

CITY OF SANTA CRUZ  
809 Center Street  
Santa Cruz, California 95060



## CITY COUNCIL AGENDA

### Special Meeting - September 22, 2022

6:00 p.m. GENERAL BUSINESS, ZOOM/COUNCIL CHAMBERS

**IMPORTANT NOTICE:**

Pursuant to California Government Code 54953(e)(1)(A) and (C), and the City of Santa Cruz's resolution authorizing continued virtual participation in public meetings given the COVID-19 pandemic, meetings of the Santa Cruz City Council are being conducted with a hybrid format, providing both in-person and virtual participation in order to promote social distancing and protect the health and safety of attendees, staff, and Councilmembers.

In order to minimize exposure to COVID-19, the meeting may be viewed remotely, using any of the following sources:

- Click on Zoom link (no time delay): <https://zoom.us/j/94684401344>
- Online at <http://www.cityofsantacruz.com/government/city-council/council-meetings>
- Online at [Watch - Community Television of Santa Cruz County](#)
- Comcast Channel 25

Or: Call any of the numbers below. If one is busy, try the next one.

- 1-833-548-0276 (Toll Free)
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Enter the meeting ID number: 946 8440 1344

- When prompted for a Participant ID, press #.
- Press \*9 on your phone to "raise your hand" when the Mayor calls for public comment.
- It will be your turn to speak when the Mayor calls on you. Press \*6 to unmute yourself. The timer will then be set.

Correspondence to be included in the agenda packet must be received by 12:00pm on Thursday, September 22<sup>nd</sup>.

The City of Santa Cruz does not discriminate against persons with disabilities. Out of consideration for people with chemical sensitivities we ask that you attend fragrance free. Upon request, the agenda can be provided in a format to accommodate special needs. Additionally, if you wish to attend this public meeting and will require assistance such as an interpreter for American Sign Language, Spanish, or other special equipment, please call the City Clerk's Department at 420-5030 at least five days in advance so that we can arrange for such special assistance, or email [CityClerk@cityofsantacruz.com](mailto:CityClerk@cityofsantacruz.com). The Cal-Relay system number: 1-800-735-2922.

Si desea asistir a esta reunión pública y necesita ayuda - como un intérprete de lenguaje de señas americano, español u otro equipo especial - favor de llamar al Departamento de la Secretaría de la Ciudad al 420-5030 al menos cinco días antes para que podamos coordinar dicha asistencia especial o envíe un correo electrónico a [cityclerk@cityofsantacruz.com](mailto:cityclerk@cityofsantacruz.com). El número del sistema Cal-Relay es: 1-800-735-2922.

## City Council Special Meeting

6:00 P.M.

### Call to Order

### Roll Call

### General Business

1. Report of Effect for the Our Downtown, Our Future Initiative (Measure O) (PL/ED)

Accept the report on the effects of the Our Downtown, Our Future (Measure O) initiative.

### Adjournment



## CITY COUNCIL AGENDA REPORT

DATE: September 19, 2022

**AGENDA OF:** September 22, 2022

**DEPARTMENT:** Planning & Community Development and Economic Development & Housing

**SUBJECT:** Report of Effect for the Our Downtown, Our Future Initiative (Measure O) (PL/ED)

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**RECOMMENDATION:** Accept the report on the effects of the Our Downtown, Our Future (Measure O) initiative.

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**BACKGROUND:** On May 24, 2022, the City Council provided direction to prepare a report on the Our Downtown, Our Future initiative (Measure O) pursuant to California Elections Code Section 9212 and as described in the May 24 agenda report attached hereto. The timeline for completion of the report was subsequently extended by Council at the June 28, 2022 hearing, with direction to return with the report no later than September 27, 2022.

In response to Council direction, staff sought the services of multiple consultants and selected Keyser Marston Associates to prepare the report. The impartial analyses prepared by Keyser Marston is attached.

**DISCUSSION:** The following conclusions are explicitly made or derived from Keyser Marston's analysis:

- Affordable Housing Development
  - Three of the sites identified in Measure O could potentially feasibly be developed with affordable housing. The remaining four locations identified as priority affordable housing sites in Measure O are not feasible for affordable housing development.
  - The City's existing regulations already allow for affordable housing development on the lots that were identified as feasible for development.
  - The provisions of Measure O could potentially constrain the development of affordable housing on the identified lots and make it harder to develop affordable housing on those properties.
  - Current regulations are producing substantial affordable housing. Two 100% affordable housing projects supported by the City are under construction (Pacific Station South and Cedar Street Apartments) and a third 100% affordable housing project (Pacific Station North) is entitled, all within approximately 800 feet (0.15

miles) of the proposed Downtown Library and Affordable Housing project site (Lot 4). These three projects contain a total of 262 new affordable homes.

- If Measure O were to pass, the amount of affordable housing that could be developed on Lot 4 would be limited by the measure's requirement to keep the Farmers' Market on the site. Over \$7 million of grant funds secured for the project and predevelopment money already spent would be lost, and the delivery of affordable housing would be delayed for years.
  - The existing Downtown Library site will not be available for redevelopment if Measure O is enacted, thereby eliminating the potential for the site to be combined with surface parking Lots 14 and 16 (immediately east of the current library) to create a viable affordable housing site and increasing the likelihood that Lots 14 and 16 remain as surface parking.
- Comparison of Renovating the Existing Library Versus the New Library
    - The new library is 26% larger (nearly 8,000 square feet larger) than the renovated library.
    - The new library is slightly less expensive than the renovated alternative in absolute terms, and on a per-square-foot cost basis, the new library costs 21% less than the renovated one.
    - The new library has substantially more green building features than the renovated library.
      - The new library would be Gold Certified under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program, while the renovated library would not.
      - The new library would have solar power, while the renovated library would not.
      - The new library would have no fossil fuel reliance, while the renovated library would rely on natural gas.
      - The new library would have nearly double (85% more) planting area than the renovated alternative.
  - Parking Analyses
    - Given the public parking spaces being removed due to development, even with the highest estimate of new parking spaces in the proposed garage (345), the downtown would have a net loss of approximately 164 parking spaces. The downtown would have a net loss of approximately 264 parking spaces if the new garage contains the low estimate for number of spaces (245) provided.
    - Three 100% affordable projects, all located within 800 feet (0.15 miles) of the new garage, contain 262 residential units and approximately 40,000 square feet of commercial space (such as medical office, office, retail, and restaurant space). Zero parking stalls are provided for the three projects. Without accounting for potential reductions (the affordable units, for example, are not required to provide parking), these three projects alone would require 621 parking stalls. Again, zero parking spaces are provided for these three projects, so they generate an estimated off-site parking demand of 621 parking spaces.
    - Four private mixed-use, residential and commercial development projects in close proximity the proposed garage are in various stages of entitlements or construction, as noted in Attachment 2, Appendix A of the consultant's report. These projects were able to take advantage of state density bonus parking reductions and other

allowable approaches to reduce parking supply on-site. The delta between the parking required by resolution (which does not account for allowable reductions) and the parking provided on site is 245 spaces, so the estimated off-site demand for these four projects is 245 parking spaces.

- Between the seven projects noted in the two bullets above, off-site parking demand is a total of 866 parking stalls.
- The parking demand noted above does not account for the parking demand generated by the Downtown Library and Affordable Housing project.
- The affordable housing component of the Downtown Library and Affordable Housing project would contain approximately 124 affordable units, over 38,000 square feet of library space, approximately 1,200 square feet of daycare space, and approximately 9,600 square feet of commercial space.
  - Based on the Downtown Parking Resolution and not accounting for allowable reductions associated with the State Density Bonus or other reduction allowances, the parking demand for the various residential, library, and commercial uses in the project is approximately 332 spaces, as shown in Attachment 2, Appendix A, Table 1 of the consultant's report.
  - The public parking spaces in the garage associated with the Downtown Library and Affordable Housing project will not be dedicated specifically to the library, affordable housing, or commercial uses. However, the garage spaces will serve the parking demand for the seven other projects noted above, plus the demand from the Downtown Library and Affording Housing project (a total demand of approximately 1,198 parking spaces), plus it will serve the existing demand for the parking spaces on the existing surface parking lot.
- General Plan Consistency
  - Measure O is not in alignment with the City's key guiding documents. It directly conflicts with many policies included in the General Plan, Housing Element, and the Downtown Plan, particularly when comparing the proposed Measure O requirements to existing City regulations.
    - Measure O would likely make it more difficult to produce affordable housing compared with existing regulations because of the overly-prescriptive and restrictive language of the measure.
    - Measure O would prevent ground-floor retail, restaurant, and commercial uses as part of affordable housing projects on the lots identified as priority affordable housing sites in the measure, which is inconsistent with the Downtown Plan vision for a pedestrian-oriented streetscape with active, engaging, and interesting ground-floor uses.
    - Measure O would prevent the construction of a new library, resulting in a smaller renovated library with fewer amenities for the public and fewer green building features. This is inconsistent with a range of General Plan goals and polices regarding provision of high-quality services, such as the General Plan policy that seeks to maximize educational, developmental, and recreational opportunities.
    - Measure O would prevent the construction of a planned childcare facility and would prevent the construction of childcare facilities as part of other affordable housing projects on the lots identified as priority affordable housing sites in the measure.

- Measure O would have long-term negative fiscal implications for the City.

As outlined above and as further detailed in Keyser Marston Associates impartial analyses and the detailed General Plan consistency analyses, Measure O would create barriers to the production of affordable housing, would result in an inferior and more expensive Downtown library, and would frustrate a range of objectives in the General Plan, its Housing Element, and the Downtown Plan.

*Health in all Policies (HiAP)*

HiAP is a collaborative approach to improving the health of all people by incorporating health considerations into decision-making across sectors and policy areas. HiAP is based on 3 pillars: equity, public health, and sustainability. The goal of HiAP is to ensure that all decision-makers are informed about the health, equity, and sustainability impacts of various policy options during the policy development process. Measure O's creation of barriers to the production of affordable housing, its negative fiscal implications, and its resulting inferior public library each frustrate all three HiAP pillars of equity, public health, and sustainability, so Measure O is inconsistent with HiAP.

**FISCAL IMPACT:** As indicated in the attached analysis, Measure O itself would have long-term negative fiscal impacts to the City. As of the drafting of this report, the consultant's work on the project is still underway. However, it is expected that the total cost for the report will be approximately \$30,000 to \$35,000.

**Prepared/Submitted By:**

Lee Butler  
Director of Planning and  
Community Development

**Approved By:**

Matt Huffaker  
City Manager

**ATTACHMENTS:**

1. KEYSER MARSTON REPORT ON EFFECTS OF MEASURE O
2. MEASURE O GENERAL PLAN CONSISTENCY ANALYSIS
3. MAY 24, 2022 COUNCIL AGENDA REPORT
4. EXCERPT OF MINUTES FROM MAY 24, 2022 COUNCIL MEETING



KEYSER MARSTON ASSOCIATES™

## **REPORT TO CITY COUNCIL**

**ON A BALLOT INITIATIVE TITLED  
“MEASURE “O”**

**GENERAL PLAN AND DOWNTOWN PLAN AMENDMENTS  
REGARDING DOWNTOWN LIBRARY, DOWNTOWN  
FARMERS’ MARKET, AFFORDABLE HOUSING AND  
SURPLUS PARKING REVENUE**

**Prepared for:**

**City of Santa Cruz**

**Prepared by:**

**Keyser Marston Associates, Inc.**

**September 19, 2022**

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## ATTACHMENTS

- Attachment 1: Downtown Library & Affordable Housing Project: Chronology of Events
- Attachment 2: Downtown Context Tables
- Appendix A: Downtown Pipeline Housing Projects
- Appendix B: Lost Parking Analysis
- Appendix C: Parks / Community Spaces in Downtown & in Close Proximity to Downtown
- Attachment 3: Measure O Sponsors: Summary of Development Opportunities

## I. INTRODUCTION

At a meeting held on June 28, 2022, the City of Santa Cruz City Council requested that a report be prepared that identifies the potential impacts created by the “Our Downtown, Our Future Initiative” that has been placed on the November 8, 2022 election ballot. It was further directed that the report be brought back to the City Council no later than September 27, 2022.

For reference purposes, the initiative has been given the following title:

Measure O  
General Plan and Downtown Plan Amendments  
Regarding Downtown Library, Downtown Farmers’ Market,  
Affordable Housing and Surplus Parking Revenue

Throughout this report the initiative will be referred to alternatively as Our Downtown, Our Future and Measure O as pertinent.

### A. Chronology of Events

Keyser Marston Associates, Inc. (KMA) was engaged by the City of Santa Cruz (City) to prepare the impact report that was requested by the City Council. A chronology of events that led to the submission of the initiative is detailed in Attachment A, and summarized in the following table:

2013	Santa Cruz Public Libraries commence a comprehensive facilities master planning process.
2016	Voters approve Measure S bonds, which provide funding for library facility needs across the system. Funding for the Downtown Library is identified as an urgent need.  On December 6, 2016 the City Council discusses the possibilities for the development of a new library and parking structure, as well as exploring permanent location options for the Downtown Farmers’ Market.

