of Scotts Valley
1 Civic Center Drive
Scotts Valley, CA 95066
csimonovich@scottsvalley.gov
Phone: 831-440-5608

NOTE: My regular work schedule is Tuesday through Friday from 7:00 AM to 5:30 PM.



2023-4dR_Housing_ScottsValleyCC_Packet.pdf
222K



The 2022–2023 Santa Cruz County Civil Grand Jury
Requires the

Scotts Valley City Council

to Respond by August 31, 2023

to the Findings and Recommendations listed below
which were assigned to them in the report titled

Housing Our Workers

Essential Workers Need Affordable Housing!

Responses are **required** from elected officials, elected agency or department heads, and elected boards, councils, and committees which are investigated by the Grand Jury. You are required to respond and to make your response available to the public by the California Penal Code [\(PC\) §933\(c\)](#).

Your response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Please follow the instructions below when preparing your response.

Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

1. ***For the Findings, mark one of the following responses with an “X” and provide the required additional information:***
 - a. **AGREE with the Finding**, or
 - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
 - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.

2. ***For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:***
 - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
 - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
 - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.

3. ***Please confirm the date on which you approved the assigned responses:***

We approved these responses in a regular public meeting as shown in our minutes dated August 16, 2023.

4. ***When your responses are complete, please email your completed Response Packet as a PDF file attachment to both***

The Honorable Judge Syda Cogliati Syda.Cogliati@santacruzcourt.org and

The Santa Cruz County Grand Jury grandjury@scgrandjury.org.

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

- F1.** While all city and county planning departments have demonstrated a good understanding of the new State housing laws and the need to facilitate more housing, the failure to do so in a timely manner has served to further decrease the availability of housing and further increase the need and cost of more housing.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

With respect to Scotts Valley, the City follows all new State housing laws and will continue to facilitate housing production under such laws. With the many annual housing bills, cities and developers alike must be diligent in understanding the latest legislative changes. The City will continue to stay knowledgeable about the latest legislative changes, interpretations, and case law. It is unclear in the wording of this finding what the “failure to do so” refers to. The City has not taken action to “decrease the availability of housing” and the “need and cost of more housing” are primarily driven by market forces, not City actions.

F9. The City of Scotts Valley has facilitated the building of market rate housing in recent years, but has made little effort to develop housing for low income workers.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

Historically, the City had more tools to encourage and facilitate affordable housing but with the elimination of the Redevelopment Agency, those funds have been significantly reduced. The City works closely with housing developers to encourage more diversity in the City’s overall housing inventory, including more rentals, multifamily, mixed use, and smaller units. Chapter 14 of the Scotts Valley Municipal Code (SVMC) outlines the City’s inclusionary zoning requirements that apply to the production of both market rate and below market rate housing production. Residential developments of seven or more dwelling units are required to deed restrict 15 percent of the units for sale/rental to low-income households on- or off-site. Residential developments of six or fewer dwelling units are required to pay an in-lieu affordable housing fee. As such, new residential development projects of seven or greater units are required to provide affordable housing for low-income workers. The City’s Affordable Housing Subcommittee reviews proposed housing projects and often advocates for even more low and very-low affordable units.

F10. The City of Scotts Valley has made little progress towards developing the Town Square project which could accommodate both business and housing.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

The development of Town Center has faced a complex set of challenges, many of which are outside of the City's control. For the last two years, the City has been actively engaged in characterizing and removing environmental contamination from the site and has initiated a Town Center Specific Plan update to encourage the development of the Town Center. The site continues to be included in the City's Housing Element and in the most recent draft, the number of housing units is proposed to increased significantly which should improve the economic viability of the project.

F11. The City of Scotts Valley claims to have significantly fewer resources to attract housing planners and builders than do the bigger municipalities of Santa Cruz, Watsonville and the County of Santa Cruz, but that does not mean the City should be exempt from the need to construct housing for local low income workers.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

The City agrees that smaller jurisdictions have fewer resources to attract affordable housing developers. Scotts Valley has never claimed to be exempt from the need for housing and continues to be committed to encouraging the construction of housing for local low income workers. However, the City does not construct housing nor can the City compel private property owners to develop properties. (Please see responses to F9 above F12 below)

F12. While all local municipalities have voiced support for prioritizing housing for local workers, only some of them have clear local preference guidelines that give some priority to local workers. Without clear guidelines and incentives, new housing is more likely to be purchased by those who do not live and work here.