<p>June 2018</p>	<p>At the June 19, 2018 City Council Meeting:</p> <ol style="list-style-type: none"> <li>1. The Downtown Library Advisory Committee (DLAC) recommends City Council approval of a new Downtown Library as part of a mixed-use project including retail, office, and/or housing uses.</li> <li>2. The proposed development site is the City-owned parcel located on Cedar Street between Cathcart and Lincoln Streets (Lot 4).</li> <li>3. City staff is directed to conduct additional outreach prior to the City Council taking any action.</li> </ol>
<p>September 2018</p>	<p>At a meeting held on September 11, 2018 the City Council:</p> <ol style="list-style-type: none"> <li>1. Accepts the DLAC recommendation for a new Downtown Library as part of a mixed-use project on Lot 4;</li> <li>2. Authorizes the City staff to proceed with the selection of an owner’s representative to manage the overall project implementation, and to issue a RFP/Q for the selection of a design build team;</li> <li>3. Introduces resolutions to amend Chapter 10.52 regarding parking meter rates and parking and permit rates; and to update the current parking resolution to phase out deficiency fees;</li> <li>4. Directs staff to work with the owner’s representative and Design-Build team to undertake community outreach and to return to the City Council with preliminary project design options for considerations; and</li> <li>5. Directs the City Manager to engage a land planning firm to evaluate reuse opportunities for the existing Downtown Library site.</li> </ol>
<p>May 2019</p>	<p>On May 19, 2019 the City Council places the Library Mixed-Use Project on hold, and forms a Council Subcommittee to investigate alternatives.</p> <p>The Subcommittee meets over the course of a year. Following a year long process the Council Subcommittee recommends that a new Downtown Library and a parking garage be developed on Lot 4.</p>

June 2020

At a meeting held on June 23, 2020 the City Council conceptually approves, subject to appropriate environmental review and required permit process, and give direction to City staff to proceed with the design and development of a mixed-use project on Lot 4 by adopting a resolution with the following provisions:

1. Relocate the Downtown Library to the ground floor of a mixed-use project on Lot 4;
2. Include at least 50 low income units in the project;
3. Include at least 400 parking spaces in a garage on Lot 4 to provide parking for the affordable housing and to replace lost public parking spaces in the downtown area; and
4. Restrict the project height to not exceed that of the University Town Center, or if this is not possible, the development at 1010 Pacific.
5. City staff is also directed to work with the Farmers' Market to develop a design for a permanent location on Cathcart and Front Streets (Lot 7).

City staff is also directed to undertake the following activities:

1. To work with the owner's representative and Design-Build Team to initiate an outreach process based on a preliminary design prepared by Group 4 Architects;
2. Initiate a public process to consider reuse options for the site currently occupied by the Downtown Library, including affordable housing, a community commons, and other public uses;
3. To report back within two months with financial information pertaining to each component of the project, a work program and timeline for project implementation, the public engagement process, and general schematics for the project; and
4. To re-engage with the Farmer's Market to finalize an agreement and develop a design for a permanent location on Lot 7.

2021	<p>The City takes the following actions during 2021:</p> <ol style="list-style-type: none"> <li>1. An owner-representative is hired;</li> <li>2. An affordable housing developer team is selected, and the affordable housing component is proposed to be set at 107 units;</li> <li>3. The re-visioning process for the current Downtown Library site is completed;</li> <li>4. Public meetings are held to discuss the conceptual design for the library proposed to be developed on Lot 4;</li> <li>5. City staff commences relocation discussions with the Farmers’ Market related to a new permanent downtown location; and</li> <li>6. The City Council approves a conceptual design for the Library Mixed-Use Project.</li> </ol> <p>In November 2021 a “Notice of Intent to Circulate Petition and Statement of Reasons” is submitted to the City.</p>
May 2022	<p>On May 1, 2022:</p> <ol style="list-style-type: none"> <li>1. The City staff updates the City Council on matters related to the proposed new library: schematic designs; results of public outreach; and budget comparisons for multiple library renovation and new construction options.</li> <li>2. A pre-application is submitted to the City for the project which is renamed the Downtown Library &amp; Affordable Housing Project. The size of the affordable housing component is increased to 124 units and the parking component is reduced to between 245 and 345 spaces.</li> </ol> <p>On May 3, 2022 an Initiative petition is filed with the County Clerk. The County Clerk validates and certifies the requisite number of signatures on June 14, 2022.</p>

## B. Our Downtown, Our Future Initiative

The City Attorney prepared an Impartial Analysis of Measure O dated August 19, 2022. The analysis is summarized below.

Measure O would amend the City’s General Plan to recognize the following as policy priorities:

1. Maintaining the Downtown Library in its current location; and
2. Defining Lot 4 as the preferred long-term location for the Downtown Farmers’ Market.

These policy priorities effectively preclude the following:

1. The use of Lot 4 for the proposed Downtown Library & Affordable Housing Project; and
2. The reuse of the property that is currently occupied by the Downtown Library.

Key requirements that would be imposed by Measure O can be summarized as follows:

1. Downtown Farmers’ Market:
  - a. The Downtown Plan would be required to be amended to ensure that adequate space remains on Lot 4 for the Farmers’ Market, and
  - b. Provisions authorizing the closure of Pacific Avenue between Cathcart and Lincoln Streets for the weekly Downtown Farmers’ Market would be eliminated.
2. Measure O would also require the following amendments to the General Plan and Downtown Plan:
  - a. The construction of additional parking facilities above the ground level would be prohibited on the following City-owned surface parking lot sites:

Lot	Address
7	505 Front Street
8	710 Cedar Street
9	120 Elm Street
11	328 Front Street

Lot	Address
14	224 Church Street
16	204 Church Street
26	155 Center Street <sup>1</sup>
27	310 Front Street

- b. “To the maximum extent feasible,” these specified parking lots should be developed into permanent affordable housing.
- c. Measure O also authorizes, but does not require, development of affordable housing on Lot 4.

Measure O would also amend the General Plan to prioritize expenditure of surplus parking revenue from the Downtown Parking District for:

1. Development of affordable housing;
2. Free bus passes to Downtown workers, and other “transportation demand management” programs;
3. Renovating the existing Downtown Branch Library; and
4. Improving parking Lot 4 for “public gatherings and recreational purposes,” including the Farmers’ Market.

Lastly, Measure O directs City officials to make any further conforming changes to the General Plan, Downtown Plan, Zoning Ordinance, and/or Local Coastal Program that are necessary to ensure such plans and ordinances are consistent with Measure O, and to determine the availability of surplus parking revenue to underwrite the costs of implementing the Measure O priorities.

### C. Report Organization

The report is organized into the following sections:

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<sup>1</sup> Lot 26 is the current Santa Cruz Police Department parking lot. The lot is actually located outside the perimeter of the Downtown Parking District.

Section	Topic
II	Executive Summary
III	Existing Downtown Context
IV	Evaluation of Measure O Prioritized Housing Sites
V	Analysis of the Downtown Library & Affordable Housing Project
VI	Estimated Fiscal Impacts
VII	Measure O Consistency with General Plan & Downtown Plan

## II. EXECUTIVE SUMMARY

### A. Measure O Goals

The stated goals of Measure O can be summarized as follows:

1. To maintain the Downtown Library in its current location.
2. To define Lot 4 as the preferred long-term location for the Downtown Farmers' Market, and to improve Lot 4 for public gatherings and recreational purposes.
3. To define the allowable future uses on nine City-owned sites that are currently developed with surface parking lots. The key limitations are:
  - a. "To the maximum extent feasible," the parking lots should be developed into permanent affordable housing.
  - b. The construction of additional above-ground parking facilities would be prohibited.
4. Surplus parking revenue from the Downtown Parking District should be prioritized and redirected for non-parking uses.

### B. Existing Downtown Context

Excluding the proposed Downtown Library & Affordable Housing Project, there are currently seven Downtown housing projects at stages ranging from the entitlement phase to being under construction. These projects contain 935 units of which 321 units are set aside for very low and low income households. The affordable units represent 34% of the new housing units.

Over the past four years, 230 public surface parking spaces have been removed from the inventory to allow for new development projects. Another 61 on-street spaces were removed from the inventory during this period for outdoor dining or similar private uses. This results in a net loss of 291 spaces.<sup>2</sup>

The Downtown is served by many parks and community spaces. There are currently spaces totaling approximately 47 acres in the Downtown and in close proximity to the downtown.

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<sup>2</sup> The parking counts exclude the net increase in parking spaces that would be provided if the Downtown Library & Affordable Housing Project is developed as currently proposed.

## C. Evaluation of Measure O Prioritized Housing Sites

### LOTS 7, 8 AND 9

Both KMA and the sponsors of Measure O concluded that the following three Measure O prioritized sites could potentially be feasibly developed with affordable housing projects:

Lot	Address
7	505 Front Street
8	710 Cedar Street
9	120 Elm Street

It is important to note the City’s existing regulations already permit the development of affordable housing projects on these sites. The more stringent development standards imposed by Measure O, including the prohibition of parking above the ground level, could potentially constrain the development potential for these sites.

### LOTS 11 AND 27

The lots identified in the following table are currently proposed to be acquired from the City by a private developer who is assembling a site for the subsequent development of a hotel. It is important to note that the City-owned lots are separated by multiple privately owned parcels. Neither of the City-owned properties are large enough to feasibly accommodate an affordable housing project.

Lot	Address
11	326 Front Street
27	310 Front Street <sup>3</sup>

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<sup>3</sup> 310 Front Street is a City-owned site that is identified in Measure O as prioritized housing site, but it is not a parking lot. It is a small landscaped area and a right-of-way easement for the adjacent public road.

## LOTS 14 AND 16

Lots 14 and 16 are located adjacent to the existing Downtown Library. When the two sites are combined they are still too small, and irregularly shaped, to efficiently support an affordable housing project. These constraints are exacerbated by the 35 foot height limit imposed by the sites' zoning.

Lot	Address
14	224 Church Street <sup>4</sup>
16	204 Church Street

## LOT 26

Lot 26 is comprised of the following two parcels:

Lot	Address
26A	409 Laurel Street
26B	241 Center Street

Lots 26A and 26B are located outside the boundaries of the Downtown Plan. These lots represent a portion of a site that is currently used as the parking lot for the Santa Cruz Police Department, which also includes 10 public parking spaces. The site's development potential is constrained by its small size, the City's development standards, and the costs associated with replacing the parking spaces that are currently being used by the Police Department.

## D. Analysis of the Downtown Library & Affordable Housing Project

Lot 4 was first considered in 2018 as the location for a new Downtown Library following a robust community outreach effort. In 2019 the City Council appointed a Council Subcommittee, and additional community outreach was undertaken. In 2020 the City Council reaffirmed the Lot 4 location for the Downtown Library, directed City staff to explore the re-use options for the existing Downtown Library site, and to plan for a permanent Farmers' Market location on Lot 7. This action also directed the City staff to undertake a community outreach campaign.

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<sup>4</sup> This parcel has a Church Street address, but it is only accessible from Locust Street.

## DOWNTOWN LIBRARY

In 2022, the City commissioned a comparative analysis of the costs and amenities associated with a renovation of the Downtown Library. The key differences are summarized in the following table:

2022 Comparative Downtown Library Analysis		
	Renovate Existing Library	Downtown Library & Affordable Housing Project
Total Building Area (Square Feet)	30,230	38,090
Green Certification	None	LEED Gold Certified
Area of Planting (Square Feet)	6,570	12,170
Solar Power	None	270 KW (Net Zero)
Fossil Fuels	Natural Gas	No Reliance
<u>Library Development Cost</u>		
Total	\$40.3 million	\$40.1 million
Per Square Foot of Building Area	\$1,333	\$1,053

## PUBLIC PARKING SPACE ANALYSIS

Under the assumption that the Downtown Library & Affordable Housing Project goes forward, and that the existing Downtown Library site is redeveloped, the net parking loss is estimated as follows:

Potential Development	Public Parking Spaces
<u>Lost Downtown Public Parking Spaces</u>	
Lots 4, 11, 14, and 16	218
2018 – 2022: Net Loss of Downtown Public Parking Spaces	291
Total: Lost Downtown Public Parking Spaces	509
Lot 4: Range of Potential Replacement Parking Spaces	245 – 345
Net Lost Downtown Public Parking Spaces	164 – 264

The net loss of parking spaces comes amid substantial increases in parking demand. This concept is detailed elsewhere in this report.

## POTENTIAL MEASURE O IMPACT ON DOWNTOWN HOUSING DEVELOPMENT

An affordable housing project could potentially still be developed on Lot 4 if Measure O is enacted. However, the requirement to maintain the Farmers’ Market on site would necessitate a redesign of the project. This would result in the loss of funds that have already been secured and spent, as well as creating years of delay in implementing the development of an affordable housing project.

The existing Downtown Library site will not be available for redevelopment if Measure O is enacted. That would eliminate the potential for the site to be combined with Lots 14 and 16 to create a viable affordable housing site.

## FARMERS’ MARKET PERMANENT LOCATION

The City and representatives of the Farmers’ Market have been working collaboratively on a Memorandum of Understanding that is intended to result in a permanent home for the Farmers’ Market. The following actions have been taken to date:

1. The City identified Lot 7 (corner of Cathcart and Front Streets) as the future permanent location for the Farmers’ Market; and
2. The City has approved and secured a project budget of \$1,775,000 towards the completion of permanent facilities for the Farmers’ Market on Lot 7.

The Farmers’ Market Board is expected to take action on the final Memorandum of Understanding in the Fall of 2022.

## DOWNTOWN LIBRARY & AFFORDABLE HOUSING PROJECT FUNDING ISSUES

The City has been actively working on securing financing for the Library Mixed Use Project. To date, the committed sources consist of Measure S funds, a congressional earmark, Local Housing Trust Funds awarded by the State, and a sustainability grant provided by Central Coast Community Energy.

The development team has extensive experience developing affordable housing projects that are financed with a combination of funding sources. In 2023 the development team plans to apply for conventional mortgage financing and Low Income Housing Tax Credits (Tax Credits) that are estimated

to total approximately \$120 million. The development team will also pursue several state funding sources that are offered under one Notice of Funding Availability (Super NOFA). The proposed development scope, and the proposed income and affordability standards, were devised to maximize the project’s competitiveness for these funding sources.

## E. Estimated Fiscal Impacts

### DIRECT FISCAL IMPACTS

1. The City has spent nearly \$2.0 million in architecture and design costs specifically related to the currently proposed Library Mixed use Project.
2. The City has obtained \$5.1 million in state and federal grant funding that will likely be lost if the proposed project does not go forward.

### INDIRECT FISCAL IMPACTS

#### *Surplus Parking Revenue*

Measure O call for surplus parking revenue from the Downtown Parking District to be prioritized for non-parking uses. Issues associated with this provision are:

1. It has not been finally determined whether Downtown Parking District funds can legally be diverted to affordable housing or other non-parking related uses; and
2. Between budgeted costs and unfunded liabilities for which parking revenues are responsible, historically there never has been, and it is highly unlikely in the foreseeable future, that surplus parking revenues will be generated by the Downtown Parking District.

Based on these factors, it is unlikely that surplus parking funds will be available for the purposes contemplated by Measure O.

#### *Future Development Opportunities*

Measure O imposes new zoning restrictions that are unique to the City-owned Downtown surface parking lots. These unique restrictions limit development opportunities on those sites. This would in turn impact General Fund revenue sources. The exact amount of negative fiscal impact cannot be

accurately predicted, but it can be assumed that the implementation of the Measure O restrictions would likely generate long-term negative fiscal impacts on the City.

## **F. Measure O Consistency with General Plan & Downtown Plan**

Measure O requires modifications to be made to the General Plan and the Downtown Plan. A brief summary of issues follows:

1. In many cases, the language is ambiguous and subject to multiple interpretations.
2. The requirements negatively impact the City’s fiscal stability by prohibiting commercial, retail, hotel and public uses on any of the prioritized sites.
3. Consolidating public surface parking spaces into a multi-level structure is prohibited. This limits the opportunity to free up sites that could potentially be developed with affordable housing.
4. The overly prescriptive and restrictive language in Measure O creates an entitlement risk that would likely deter quality affordable housing developers from pursuing affordable housing opportunities in Santa Cruz.

Measure O is not in alignment with the City’s key guiding documents. It directly conflicts with many policies included in the General Plan, Housing Element, and the Downtown Plan, particularly when comparing the proposed Measure O requirements to existing City regulations.

### III. EXISTING DOWNTOWN CONTEXT

The following section of this report describes the current conditions in the Downtown. This review identifies the City’s activities over time, and summarizes issues that are relevant to the evaluation of the impacts that would be created by the requirements imposed by Measure O. The summaries presented below are supplemented with tables that can be found in Attachment 2 to this report.

#### A. Downtown Housing Development Pipeline

The tables that support this section of the report can be found in Attachment 2 – Appendix A.

##### AFFORDABLE HOUSING PROJECTS

The City has recently sponsored three 100% affordable housing projects in the Downtown.<sup>5</sup> The Pacific Station South and Cedar Apartment projects are currently under construction, and the Pacific Station North project has received City approvals. Key components of these three projects are presented in the following table:

Total Number of Affordable Units	262
Affordability Mix	30% to 60% of AMI <sup>6</sup>
Parking: <sup>7</sup>	
Parking Shortfall: Non-Residential Uses	147 spaces <sup>8</sup>
Unmet Demand for Off-Site Parking	621 spaces <sup>9</sup>

##### PRIVATE RESIDENTIAL DEVELOPMENT PROJECTS

There are currently four private residential development projects in the Downtown pipeline. These projects can be described as follows:

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<sup>5</sup> The Downtown Library & Affordable Housing Project would be the fourth project.

<sup>6</sup> AMI = Area Median Income.

<sup>7</sup> See Attachment 2 – Appendix A – Table 1 for the parking calculations.

<sup>8</sup> The projects qualified for the residential parking exemption provided by Section 65915 (p).

<sup>9</sup> The unmet demand for off-site parking is equal to the number of spaces required by the City’s parking code and the number of spaces provided on site within the project.

### *Density Bonus Projects*

The following two projects are making use of the California Government Code Section 65915 et seq. (Section 65915) density bonus:

1. The Front Riverfront project includes 175 units and it has received City approvals.
2. The 514, 516, 518, 524 and 530 Front Street project includes 276 units and it is currently making its way through the City's entitlement process.

The projects share the following characteristics:

1. The projects must adhere to the more stringent of the income and affordability requirements imposed by the City's inclusionary housing ordinance and by Section 65915.
2. The projects are both making use of the parking relief provided by Section 65915 (p), which allows for reduction to or elimination of the parking requirements.

### *Base Zoning Projects*

The following two projects are being developed in accordance with the sites' base zoning requirements. These projects are subject to the City's inclusionary housing requirements:

1. The Pacific Front Laurel project includes 205 units and it is currently under construction.<sup>10</sup>
2. The 1013 Pacific project includes 17 units and it has received City approvals.

### *Total Private Residential Development Projects in the Pipeline*

Key components of the four private development projects are summarized on the following table:

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<sup>10</sup> The Pacific Front Laurel project fulfilled its inclusionary housing obligation by dedicating land to the City.

<b>Residential Units</b>	
Market Rate Units	614
Affordable Units	59
Total Number of Residential Units	<u>673</u>
<b>Parking <sup>11</sup></b>	
Parking Excess / Shortfall <sup>12</sup>	0
Unmet Demand for Off-Site Parking <sup>13</sup>	245

**SUMMARY: DOWNTOWN RESIDENTIAL DEVELOPMENT PIPELINE**

The seven projects identified in this section of the report impact the Downtown housing and parking inventories in the following ways:

<b>Residential Units</b>	
Market Rate Units	614
Affordable Units	321
Total Number of Residential Units	<u>935</u>
Affordable Units as a Percentage of the Total	34%
<b>Parking:</b>	
Shortfall in Meeting the City’s Net Requirements	147
Shortfall in Meeting the City’s Parking Code Standards	866

It is also important to note that this unit count does not include the 124 affordable units that are included in the proposed Downtown Library & Affordable Housing Project.

<sup>11</sup> See Attachment 2 – Appendix A – Table 2 for the parking calculations.

<sup>12</sup> The two Section 65915 density bonus projects provided 65 more spaces than required after consideration of Section 65915 (p) parking relief. The two projects that did not receive Section 65915 density bonuses were allowed to provide 65 fewer spaces than were required by the City’s parking code.

<sup>13</sup> The unmet demand for off-site parking is equal to the number of spaces required by the City’s parking code and the number of spaces provided on site within the project.

## **B. Existing Downtown Public Parking Inventory**

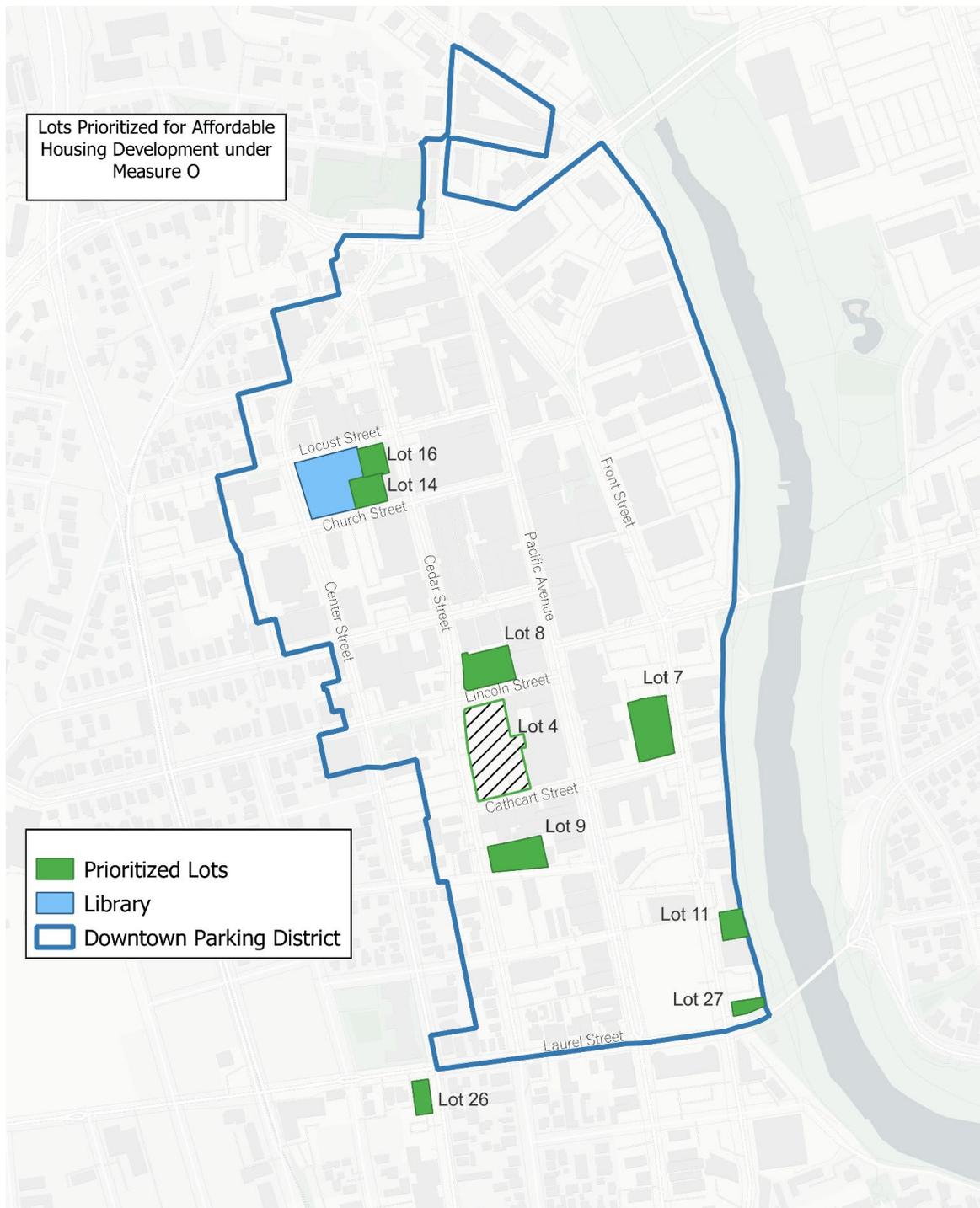
Between 2018 and 2022, new development in the Downtown has occurred on six parcels that were being used as surface parking lots (See Attachment 2 – Appendix B). This reduced the Downtown parking inventory by 230 spaces. In 2021 the City approved the replacement of 61 on-street parking spaces with outdoor dining or similar private uses spaces. The resulting net parking loss over the past four years is 291 spaces.

## **C. Parks / Community Spaces in Downtown and In Close Proximity to Downtown**

As shown in Attachment 2 – Appendix C, the City has provided a wide mix of parks and community spaces in the Downtown. Approximately 43.5 acres of large community gathering spaces are currently provided in the Downtown or in close proximity. An additional 3.75 acres of parks, small, and medium sized gathering spaces are also provided.

#### IV. EVALUATION OF MEASURE O PRIORITIZED HOUSING SITES

Measure O would prohibit the construction of additional parking facilities above ground level on the nine City-owned surface parking lot sites illustrated in green on the map below.



Measure O requires that the nine parking lots be developed as permanent affordable housing projects “to the maximum extent feasible.” However, Measure O does not define “to the maximum extent feasible.”

This section of the report describes the current uses, development standards, and affordable housing development potential for eight out of the nine parking lots identified by Measure O. Lot 4 is evaluated separately in the following section of this report.

## A. Considerations Used in Evaluating Development Feasibility

KMA has over 30 years of experience preparing financial evaluations of affordable housing projects being developed throughout California, including multiple projects that have been developed in Santa Cruz. KMA also prepare financial feasibility evaluations in support of inclusionary housing requirements. The evaluations consider the viability of a wide range of residential development types.