- AGREE**
- PARTIALLY DISAGREE**
- DISAGREE**

Response explanation (required for a response other than **Agree**):

The City agrees that clear local preference guidelines that give priority to local workers is important and thus has a preference system to ensure residents and workers are prioritized. Applicants are prioritized in the order listed 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. Historically most affordable housing units are purchased or rented by persons in the top 3 ranking categories.

F13. All municipalities are trying to identify and facilitate the building of housing projects, but most of that is done independently of the other municipalities or with outside partners. Since workforce housing and transportation gridlock is a county-wide problem, all county municipalities need to work more closely together and with property owners to develop housing solutions.

AGREE

PARTIALLY DISAGREE

DISAGREE

Response explanation (required for a response other than **Agree**):

Representatives from the different jurisdictions regularly learn from one another and collaborate on the best ways to grow across the region, particularly when it comes to planning for and requiring increased densities in areas close to transit and other daily needs. Individual projects are typically best handled by the jurisdiction in which they are located.

Planning Directors throughout the County also meet at least five times per year to collaborate on housing and other related issues. The Planning Department staff from countywide jurisdictions also collaborate through AMBAG meetings, trainings, discussions of state legislation, joint presentations, and various other communication streams.

Recommendations

R6. By the end of 2023 the City of Scotts Valley should identify enough parcels of land, zoned appropriately, to meet the new RHNA housing allocations for all income levels, especially low income housing. (F9)

HAS BEEN IMPLEMENTED – summarize what has been done

HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE – summarize what will be done and the timeframe

REQUIRES FURTHER ANALYSIS – explain the scope and timeframe (not to exceed six months)

WILL NOT BE IMPLEMENTED – explain why

Required response explanation, summary, and timeframe:

The City has submitted a draft of the City's 6th Cycle Housing Element Update to the Department of Housing and Community Development (HCD) for review. The City plans to adopt the Housing Element by December 2023. The draft Housing Element includes a sites inventory/analysis and draft housing policy program which adequately plans for and accommodates its RHNA obligation. The policy program provides various strategies to assist the City in planning for additional low income housing units.

The draft sites inventory/analysis identifies enough parcels of land, zoned appropriately, for the City to meet its RHNA housing allocation of 1,220 housing units. The inventory includes adequate capacity to meet RHNA allocations at all income levels (very-low, low, moderate, and above moderate).

R7. By the end of 2023, the City of Scotts Valley should show significant progress towards planning and facilitating the construction of mixed use businesses and housing on identified parcels of land in the City. (F10)

X **HAS BEEN IMPLEMENTED** – summarize what has been done

— **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe

— **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)

— **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

The City has recently approved mixed use projects and continues to be committed to processing mixed use development applications. The City has submitted a draft of the City's 6th Cycle Housing Element Update to the Department of Housing and Community Development (HCD) for review. The City plans to adopt the Housing Element by December 2023. The draft Housing Element includes a sites inventory analysis and housing policy program so that the City can adequately plan for and accommodate its RHNA obligation.

Some draft strategies include rezoning specific parcels along Scotts Valley Drive and Mount Hermon Road to allow mixed use residential development projects at higher residential densities.

R8. By the end of 2023, the City of Scotts Valley should demonstrate a plan to work with other county municipalities as well as other for profit and non-profit agencies to develop low income housing for workers in the City. (F9 – F11)

X **HAS BEEN IMPLEMENTED** – summarize what has been done

— **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe

— **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)

— **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Planning Directors from throughout the County meet regularly to collaborate on housing and other related issues. The Planning Department staff from the countywide jurisdictions also collaborate through AMBAG meetings, trainings, discussions of state legislation, joint presentations, and various other communication streams. While the City has created incentives to facilitate development, and helped facilitate discussions among property owners, the City is not able to compel private property owners to develop properties. The City will continue to maintain relationships with for profit and non-profit agencies to develop low income housing for workers in the City.

R9. By the end of 2023 the City of Scotts Valley should develop clear, measureable guidelines to ensure that local preference is given to local workers in the construction of low income housing. (F12)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Note that the wording of this recommendation is a bit confusing. For purposes of this response, it has been interpreted to mean that local workers should be preferred when it comes to their ability to buy or rent low-income housing, the City has regulations in place to achieve that goal (Please see Response F12).

R10. By the end of 2023 the City of Scotts Valley should demonstrate that they have reestablished regular meetings of a workgroup or other entity that would allow planners from all 5 county jurisdictions to share ideas on housing development and develop joint projects. (F13)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Planning Directors throughout the County meet at least five times per year to collaborate on housing and other related issues. The Planning Department staff from countywide jurisdictions also collaborate through the AMBAG meetings, trainings, discussions of state legislation, joint presentations, and various other communication streams.