In KMA’s judgment the following are key factors to be used in assessing potential development sites:

1. Lot size;
2. Lot shape; and
3. Viable project height.

These three issues are discussed in the following sections of this report.

### LOT SIZE

A site’s development potential, particularly for affordable housing uses, is largely dependent on the size of the site. Specifically, the site needs to be large enough to allow for the development of a sufficient number of units to achieve economies of scale.

While there is definitely some variation in the minimum sizes of projects that obtain the outside leveraging sources needed to achieve financial viability, it is generally accepted that 50 units is the minimum project size that can be constructed and operated on a cost efficient basis. This operating threshold allows projects to absorb changes in operating conditions while limiting the impacts on the operational feasibility of the project. Furthermore, many affordable housing funding sources are structured so that affordable housing projects with more units are more competitive than affordable housing projects with fewer units.

It is important to note that California Housing Element law has established a threshold site size that should be used when evaluating sites that could accommodate affordable housing. Per California Government Code Section 65583.2(C)(2)(A) (Section 65583.2), “a site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.”

## LOT SHAPE

In addition to lot size, the specific dimensions and shape of a property affect the development potential of a site. All residential projects need adequate space to provide efficient circulation for things like pedestrian access to the building and to units within the buildings, trash/recycling access, vehicular access, and/or access for emergency vehicles. Rectangular sites, rather than flag-lots or small corner lots, provide the best opportunity for achieving this objective. In addition, sites that stretch from one block to another block further increase a site’s potential by providing multiple access points.

An irregularly-shaped lot can add to construction costs and reduce the number of units that can be achieved on the site. While irregular shapes can be overcome on large sites due to economies of scale, irregular lot shapes pose greater challenges on sites that are smaller, or that otherwise present marginal feasibility due to other factors.

## PROJECT HEIGHT

According to an official from the City’s building division, multi-family affordable housing projects in Santa Cruz are typically developed with up to five levels of wood frame Type III-A construction above up to two levels of podium Type I-A construction. This allows for a total building height of up to 7 stories. Taller projects would require the use of Type I construction for the entire building, which would substantially increase the project’s construction costs. Based on market and economic conditions the cost premiums associated with Type I construction would likely render a project financially infeasible.

Factors to be considered when evaluating the impacts created by the Measure O restrictions are:

1. Measure O prohibits the development of parking above the ground level, which effectively eliminates the ability to construct residential uses above a two-level podium.
2. A five story limit is applied by the Building Code for wood frame construction projects.
3. Tax Credits are the primary leveraging source for multi-family affordable housing projects, and they are awarded in an intensely competitive process:
  - a. The premium costs associated with Type I construction far exceed the cost basis limits imposed by the Tax Credits program.
  - b. This leaves a larger than typical financial gap to be filled by other assistance sources.
  - c. To maximize efficiency, it is typical to cap a project's height at a level that can be achieved with wood frame construction.

It is the KMA opinion that the Measure O prohibition on parking being provided above the ground level is unlikely to increase the number of units that can be supported on any of the prioritized housing sites. Instead the feasibility analysis should be based on the assumption that a site can reasonably accommodate at least 50 units within five or fewer stories of residential development.

## **B. Parameters Applied to Evaluate Affordable Housing Development Feasibility**

The KMA analysis of the Measure O prioritized housing sites is predicated on the following foundational assumptions:

1. The site size is 0.5-acres (21,780 square feet) or larger;
2. The maximum project height is five stories above one or two podium levels;
3. The site can reasonably accommodate 50 or more units of multi-family affordable housing; and
4. The site is rectangular in shape and could accommodate adequate circulation/ vehicle access.

## **C. Feasibility Evaluations**

KMA divided the Measure O prioritized housing sites into the lots that meet the parameters identified in the preceding subsection and those that don't. To supplement the analysis, the characteristics of each site are described.

## MEASURE O PRIORITIZED SITES WITH POTENTIAL FOR AFFORDABLE HOUSING DEVELOPMENT

The sponsors of Measure O prepared a one page summary of the eight prioritized housing sites, which KMA has included in this report as Attachment 3.<sup>14</sup> As can be seen in the summary table, the sponsors have prepared estimates of the affordable housing development yields for Lots 7, 8 and 9. KMA agrees with the assumption that these three sites could potentially be feasibly developed with affordable housing projects.

KMA’s evaluation of these three sites follows. We have ordered the discussion of these sites from the strongest to weakest as measured by the evaluation parameters described previously.

### *Lot 7: 505 Front Street*

Lot 7 is located at the northwest corner of Cathcart and Front Streets, and it consists of five parcels totaling 33,975 square feet of land area. The five parcels are described in the following table:

Lot Name	Assessor’s Parcel Number (APN)	Parcel Size (SF)
Lot 7a	005-153-03	6,098
Lot 7b	005-153-05	4,312
Lot 7c	005-153-17	11,543
Lot 7d	005-153-28	8,668
Lot 7e	005-153-29	3,354
Lot 7 Total Size (Square Feet)		33,975

Lot 7 is currently used as a surface parking lot that includes 66 parking spaces. The site is zoned Central Business District (CBD) with a General Plan Designation of Regional Visitor Commercial (RVC) and is subject to the Downtown Plan. Lot 7 is located in Additional Height Zone A, which allows for up to 85 feet of building height subject to specific criteria. The maximum floor area ratio (FAR) allowed for the site is 5.0.

KMA agrees with the Measure O sponsors that Lot 7 is one of the three most developable sites out of the City-owned lots being evaluated in this section of the report. The five parcels (7a – 7e) that

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<sup>14</sup> The Measure O sponsors’ table does not include Lot 4.

comprise Lot 7 are directly adjacent to one another. When these parcels are combined, the assembled site is approximately .78 of an acre.

KMA concluded that Lot 7 could potentially be a viable affordable housing development site for the following reasons:

1. The site size exceeds the 0.5-acre threshold identified in Section 65583.2.
2. KMA assumes that the site could potentially be developed at a density of up to 140 units per acre, which results in a yield of 109 units. This exceeds the 50 unit minimum project size KMA identified in the feasibility parameters.
3. Access to Lot 7 is provided from two primary streets. This would allow a development project to incorporate well-designed circulation including ingress/egress of emergency vehicles, as well as adequate internal drive aisles.

#### *Lot 8: 710 Cedar Street*

Lot 8 is located at the northeast corner of Lincoln and Cedar Streets. Lot 8 consists of one parcel (APN: 005-075-12) comprised of approximately 21,431 square feet of land area.

Lot 8 is currently used as a surface parking lot that includes 32 parking spaces. The site is zoned CBD with a General Plan Designation of RVC and is subject to the Downtown Plan. The majority of Lot 8 is limited to a maximum height of 50 feet; however, a small portion is located in Additional Height Zone A, which allows for up to 75 feet of building height under specific conditions. The maximum FAR allowed for the site is 5.0.

The factors that led KMA to conclude that Lot 8 could be a viable affordable housing development site are:

1. The site is just slightly smaller than the 0.5 acre threshold established by Section 65583.2.
2. The site is rectangular, which typically allows for more efficient development.
3. The relatively small size of the site may make ingress/egress more difficult – especially with regards to fire department and other emergency vehicle access. Additionally, Lot 8 is located at the corner of an intersection and not a block-to-block parcel. This somewhat limits site circulation, but not to the same extent as an interior, non-corner lot.

4. KMA estimates that Lot 8 may be able to support 50 units. However, achieving this number of units might be difficult since only a portion of the site is eligible for additional height. A Section 65915 density bonus, along with the associated development standards waiver or incentives / concessions, would likely be needed to achieve the 50 unit threshold.

### *Lot 9: 120 Elm Street*

Lot 9 is located at the northeast corner of Elm Street and Cedar Street. Lot 9 consists of one parcel (APN: 005-142-09) comprised of approximately 19,732 square feet of land area.

Lot 9 is currently used as a surface parking lot that includes 46 parking spaces. The site is zoned CBD with a General Plan Designation of RVC and is subject to the Downtown Plan. The majority of Lot 9 is limited to a maximum height of 50 feet; however, a small portion at the eastern edge of the site is located in Additional Height Zone A, which allows for up to 75 feet of building height under specific conditions. The maximum FAR allowed for the site is 5.0.

The physical characteristics of Lot 9 are similar to those of Lot 8, although Lot 9 is slightly smaller than Lot 8. The issues considered KMA's finding that Lot 9 could possibly be a viable affordable housing development are:

1. Lot 9 is rectangular in size, which typically allows for more efficient development. However, Lot 9 is a fairly narrow site, and when combined with its size, it may be more difficult to achieve adequate circulation – especially with regards to ingress/egress of fire department and other emergency vehicles.
2. Lot 9 is located at the corner of an intersection and not a block-to-block parcel. This further limits site circulation, though not as much as an interior lot.
3. KMA concluded that Lot 9 could possibly accommodate approximately 50 units. However, as with Lot 8, achieving this number of units might be difficult since only a small portion of the site is eligible for additional height and the inefficiencies created by the small site size. A Section 65915 density bonus, along with the associated development standards waiver or incentives / concessions, would likely be needed to achieve the 50 unit threshold.

## MEASURE O PRIORITIZED SITES UNLIKELY TO SUPPORT AFFORDABLE HOUSING DEVELOPMENT

It is KMA's opinion that the remaining five sites that Measure O prioritizes are not physically suitable for affordable housing development. These sites do not embody any of the characteristics identified in the evaluation parameters. The KMA analysis of each site follows.

### *Lot 11: 326 Front Street*

Lot 11 is located on the eastern side of Front Street, mid-block between Cathcart and Laurel Streets. Lot 11 consists of one parcel (APN: 005-151-35) comprised of approximately 4,400 square feet of land area.

Lot 11 is currently used as a surface parking lot that includes 24 parking spaces. The site is zoned CBD with a General Plan Designation of RVC and is subject to the Downtown Plan. Lot 11 is located in Additional Height Zone B, which allows for up to 70 feet of building height under specific conditions. The maximum FAR allowed for the site is 5.0.

The major constraints to the development of Lot 11 on a standalone basis are:

1. The site size is equal to 0.1 acres. This is significantly smaller than the 0.5 acre threshold set by Section 65583.2.
2. The small size of the site would limit the number of units that could be developed to far fewer than the 50 unit threshold.
3. Development on the eastern side of Front Street, where this parcel is located, is within the California Coastal Commission's purview. As a result, the following applies:
  - a. A Coastal Development Permit approval is in the appeal jurisdiction of the California Coastal Commission; and
  - b. A residential-only development would likely require a Local Coastal Plan Amendment approved by the California Coastal Commission, since the Downtown Plan anticipates commercial development along much of the Front Street and Riverwalk area.

Three privately owned parcels, under one ownership, separate Lot 11 from Lot 27 – which is another Measure O priority housing development site (described below). The owner of these three parcels is currently proposing to acquire Lots 11 and Lot 27 from the City. The property owner is attempting to assemble the five parcels for the subsequent development of a 228-room hotel.<sup>15</sup>

Based on negotiations with the City to date, the developer has agreed to the following terms, which are subject to future City Council consideration and approval:

1. To acquire Lot 11 from the City for the appraised fair market value plus \$500,000.
2. The City has received \$50.5 million in grant funds to construct public paseos that will provide direct connections from the Downtown to Riverwalk.<sup>16</sup> The hotel developer has agreed to construct a public paseo, that is required to be located on the City-owned lot (APN: 005-151-034), at no cost to the City.
3. To provide guests with the opportunity to contribute \$0.50 to \$1.00 per room per night for affordable housing.

### **Lot 27: 302 Front Street**

Lot 27 is located at the northeast corner of the intersection of Laurel and Front Streets. It is important to understand that Lot 27 solely consists of a landscaped area and a right-of-way easement for the adjacent public road. Lot 27 does not contain any public parking spaces. Rather, there is a privately owned surface parking lot adjacent to Lot 27 (APN: 005-051-043).

Lot 27 consists of one parcel (APN: 005-151-48) and is comprised of approximately 5,052 square feet of land area, which includes the right-of-way easement for the adjacent road. Lot 27 is zoned CBD with a General Plan Designation of RVC and subject to the Downtown Plan. Lot 27 is located in Additional Height Zone B, which allows for up to 70 feet of building height under specific conditions. The maximum FAR allowed for the site is 5.0.

Given right-of-way easement and slope issues, the developable portion of Lot 27 is quite small. The developer of the proposed hotel is negotiating to purchase Lot 27 from the City. If the purchase is

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<sup>15</sup> The privately owned properties are: APNs 005-151-51, 005-151-29, and 005-151-43. The City-owned properties are Lot 11 (APN: 005-151-35) and Lot 27 (APN: 005-151-48).

<sup>16</sup> The grants were provided by HCD from the Infill Infrastructure Grant Program (IIG) and the Affordable Housing and Sustainable Community Program (AHSC).

executed, the hotel developer plans to complete a lot line adjustment to remove the street easement and right-of-way areas. However, the purchase price for Lot 27 is proposed to be based on the entire site (inclusive of the right-of-way and street easements).

***Lots 14 and 16***

Lot 14 is located at 224 Church Street and Lot 16 is located at 224 Church Street. However, Lot 16 is only accessible from Locust Street. In the summary table prepared by the sponsors of Measure O Lots 14 and 16 are combined into one development parcel totaling 15,812 square feet of land. The characteristics of these two sites can be described as follows:

1. The sites are both currently used as surface parking lots. Lot 14 has 22 spaces and Lot 16 has 38 spaces.
2. Both sites are zoned CBD with a General Plan Designation of RVC and subject to the Downtown Plan:
  - a. The maximum height is set at 35 feet; and
  - b. The maximum FAR is 5.0.

The constraints associated with the development of these sites are:

1. The two sites combined total 0.36 acres. This is significantly smaller than the 0.5 acre minimum threshold size established by Section 65583.2.
2. The 35 foot height limit reduces the achievable unit count. A Section 65915 density bonus, and its associated development standards waivers or incentives / concessions would need to be used to achieve additional height.
3. While each site alone is rectangular in shape, the assembled site is irregularly shaped. This negatively impacts the project’s efficiency by constraining the achievable unit count and increasing the development costs.

***Lot 26: 409 Laurel Street and 241 Center Street***

The two parcels that comprise Lot 26 can be described as follows:

Lot Name	APN	Parcel Size (SF)
Lot 26A	007-012-01	3,528
Lot 26B	007-012-02	3,528
Lot 26 Total Size (Square Feet)		7,056

Lot 26A and 26B are located outside the boundaries of the Downtown Plan. These lots represent a portion of a site that is currently used as the parking lot for the Santa Cruz Police Department, which also includes 10 public parking spaces.

The Lot 26 development standards allow for up to 50 feet of building height, and the maximum FAR is 2.5. The site is subject to the setback requirements imposed by the adjacent district – the Neighborhood Commercial (C-N) District. This includes a 26-foot front setback that is measured 26 feet from the centerline of Laurel Street. In addition, the exterior side setback is set at 10 feet.

The major constraints to the development of Lot 26 are:

1. The 0.16 acre site is significantly smaller than the 0.5 acre threshold set by Section 65583.2;
2. The height, FAR, and setback requirements that significantly reduce the developable area, even with Section 65915 density bonus development standards waivers and incentives / concessions; and
3. Both the practicality and the costs associated with replacing the parking spaces that are currently being used by the Santa Cruz Police Department.

#### **D. Other Issues: Measure O Prioritized Affordable Housing Sites**

Five of the City-owned surface parking lots identified in Measure O are of sub-standard size and/or shape to develop affordable housing. In order to accommodate affordable housing projects of a size necessary to secure financing and achieve economies of scale for construction and operations, these City-owned lots would likely need to be combined with adjacent privately owned land. However, assemblage opportunities are limited by the premium costs associated with purchasing improved properties.

Measure O also creates assemblage constraints by imposing new zoning restrictions that are unique to the City-owned surface parking lots in the Downtown. Most notably, assembled sites would have conflicting ground floor development standards. As a practical matter this conflict would potentially reduce the development potential for the privately owned sites, and could reduce the attractiveness of the sites to affordable housing developers due to the added complexity of the varying regulations.

It is also important to consider that Measure O limits the number of above ground parking levels that can be constructed. As a result, Measure O would eliminate the City's ability to consolidate public parking on fewer City-owned sites. This, in turn, will limit the City's ability to free up future opportunity sites for additional affordable housing development.

## V. ANALYSIS OF THE DOWNTOWN LIBRARY & AFFORDABLE HOUSING PROJECT

### A. Downtown Library & Affordable Housing Project Chronology

The Santa Cruz Public Libraries commenced a comprehensive facilities master planning process in 2013. The activities that followed can be summarized as follows:

1. Measure S was passed in 2016.
2. The DLAC was formed in 2018. After a comprehensive evaluation, and extensive public outreach, the DLAC recommended that the City Council approve the construction of a new Downtown Library on Lot 4.<sup>17</sup> The City Council directed the City staff to conduct additional public outreach before any action would be taken.
3. The City Council formation of a Council Subcommittee in 2019 to evaluate the Downtown Library options. At the end of a yearlong process, the Council Subcommittee recommended that a new Downtown Library and a parking garage be developed on Lot 4.
4. In 2020, the City Council reaffirmed the goals established by the DLAC and directed City staff to take the following actions:
  - a. To reach out to the community to obtain feedback on the proposed design for the new library, and the potential redevelopment options for the existing Downtown library site; and
  - b. To work with the Farmers' Market to develop an updated Memorandum of Understanding and a design for a permanent location on Lot 7.
5. In 2021, the City staff commences the activities required to pursue the development of the City Council approved conceptual development scope for the proposed Downtown Library & Affordable Housing Project.

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<sup>17</sup> Lot 4 is a 1.37 acre site located along the eastern side of Cedar Street between Lincoln and Cathcart Streets.

## B. Key Evaluation Issues

### DOWNTOWN LIBRARY

#### *2018 Analysis*

In 2018, the DLAC evaluated the following options for addressing the future library needs:

1. Partial renovation on the existing Downtown Library site;
2. Full renovation on the existing Downtown Library site;
3. Construction of a new library on the existing Downtown Library site; and
4. Construction of a new Downtown Library on Lot 4.

The results of this evaluation can be summarized as follows:

1. The Measure S funds that were set aside for the Downtown Library were deemed to be sufficient to partially renovate the existing library, but that most if not all of the funding would need to be used to replace and upgrade library infrastructure. These improvements would not improve the library layout or user experience.
2. The architects estimated that a full renovation of the existing Downtown Library would exceed the partial renovation costs by over \$10 million.
3. The cost to construct a new Downtown Library on its existing site was estimated to exceed the funding set aside by more than \$20 million.
4. It was concluded that a new library could be constructed on site, within the budget, but it could only include approximately 50% of the recommended square footage. This would result in a significant reduction in services that the library would no longer be able to provide.

Each of the preceding options were determined not to meet the needs of the community due to inadequate space, excessive cost, or both. Comparatively, it was concluded that the construction of a new library on Lot 4 would meet all the project needs including cost parameters. The reason for this is that by sharing infrastructure costs with the other project uses, the overall projects costs per use are significantly lower than for standalone uses.

**2022 Comparative Analysis**

In 2022, the City commissioned a comparative analysis of the costs and amenities associated with the construction of a new Downtown Library vs a renovation of the existing library. The results of this analysis are summarized in the following table:

2022 Comparative Downtown Library Analysis		
	Downtown Library Estimates	
	Renovate Existing Library	Downtown Library & Affordable Housing Project
<b>Library Building Area</b>		
Total Building Area (Square Feet)	30,230	38,090
Children’s Area (Square Feet)	5,270	5,700
Teens Area (Square Feet)	760	800
Adults’ Area (Square Feet)	9,710	11,280
Outdoor Program Area (Square Feet)	3,150	3,400
Community Room	Included	Included
Meeting Room	Included	Included
Group Study Rooms	Two	Six
Local History Room	Included	Included
Roof Deck	Not Included	Included
<b>Sustainability</b>		
Green Certification	None	LEED Gold Certified
Area of Planting (Square Feet)	6,570	12,170
Solar Power	None	270 KW (Net Zero)
Fossil Fuels	Natural Gas	No Reliance
<b>Library Development Cost</b>		
Total	\$40.3 million	\$40.1 million
Per Square Foot of Building Area	\$1,333	\$1,053

As can be seen in the preceding table, the estimated total cost to renovate the existing Downtown Library is approximately equal to the cost associated with building a new Downtown Library in a mixed-use project on Lot 4. However, the following differences should be taken into account in the comparative analysis:

1. The new construction alternative is nearly 8,000 square feet larger (26%) than the renovation alternative.
2. The new construction alternative includes the following amenities that are not included in the renovation alternatives:
  - a. A roof deck;
  - b. LEED Gold certification;
  - c. Additional planting area including a net increase in the number of trees with the new library project as compared the existing condition;
  - d. Use of solar power; and
  - e. The project has no reliance on fossil fuels.
3. While the total project cost is approximately equal between the two alternatives, the cost per square foot of building area is approximately 21% less for the new construction alternative.

### **C. Loss of Downtown Public Parking Spaces**

Between 2018 and 2022, there was a net loss of 230 off-street parking spaces and 61 on-street spaces for a total loss of 291 public parking spaces in the Downtown. There is the potential for up to an additional 218 public parking spaces to be removed from the inventory if some or all of the following development activity occurs:

Lot	Potential Development	Lost Public Parking Spaces
4	Downtown Library & Affordable Housing Project	134
11	Part of the Proposed Hotel Development	24
14	Re-use of the Existing Downtown Library Site	22
16	Re-Use of the Existing Downtown Library Site	38
	Potential Additional Loss of Downtown Public Parking Spaces	218
	Net Loss of Downtown Public Parking Spaces – 2018 - 2022	291
	Maximum Loss of Downtown Public Parking Spaces	509

As currently planned, the parking garage included in the Downtown Library & Affordable Housing Project will include between 245 and 345 parking spaces. This will leave a net loss of 164 to 264 Downtown public parking spaces.

As noted in Section III of this report, multiple Downtown projects that are currently underway or in the planning stages had their residential parking standards waived via the parking relief provided by the Section 65915 density bonus. While these projects will not provide private parking on site, the demand generated by these projects will be borne by the dwindling supply in the Downtown Parking District.

## D. Potential Measure O Impact on Downtown Housing Development

### ALTERNATE LOT 4 HOUSING DEVELOPMENT

The sponsors of Measure O contend that an affordable housing project can be built on Lot 4 under the use requirements imposed by Measure O. While this is theoretically possible, the achievable scope of development would be impacted by the Measure O requirement to maintain a permanent location, or to construct a permanent facility, on Lot 4 for the Farmers’ Market.

### REDEVELOPMENT OF THE EXISTING DOWNTOWN LIBRARY SITE

If the Downtown Library & Affordable Housing Project is developed, the existing Downtown Library site would become available for development. In 2021 over 700 members of the public participated in a re-visioning process for the site. The ranked order preference for the reuse of the site is as follows:

1. Mixed-use housing with a civic plaza.
2. Plaza + park with housing.
3. A repurpose of the library structure with parking.

It is important to note that the development potential for Lots 14 and 16 (Measure O prioritized housing sites) can be maximized if these lots are consolidated with the existing Downtown Library site to make a 1.4 acre development site. The combined parcel would be rectangular in shape, it would span block-to-block from Church Street to Locust Street, and it would have three street frontages.

A site of this size could definitely support more than 50 units. In fact, it is possible that upwards of 100 units could be supported depending on the other uses that are included in the project and whether a Section 65915 density bonus is sought to obtain development standards waivers and incentives / concessions. Based on the quality of the development site, the results of the re-visioning process, and the City's proven ability to implement affordable housing projects, it is very likely that absent the restrictions imposed by Measure O, this site would represent one of the most desirable affordable housing development sites in the Downtown.

## **E. Farmers' Market Permanent Location**

The City and representatives of the Farmers' Market have been working collaboratively on a Memorandum of Understanding that is intended to result in a permanent home for the Farmers' Market. The Farmers' Market Board is expected to take action on the Memorandum of Understanding in the Fall of 2022, focused on achieving the following objectives:

1. To achieve a permanent location for the Farmers' Market in the downtown area;
2. To receive financial support from the City in creating a permanent Farmers' Market;
3. To operate year-round on an improved site that provides both permanent structures such as Butler Buildings, and an enhanced community gathering space area; and
4. To expand operations at the permanent location, including special events and operating in addition to the current weekly market.

The City has identified Lot 7 as the best suited permanent home for the Farmers’ Market, and has committed \$1,775,000 towards constructing permanent improvements on this site. If the Downtown Library & Affordable Housing Project is to be built on Lot 4 it will not be possible for the Farmers’ Market to continue to use Lot 4 its weekly market.

## F. Downtown Library & Affordable Housing Project Funding

The City and development team representatives have been working on securing financing for the Downtown Library & Affordable Housing Project. The following describes the funding sources secured to date, and the proposed funding sources that still need to be secured:

### SECURED FUNDING SOURCES

1. Lot 4 is owned lien-free by the City and will be contributed to the project at no cost.
2. A minimum of \$25 million in Measure S funds have been set aside for the Library component of the project. These funds must be spent within three years following the commencement of construction.
3. The City has been awarded a \$2 million congressional earmark that was specifically designated for a project that includes library and affordable housing components. These funds will be lost if the mixed-use project with a library component does not move forward.
4. The City received \$3.1 million in Local Housing Trust Funds (LHTF) from the State of California Housing and Community Development Department (HCD) to be contributed to the project’s affordable housing component.
5. The City received a \$240,000 grant from Central Coast Community Energy for its commitment to utilize an all-electric project that is sustainable to the environment by providing clean energy.
6. The City has committed to contribute sufficient funds from the Parking Enterprise Fund to cover the cost of constructing the public parking included in the Downtown Library & Affordable Housing Project. The City adopted a parking rates strategy that increased parking prices across the Downtown Parking District in order to finance the parking component of this project.

## FUNDING SOURCES TO-BE-SECURED

1. The development team will apply for affordable housing funding from the following programs:
  - a. Lenders have been identified to provide a conventional permanent loan in the range of \$78 million.
  - b. The State of California’s affordable housing Super NOFA with an expected application deadline of January 2023.
  - c. After receipt of a Super NOFA award, the project will apply for Tax Credits, which are estimated to have a value of approximately \$43 million.
  - d. The project will apply to the Federal Home Loan Bank of San Francisco for an award of Affordable Housing Program (AHP) funds.
2. The funding sources that are being sought for the library component of the project are:
  - a. The Friends of the Santa Cruz Public Libraries have agreed to launch a fundraising campaign with the goal of raising \$2.5 million.
  - b. In Spring 2022 the City submitted an application to the State of California for a \$10 million Building Forward Library Infrastructure Program grant. While the City did not receive an award during the program’s first funding round, a new application will be submitted during the next funding round.

## FINANCIAL FEASIBILITY ISSUES

The development team of Eden Housing and For the Future of Housing (FFH) have extensive experience developing affordable housing projects that are financed with a combination of debt and federal, state, county and city assistance programs. The proposed development scope and the proposed income and affordability standards were devised to maximize the project’s competitiveness for the award of the funding sources identified above.

The City and the development team have both invested a significant amount of money and time in the predevelopment stages of this proposed project. If the Downtown Library & Affordable Housing Project is prohibited from going forward as the result of Measure O, these resources will be lost.

## VI. ESTIMATED FISCAL IMPACTS

### A. Direct Fiscal Impacts

The direct fiscal impacts that will be incurred by the City if Measure O is enacted consist of the following:

1. The City has spent nearly \$2.0 million in architecture and design costs specifically related to the scope of development for the Downtown Library & Affordable Housing Project.
2. The \$2.0 million congressional earmark is specifically targeted to the Library component of the Downtown Library & Affordable Housing Project.
3. The \$3.1 million LHTF grant provided by HCD must be completely disbursed within 60 months after an agreement is executed by HCD and the City. The City received the LHTF grant 18 months ago, which leaves 42 months in which to disburse the funds.

The direct fiscal impacts are estimated at \$7.1 million.

### B. Indirect Fiscal Impacts

#### *Surplus Parking Revenue*

Measure O defines “surplus parking revenue” as

“...revenue determined by the City Council to be in excess of what is required in order to maintain, improve or expand existing parking facilities or create new parking facilities in the Downtown Parking District.”

A final determination has not been made as to the legality of diverting Downtown Parking District funds to affordable housing or other non-parking related uses. However, it is important to understand that historically, between budgeted costs and unfunded liabilities, the Downtown Parking District has never generated surplus parking revenue. Given that this is likely to continue to be the case throughout the foreseeable future, as a practical matter, it is unlikely that surplus parking funds will be generated for the uses contemplated by Measure O.

### *Future Development Opportunities*

Measure O imposes new zoning restrictions that are unique to the City-owned surface parking lots in the Downtown. Restrictions that generate negative fiscal impacts include:

1. Measure O prohibits the City from consolidating public parking on fewer City-owned sites. The enactment of Measure O would limit the City's ability to free up future opportunity sites for affordable housing development.
2. The City's ability to include ground-floor commercial uses would be prohibited on the City-owned sites identified in Measure O.

Each of the Measure O constraints to development create a corresponding negative effect on potential City revenues, such as property tax, sales tax, and parking revenues. The exact amount of negative fiscal impact resulting from Measure O cannot be accurately predicted, but it can be assumed that the implementation of the Measure O restrictions would likely generate long-term negative fiscal impacts on the City.

## VII. MEASURE O CONSISTENCY WITH GENERAL PLAN & DOWNTOWN PLAN

### A. Role of the General Plan

The City uses the General Plan as a key guiding document, not just for land use decisions, but also for a wide array of social and economic decisions. In its introduction, the General Plan 2030 states that the plan:

1. Expresses the desires of the Santa Cruz community about the City’s future physical, social, economic, cultural and environmental character.
2. Builds on efforts and visions of the past to define a realistic vision of what the City can be in 20 – 25 years.
3. Establishes what the community wants to reinforce or change, and provides guidelines for change while preserving environmental resources, generating economic stability, and maintaining public services and facilities at adequate levels.
4. Serves as a comprehensive and everyday guide for making decisions about the nature and location of economic and urban development and transportation improvements.
5. Protects natural resources and the public health and safety, and ensures consistency of City actions, while providing the flexibility to respond to changing needs and times.
6. Serves as the City’s “constitution” for conservation, land use, and community development, providing the legal foundation for all zoning and subdivision ordinances, decisions, and projects – all of which must be consistent with the General Plan.

### B. Impacts Created by Measure O

Measure O makes and requires numerous modification to be made to the General Plan and the Downtown Plan. The City’s Planning Department staff prepared a detailed analysis of the impacts created by the proposed modifications. A brief summary of the issues that are described in Planning Department analysis follows:

1. The language used in many of the provisions included in Measure O is ambiguous and subject to multiple interpretations.

2. The ambiguity and the inflexible restrictions imposed on how specified sites can be developed could actually create barriers to the attraction of affordable housing projects on the sites prioritized in Measure O. Quality affordable housing developers may be deterred from accepting the entitlement risks associated with developing in Santa Cruz when other communities have readily available sites and known and understood zoning requirements.
3. Potential impacts on the development of Lot 4 include:
  - a. The construction of a new Downtown Library on Lot 4 is expressly prohibited.
  - b. The inclusion of a childcare facility in a development on Lot 4 is likely prohibited.
4. Ambiguous language leads to the following potential interpretations of the Measure O requirements that would be imposed on each of the sites prioritized in Measure O:
  - a. That ground floor commercial uses are not allowed.
  - b. That mixed-use development is not allowed.
  - c. That commercial development would not be allowed anywhere in the project.
5. The Measure O requirements negatively impact the City’s fiscal stability by prohibiting commercial, retail, and hotel uses on any of the prioritized sites.
6. Measure O limits parking options by prohibiting the construction of above-grade multi-level parking garages. Parking structures allow for much more efficient use of land than is provided by surface lots.

## C. Conclusions

KMA agrees with the Planning Department’s assessment that Measure O is not in alignment with the City’s key guiding documents. Measure O directly conflicts with many policies included in the General Plan, Housing Element, and the Downtown Plan, particularly when comparing the proposed Measure O requirements to existing City regulations.

**ATTACHMENT 1**  
**DOWNTOWN LIBRARY & AFFORDABLE HOUSING PROJECT**  
**CHRONOLOGY OF EVENTS**

In 2013, the Santa Cruz Public Libraries engaged in a comprehensive facilities master planning process. This led to the voter approved 2016 Measure S bonds, which provide funding to address library facility needs across the system. Funding for the Downtown Library was specifically identified as an urgent need. The City Council called for the formation of a Downtown Library Advisory Committee (DLAC) to comprehensively examine the current facility, and to evaluate the feasibility options and costs for developing a Downtown Library branch that meets the needs of the community and voters.

## 2018 ACTIVITIES

At a study session held on June 19, 2018, the DLAC recommended that the City Council approve the development of a new Downtown Library as part of a mixed-use project on the City-owned parcel located on Cedar Street between Cathcart and Lincoln Streets (Lot 4). At the study session City staff was directed to conduct additional outreach prior to the City Council taking any action.

A community outreach process was undertaken in July and August that included more than 1,000 contacts, outreach meetings with community groups, one-on-one small group meetings, and an Open House. During that time the DLAC evaluated multiple options for addressing future library needs, including:

1. Partial renovation on the existing site;
2. Full renovation on site; and
3. New construction on site.

The findings of the analyses can be summarized as follows:

1. Renovation Alternatives:
  - a. The budgeted Measure S funds were only sufficient to replace and upgrade the library infrastructure. Funds would not be available to improve the library layout or user experience.
  - b. A full renovation of the library was estimated by architects to exceed the project budget and funding by over \$10 million.
2. On- Site New Construction Alternatives:

- a. New construction of the full library scope was estimated to exceed the project budget and funding by more than \$20 million.
- b. To stay within the allocated budget the library would need to be set at half the recommended size. This would result in a significant reduction in services that the library would no longer be able to provide.

On September 6, 2018, the DLAC made a presentation to the City Council where they continued to recommend that a new downtown library be developed on Lot 4. However, it was also disclosed that a number of concerns had been brought forward at the community meetings.

The City Council accepted the DLAC recommendation and authorized the following activities:

1. Proceeding with the selection of an owner’s representative to manage the overall project implementation; and
2. The issuance of an RFP/Q for the selection of a Design-Build project team.

## 2019 ACTIVITIES

At a meeting held on May 14, 2019, the City Council placed the Library Mixed-Use Project on hold and formed a Council Subcommittee to investigate alternatives. The Subcommittee met over the course of a year. They engaged with project stakeholders, received presentations from City staff and external consultants, and worked with architecture firms to complete cost assessments for the renovation and mixed use project options.

The Council Subcommittee ultimately recommended that a new library and a parking garage be developed on Lot 4. The rationale for this recommendation was explained as follows:

1. The perceived inadequacy of Measure S funding for the library scope in its current standalone location;
2. The projected future demand for replacement and additional parking in the Downtown; and
3. A proposal to relocate the Farmers’ Market to a permanent and improved location.

## 2020 ACTIVITIES

There continued to be concern that there was significant confusion in the community about the specifics of the proposal as well as the existence of viable alternatives and opportunities. To alleviate this concern it was concluded that the City Council should evaluate the project again prior to the City proceeding with further work.

The City Council reconvened on this matter on June 15, 2020 and reaffirmed the goals established by the DLAC. They also took the following actions:

1. Conceptual approval was provided, subject to environmental review and the required permit process, to proceed with the design and development of a Library Mixed-Use Project on Lot 4.
2. Height restrictions were recommended.
3. Approval was provided for the use of an RFP/Q process to engage a Design-Build team.
4. City staff was directed to undertake the following activities:
  - a. To initiate a community outreach process regarding project design, based off the preliminary Option D concept developed by Group 4, and to return to the City Council with preliminary project design options for consideration.
  - b. Prior to the start of construction on the Downtown Library & Affordable Housing Project a public process was to be initiated to consider reuse options for the site of the existing Downtown Library, including affordable housing, a community commons and other public uses.
  - c. To provide a report to the City Council that contained the following information:
    - i. Detailed financial information regarding each component of the mixed-use project.
    - ii. A work program and timeline for implementing the affordable housing units, library, and parking garage, including a public engagement process.
    - iii. General schematics showing the integration of the library, housing, parking, and commercial use components.

- d. To re-engage with the Farmers’ Market and to develop a design for a permanent downtown Farmers’ Market on Cathcart and Front Streets (Lot 7).

## 2021 ACTIVITIES

### CITY ACTIVITIES

1. The project name was changed to the Downtown Library & Affordable Housing Project.
2. Griffin Structures commences work as the owner’s representative for the Downtown Library & Affordable Housing Project on behalf of the City.
3. Eden Housing and For the Future Housing (FFH) were selected as the affordable housing developer to build the 100% affordable component of the Downtown Library & Affordable Housing Project.
4. The re-visioning process is completed for the site on which the existing Downtown Library is currently located. The recommendations were that the site should be redeveloped with the following uses:
  - a. Affordable housing;
  - b. Community serving uses; and
  - c. A potential permanent location for the Farmers’ Market.
5. A first round of library user and stakeholder meetings were conducted followed by three facilitated public meeting on the conceptual library design were held.
6. The City staff, with the cooperation of the Farmers’ Market Board, commenced relocation discussions related to a new permanent downtown location for the Farmers’ Market.
7. The City Council approved an updated site concept and design for the Downtown Library & Affordable Housing Project on lot 4. The updated development scope included:
  - a. A two-story library;
  - b. 100 to 125 affordable housing units; and

- c. Up to 310 parking spaces.

## OUR DOWNTOWN, OUR FUTURE PETITION DRIVE

In November 2021 a group presented a “Notice of Intent to Circulate Petition and Statement of Reasons”. The purpose of this petition was to establish the following policies:

1. To address the City's housing crisis by prioritizing development of affordable housing on specified City-owned properties in Downtown Santa Cruz;
2. To maintain the Downtown Farmers’ Market and Downtown Library, important community institutions, at their current locations;
3. To prevent the construction of a multi-level parking garage Downtown that transportation consultants to the City have concluded is unnecessary. The garage would contribute to increased greenhouse gas emissions.
4. To prioritize the expenditure of surplus parking revenue for:
  - a. Promoting development of affordable housing Downtown,
  - b. Supplementing 2016 Bond Measure S funding to renovate and modernize the Downtown Library,
  - c. Making improvements to the public space hosting the Downtown Farmers' Market; and
  - d. Providing funding for transportation demand management programs that reduce vehicle trips and make more parking available to visitors.
5. Measure O further directs City officials to make any further conforming changes to the General Plan, Downtown Plan, Zoning Ordinance, and/or Local Coastal Program that are necessary and appropriate to comply with this Measure and State law.

## 2022 ACTIVITIES

### CITY ACTIVITIES

An update on the Downtown Library & Affordable Housing Project was presented to the City Council on May 1, 2022. The update consisted of the following:

1. The proposed schematic design for the library.
2. The results of the community outreach related to the proposed schematic design.
3. Budget estimates for the scope of development being proposed for the library.
4. Budget comparisons for:
  - a. A renovation alternative for the existing library facility;
  - b. New development of a library on Lot 4:
  - c. The base development scope; and
  - d. The base development scope plus zero net energy and a roof deck patio.
  - e. New standalone development on the site of the existing Downtown Library.

On May 1, 2022 a pre-application was submitted to the City for the following development scope of Lot 4:

Scope of Development May 1, 2022 Pre-Application	
Library	38,086 square feet
Library Rooftop Patio	3,406 square feet
Parking	336 <sup>18</sup>
Affordable Housing	124 units
Daycare	1,231 square feet
Daycare Play Area	674 square feet
Commercial	9,598 square feet
<b>Total Gross Building Area</b>	<b>307,968 square feet</b>

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<sup>18</sup> Currently, between 245 and 345 parking spaces are being considered.

## OUR DOWNTOWN, OUR FUTURE PETITION DRIVE

The initiative petition was filed with the County Clerk of Santa Cruz County on May 3, 2022. The County Clerk validated and certified the requisite number of signatures on June 14, 2022.

## CITY COUNCIL ACTIVITIES

On June 28, 2022, the City Council requested a report that identifies the impacts that could potentially be generated by the implementation of the requirements imposed by the initiative. The City subsequently engaged KMA to prepare the impact report.

## ATTACHMENT 2 DOWNTOWN CONTEXT TABLES

**ATTACHMENT 2 - APPENDIX A**

**DOWNTOWN HOUSING DEVELOPMENT PIPELINE**

**DOWNTOWN CONTEXT TABLES**

**MEASURE O REPORT**

**SANTA CRUZ, CALIFORNIA**

ATTACHMENT 2 - APPENDIX A - TABLE 1

DOWNTOWN PIPELINE RESIDENTIAL PROJECTS: 100% AFFORDABLE HOUSING UNITS  
 MEASURE O REPORT  
 SANTA CRUZ, CALIFORNIA

Categories	Pacific Station South	Cedar Street Apartments	Pacific Station North	Total	Lot 4
<b>I. Status</b>	Under Construction	Under Construction	Approved		Proposed
<b>II. Anticipated Year Online</b>	2024	2024	2026		2026
<b>III. Number of Units</b>					
Studios	10		12		13
One Bedroom	20	30	49		48
Two Bedrooms	19	16	34		32
Three Bedrooms	21	19	32		31
<b>Total Number of Units</b>	70	65	127	262	124
<b>IV. Affordability Mix</b>					
30% of AMI	29%		33%		22%
40% of AMI	29%	40% to 60% of AMI with			
50% of AMI	27%	25% PSH Units	34%		65%
60% of AMI	16%		33%		13%
<b>Total</b>	100%		100%		100%
<b>V. Non-Residential Area (Sq. Ft.)</b>	20,997	2,220	16,763	39,980	46,500
<b>VI. Parking</b>					
<b>A. Parking Required by Resolution</b> <sup>1</sup>	229	125	267	621	332
<b>B. Net Parking Requirements</b> <sup>2</sup>					
Residential	0	0	0	0	0
Non-Residential	98	7	42	147	116
<b>Net Parking Requirements</b>	98	7	42	147	116
<b>C. Parking Provided</b>	0	0	0	0	245 - 345
<b>D. Parking Shortfall: Non-Residential</b> <sup>3</sup>	98	7	42	147	
<b>E. Unmet Demand for Off-Site Parking</b> <sup>4</sup>	229	125	267	621	

<sup>1</sup> Excludes any parking relief available to affordable housing units that is provided by any State or City reductions in parking standards.

<sup>2</sup> The Net Parking Requirements are limited to the spaces required by Code to serve the commercial uses.

<sup>3</sup> Equal to the difference in the number of spaces between the Net Parking Requirements for the Non-Residential Uses and the Parking Provided.

<sup>4</sup> Equal to the difference in the number of spaces between the Parking Required by Resolution and the Parking Provided.

ATTACHMENT 2 - APPENDIX A - TABLE 2

DOWNTOWN PIPELINE RESIDENTIAL PROJECTS: PRIVATE DEVELOPMENT  
 MEASURE O REPORT  
 SANTA CRUZ, CALIFORNIA

I.	Categories	514, 516, 518, 524 & 530				Total
		Front Riverfront	Front	Pacific Front Laurel	1013 Pacific	
II.	<b>Status</b>	Approved	In Process	Under Construction	Approved	
III.	<b>Anticipated Year Online</b>	2024	2024	2023	2025	
IV.	<b>Section 65915 et seq. Density Bonus</b>	Yes	Yes	No	No	
IV.	<b>Number of Units</b>					
	SRO/Studios	53	169	49	12	
	One Bedroom	89	102	99	5	
	Two Bedrooms	33	5	57		
	<b>Total Number of Units</b>	175	276	205	17	673
V.	<b>Number of Affordable Units</b>	20 <sup>1</sup>	37 <sup>1</sup>	0 <sup>2</sup>	2 <sup>3</sup>	59
VI.	<b>Non-Residential Area (Sq. Ft.)</b>	17,557	6,006	10,662	4,342	38,567
VII.	<b>Parking</b>					
A.	<b>Parking Required by Resolution</b> <sup>4</sup>	252	296	289	28	865
B.	<b>Net Parking Requirements</b>					
	Residential	88 <sup>5</sup>	138 <sup>5</sup>	262	17	515
	Non-Residential	45	32	27	11	115
	<b>Net Parking Requirements</b>	133	170	289	28	630
C.	<b>Parking Provided</b>	187	181	252	0	620
D.	<b>Parking Excess / (Shortfall)</b> <sup>6</sup>	54	11	(37)	(28)	0
E.	<b>Unmet Demand for Off-Site Parking</b> <sup>7</sup>	65	115	37	28	245

<sup>1</sup> The project is subject to Section 65915 et seq. density bonus requirements and affordable housing requirements imposed by the City's inclusionary housing program.

<sup>2</sup> The affordable housing requirements were fulfilled with a land dedication.

<sup>3</sup> The affordable housing units are provided to fulfill the City's inclusionary housing requirements.

<sup>4</sup> Does not include reductions for any parking relief available to affordable housing units that is provided by any State or City reductions in parking standards.

<sup>5</sup> The required parking is adjusted to reflect the reduction or elimination of parking standards allowed by Section 65915 (p).

<sup>6</sup> Equal to the difference in the number of spaces between the Net Parking Requirements for the Net Parking Requirements Uses and the Parking Provided.

<sup>7</sup> Equal to the difference in the number of spaces between the Parking Required by Resolution and the Parking Provided.

**ATTACHMENT 2 - APPENDIX B**  
**DOWNTOWN PUBLIC PARKING INVENTORY**  
**DOWNTOWN CONTEXT TABLES**  
**MEASURE O REPORT**  
**SANTA CRUZ, CALIFORNIA**

ATTACHMENT 2 - APPENDIX B

DOWNTOWN PUBLIC PARKING INVENTORY  
 MEASURE O REPORT  
 SANTA CRUZ, CALIFORNIA

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	<u>Year Removed</u>	<u>Number of Spaces</u>	<u>Totals</u>
<b>I. <u>Off-Street Spaces Removed by New Development</u></b>	<sup>1</sup>		
Lot 2- behind Bank of the West	2018	26	
Lot 5- Calvary Church Redevelopment	2022	108	
Lot 12- METRO	2022	15	
Lot 22- Doug Ross	2022	25	
Lot 23- Devcon/Lawlor project	2021	24	
Laurel/Front Portion of Proposed Hotel Site - 005-151-43	<sup>2</sup> 2022	32	
<b>Total Off-Street Spaces Removed by New Development</b>			230
<b>II. Lost Parking Spaces - Outdoor Dining or Similar Private Uses</b>	2021		61
<b>III. <u>Net Reduction in Downtown Parking Spaces</u></b>			<b>291</b>

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<sup>1</sup> None of these properties are subject to the Measure O Provisions.

<sup>2</sup> The map included in Measure O treats this parcel as part of Lot 27. This parcel is actually privately owned (APN #005-151-43), and is currently improved with surface parking. The adjacent City-owned Lot 27 (APN #005-151-48) is actually vacant landscaped land.

**ATTACHMENT 2 - APPENDIX C**

**PARKS / COMMUNITY SPACES IN DOWNTOWN AND  
IN CLOSE PROXIMITY TO DOWNTOWN  
DOWNTOWN CONTEXT TABLES  
MEASURE O REPORT  
SANTA CRUZ, CALIFORNIA**

**PARKS / COMMUNITY SPACES IN DOWNTOWN AND IN CLOSE PROXIMITY TO DOWNTOWN  
MEASURE O REPORT  
SANTA CRUZ, CALIFORNIA**

**I. Existing Parks / Community Spaces**

	Approximate Land Area		
	Square Feet	Acres	
<b>A. Large Community Gathering Spaces</b>			
Laurel Street Park / London Nelson Community Center	77,150	1.77	
San Lorenzo Park Benchlands	<sup>1</sup> 186,650	4.28	
San Lorenzo Park Benchlands	179,400	4.12	
Mission Plaza Park (Mission Hill)	40,860	0.94	
Pacific Avenue - Temporary Road Closures	<sup>2</sup> 58,000	1.33	
Santa Cruz Civic Auditorium	59,370	1.36	
Depot Park	169,000	3.88	
Main Beach	918,000	21.07	
Cowell's Beach	157,000	3.60	
Temporary Kaiser Permanente (Warriors) Arena	50,000	1.15	
<b>Total Large Community Gathering Spaces</b>	<b>1,895,430</b>	<b>43.51</b>	
	Approximate Land Area		Community Space Size
	Square Feet	Acres	
<b>B. Other Community Gathering Spaces</b>			
Santa Cruz Mission State Historic Park	77,710	1.78	Medium
Town Clock Park	8,450	0.19	Small
City Hall & Gardens	47,790	1.10	Small
San Lorenzo Riverside Gardens	22,820	0.52	Very Small
San Lorenzo Riverwalk	<sup>3</sup>		None
Scope Park	4,400	0.10	None
Rincon Park	2,400	0.06	None
<b>Total Other Community Gathering Spaces</b>	<b>163,570</b>	<b>3.76</b>	
<b>Total Existing Parks / Community Spaces</b>	<b>2,059,000</b>	<b>47.27</b>	

<sup>1</sup> Does not include the "Benchlands".  
<sup>2</sup> Temporary road closures - Water to Cathcart Streets.  
<sup>3</sup> The San Lorenzo Riverwalk covers a 3.5 mile area.

PARKS / COMMUNITY SPACES IN DOWNTOWN AND IN CLOSE PROXIMITY TO DOWNTOWN  
 MEASURE O REPORT  
 SANTA CRUZ, CALIFORNIA

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II. **Future Community Gathering Spaces**

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	Approximate Land Area		Community Space Size
	Square Feet	Acres	
<b>A. Planned Spaces</b>			
Northwest Corner of Cathcart and Front Streets	39,220	0.90	Large
Northeast corner of Center and Church Streets	12,500	0.29	Medium
Riverwalk Expansions Behind Front Street Buildings	Varies	Varies	Medium
<b>Total Planned Spaces</b>	<sup>4</sup> 51,720	1.19	
<b>B. Planned Downtown Paseos</b>			
Cathcart Street - Cedar to Center	Varies	Varies	None
Cathcart Street - Front to Riverwalk	Varies	Varies	None
Maple Street - Pacific to Riverwalk	Varies	Varies	None
Front Street to Riverwalk - by METRO	Varies	Varies	None
<b>C. Proposed Spacdes in the Downtown Plan Expansion</b>			
Permanent Warriors Area	TBD	TBD	Large
Spruce Street / Laurel Street Extension	<sup>5</sup> 18,300	0.42	Medium
Riverwalk Expansions Behind Front Street Buildings	TBD	TBD	TBD

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<sup>4</sup> Excludes the Riverwalk Expansions Behind Front Street Buildings Area, which has not been identified.

<sup>5</sup> Temporary road closure - East of Pacific.

**ATTACHMENT 3  
MEASURE O SPONSORS  
SUMMARY OF DEVELOPMENT OPPORTUNITIES**

Yes on Measure O for Our Downtown, Our Future <ourdowntownourfuture.org>

City-owned parking lots specified for 100% affordable housing development

Projection of number of units, by number of floors, calculated for parking lots equal to or larger in size than building footprint of Pacific Station South development

Lot	Address	APN	Square feet	Acres	Total lot size	Units/floor based on 1500 sq.ft./unit [diverse studio, 1, 2-bedroom units] and common spaces	5 floors [+ ground level >> 65' height]	6 floors [75' height]	7 floors [85' height]
26	409 Laurel next to Police	007-012-01	3528	0.08	7056				
26	241 Center St next to Police	007-012-02	3528	0.08					
16	212 Church next to Library	005-048-12	11587	0.27	15,812	10	50	60	70
14	Locust next to Library	005-048-11	4225	0.10					
8	710 Cedar/Lincoln	005-075-12	21,431.5	0.49	21,431.5	14	70	84	96
9	120 Elm	005-142-09	19,732.7	0.45	19,732.7	13	65	78	91
27	302 Front St	005-151-48	5,053.0	0.12	9453				
11	326 Front St	005-151-35	4,400.0	0.10					
7	Front/Cathcart	005-153-17	11,543.0	0.00	33,975.0	24	120	148	176
7	Front/Cathcart	005-153-05	4,312.0	0.00					
7	Front/Cathcart	005-153-29	3,354.0	0.00					
7	Front/Cathcart	005-153-28	8,668.0	0.00					
7	Front/Cathcart	005-153-03	6,098.0	0.00					
			107,460.2	2.47		<b>Total</b>	<b>305</b>	<b>370</b>	<b>433</b>

# Measure O General Plan and Downtown Plan Consistency Analysis

## GENERAL PLAN AMENDMENTS

Measure O proposes to enact a number of changes to the current General Plan. The primary modifications can be described as follows:

### Section M1.5.7

Measure O proposes to add the following to Section M1.5.7:

“Prioritize, in a manner consistent with State law, the expenditure of surplus parking revenue from the Downtown Parking District for use in:

1. Supporting the development of affordable housing for people who work in Downtown;
2. Establishing transportation demand management programs for people who work in Downtown, including free transit passes;
3. Supporting two Complete Neighborhood projects:
  - a. Renovation and modernization of the Santa Cruz Public Libraries’ Downtown Branch at 224 Church Street; and
  - b. Improvements to Lot 4, to enhance the use of space for public gatherings and recreation, including the Downtown Farmers’ Market.”

### Section LU3.7.2

Measure O proposes to add the following to Section LU3.7.2:

“Require, to the maximum extent feasible, that certain designated parcels situated within the City of Santa Cruz Downtown Plan area, as shown in [Measure O’s] Exhibit A, and with the APNs as shown, that are City-owned parcels as of the date the voters approve this Measure, shall be developed with permanently affordable housing, with parking permissible on the ground level and not permissible on floors above the ground level, and public park space permissible, where appropriate. For Lots 14 and 16, library facilities and library-associated functions shall also be permissible on floors above the ground level. This Policy shall apply notwithstanding any subsequent sale or transfer of any City-owned parcels to private parties after the date the voters approve this Measure.”

### **Section LU1.1.6**

Measure O proposes to add the following to Section LU1.1.6:

“Recognize as a policy priority that the City-owned parcel at 119 Lincoln Street known as Lot 4 (APN 005-141-21) is the preferred long-term location of the Downtown Farmers’ Market as well as other fairs and public events, with other ground-level uses incompatible with this priority strongly discouraged. This policy priority shall specifically not preclude the development of affordable housing and associated uses on Lot 4 above the ground level. Parking and other uses not associated with affordable housing are prohibited in any development on Lot 4 on floors above ground level.”

### **Section LU1.1.7**

Measure O proposes to add the following to Section LU1.1.7:

“Recognize as a policy priority that the current location of the Santa Cruz Public Libraries’ Downtown Branch at 224 Church Street is the preferred long-term location of this important community institution, with other uses incompatible with this priority strongly discouraged.”

## **DOWNTOWN PLAN AMENDMENTS**

Similar to the City-wide General Plan, the Downtown Plan’s main purpose is to “...establish policies, standards and guidelines to direct the recovery process toward the rebuilding of a downtown to meet the multiple objectives of the entire community.”

Measure O proposes to enact a number of changes to the current Downtown Plan. The primary modifications are as follows:

### **Downtown Plan, Chapter 1, Introduction, Executive Summary (Page 14)**

Measure O proposes to add the following language to this section:

“However, the Downtown Plan requires, to the extent feasible, that certain designated parcels situated within the City of Santa Cruz Downtown Plan area as shown in [Measure O’s] Exhibit A, and with the APNs as shown, that are City-owned parcels as of the date the voters approve this Measure [O], shall be developed with permanently affordable housing, with parking permissible on the ground level and not permissible on floors above the ground level, and public parking space permissible, where appropriate.”

### **Downtown Plan, Chapter 3, Land Use Plan, The Cedar Street Village Corridor (Page 29)**

Measure O proposes to add the following language to this section:

“The land use plan further strives to preserve adequate space for the Downtown Farmers’ Market on Lot 4, the City-owned parking lot at 119 Lincoln Street, the east side of Cedar Street between Lincoln and Cathcart Streets (APN 005-141-21).”

**Downtown Plan, Chapter 4, Development Standards and Guidelines, Additional Regulations – Upper Floor Uses (Page 44)**

Measure O proposes to add the following language to this section:

“Parking shall be a prohibited use above the ground floor of any future development of the City-owned parcels referenced in Policy LU3.7.2 and shown in [Measure O’s] Exhibit A thereto, where upper level affordable housing development is prioritized.”

**ANALYSIS OF MEASURE O’S CONSISTENCY WITH THE GENERAL PLAN AND DOWNTOWN PLAN**

The following sections provide a discussion regarding Measure O’s consistency with the current General Plan and Downtown Plan.

**Ambiguity of Measure O Language**

Many of the provisions included in Measure O utilize ambiguous language, which in turn, creates ambiguity in the measure’s implications for allowable development. This ambiguity makes it somewhat challenging to definitively evaluate Measure O’s consistency with the General Plan and Downtown Plan.

For instance, in the proposed modifications to the General Plan, Measure O includes the qualification “to the maximum extent feasible” with regards to the development restrictions imposed on the parcels specified in Measure O. This qualification is not defined in Measure O, and thus, it appears that the determination would fall to the decision maker that has authority over each individual project. Consequently, the determination of “feasibility” would need to be decoded on a site-by-site and project-by-project basis.

Given the uncertainty regarding the proposed definition of “maximum extent feasible,” it could be concluded that any land uses that are not permanently affordable housing, parking, and public park space, such as ground-floor retail, would not be allowed by Measure O. If ground-floor commercial space is prohibited on these parcels, this would create inconsistencies with various General Plan and Downtown Plan goals and policies.

Furthermore, in the proposed modifications to the Downtown Plan, Measure O simply states that permanent affordable housing development shall be required on specified parcels “to the extent

feasible.” In this instance, Measure O did not include the word “maximum.” This modification also concludes with “where appropriate.” Again, the proposed modifications to the Downtown Plan do not inform decision-makers as to how to interpret and apply “to the extent feasible” and “where appropriate.”

Measure O does not propose any changes to the tables in Chapter 4 of the Downtown Plan, so allowable ground-floor uses, other than those specified in the text added by Measure O – permanently affordable housing, parking and public park space – remain unclear. It is important to note that planning decisions are often determined based on the hierarchy of planning documents. As such, when clarity is sought between conflicting planning documents, the General Plan policies would prevail as it is the higher-level planning document.

## **Interpretation of Measure O Requirements**

Section 7 of the Measure O, “Severability and Interpretation,” states that “This Measure shall be broadly construed in order to achieve the purposes stated in this Measure.”

The first item in “Section 1. Purposes” of Measure O identifies one purpose of the measure as being “to address the City’s housing crisis by prioritizing development of affordable housing on specified City-owned properties in Downtown Santa Cruz.” With Measure O stating that it should be “broadly construed,” and the purpose being “prioritizing development of affordable housing” on specified properties, and with the General Plan text stating that affordable housing be developed “to the maximum extent feasible,” it is reasonable to conclude that the enactment of Measure O would prohibit mixed-use development with ground-floor retail or commercial uses and affordable housing above on the parcels specified in Measure O.

Thus, it can be reasonably anticipated that the policies and text in the General Plan and Downtown Plan would need to be modified per Section 6.D of the Measure O to more clearly preclude ground-floor commercial uses on the specified properties.

Measure O necessitates wide-ranging modifications to the Downtown Plan and requires (in Section 6.D) that the City make all modifications necessary to provide consistency with Measure O throughout the Downtown Plan. The ambiguity in the Measure O’s language has the potential to result in disagreement on how those modifications are structured, which could lead to future litigation if any stakeholders (namely, residents, developers, property owners, or business owners) are aggrieved by the interpretations pursued or by the projects resulting from the implementation of the policies.

Not only would this litigation create fiscal strain on the City, which is inconsistent with the fiscally responsible development approaches called for in the General Plan, but such litigation also has the potential to delay and further discourage any development proposals contemplated on affected parcels, including delay and discouragement of affordable housing projects.

## **Effect on Affordable Housing Development**

It is important to note that whether focusing on affordable housing or market-rate housing, developers seek clarity in rules and processes, while also desiring flexibility and options for how to comply with those rules. Both the ambiguity in the language of Measure O and the inflexible restrictions on how the specified sites may be developed could discourage and create barriers to affordable housing development on the specified lots. Thus, these lots are likely to remain as surface parking lots in perpetuity if Measure O is enacted.

Only Lots 26a and 26b have a General Plan land use designation (Community Facilities) that does not currently support residential development. Nevertheless, those sites, with approximately 3,500 square feet of land area each, are not close to being large enough to support a financially viable affordable housing development, even when combined. In addition, they are currently being used as the parking lot for the Santa Cruz Police Department, which further diminishes the likelihood that they will be developed with affordable housing.

All other specified sites already allow for affordable housing under the current General Plan. Fewer development restrictions would apply under the existing regulations, which would create more flexibility and greater options for how a developer could design and finance an affordable housing project. Therefore, Measure O runs counter to many of the existing General Plan, Housing Element, and Downtown goals and policies aimed at creating and encouraging the development of affordable housing.

### **Measure O – Impacts on Lot 4**

With regards to Lot 4, Measure O would require the following:

1. Retain the Downtown Library at its existing location; and
2. Utilize Lot 4 as a permanent location for the Downtown Farmers' Market, with affordable housing the only allowable use on floors above ground level.

These requirements would prevent the development of both a new library and a childcare facility on Lot 4, which is inconsistent with the General Plan and Downtown Plan policies.

### **Measure O Prevents Construction of New Library on Lot 4**

A key area of misalignment between the General Plan, Downtown Plan, and Measure O is that it would deny the construction of a new library. Libraries are highly visited community facilities and vital parts of cities.

The *Community Facilities and Services* guiding principle of the General Plan states that the City:

*...will offer excellent social services and will improve and maintain our infrastructure, community safety, and emergency preparedness.*

The General Plan guiding principle for education states that:

*We will reflect our commitment to education through our schools, educational systems and programs, library system and facilities, life-long learning community programs, and our active communication/information network.*

The General Plan also includes a specific section on libraries where it says:

*Libraries are an important link in the city's communications and information network. They serve as repositories of the city's culture, provide places where the community connects with itself and the world, and are places people go for information. The system's aim is to increase public access to information. (Pg. 75)*

Measure O seeks only to renovate the existing library rather than construct a new library. Based on a comparison of the renovated library versus the new library, the new library would be larger in size (over 25% larger) and would be able to provide more amenities and services to more people than renovating the existing library. The proposed new library would be more accessible and provide better educational opportunities to its visitors through the addition of study rooms, a designated teen space and multipurpose room for youth, and senior and community-led programming. The additional community space provides the ability for multiple programs to take place at the same time resulting in greater use to the community. The reach of the new library is further magnified given its proposed location in the downtown core, close to the transit center.

There are many General Plan policies that speak to the City providing high-quality services and facilities to the community:

1. Goal CC 2 Comprehensive community facilities and services:
  - a. CC2.1 Provide community services and facilities in keeping with the needs of a growing and diverse population.
  - b. CC2.1.4 Locate community facilities within easy walking distance of residential areas or in areas well-served by transit.
2. Goal CC 8 Excellent educational opportunities and resources:
  - a. CC8.2 Ensure adequate, current, and future sites for educational facilities.
  - b. CC8.2.1 Encourage joint-use facilities that combine educational and community uses.

- c. CC8.3 Maximize educational, developmental, and recreational opportunities for all.
  - d. CC8.3.8 Work to provide recreational, educational, and arts and cultural programs for residents of the community and region.
  - e. CC8.5 Provide free and equal access to City libraries.
  - f. CC8.5.2 Maintain a significant collection and user-oriented hours at all City libraries.
  - g. CC8.5.3 Make all library buildings accessible to the physically disadvantaged and the elderly.
  - h. CC8.6 Strive for library collections that meet community needs.
  - i. CC8.6.1 Ensure that residents and businesses have full access to current communications, information technologies, and resources.
  - j. CC8.6.2 Remove those obstacles to the use of available technologies that are under City control.
  - k. CC8.7 Expand the communication and information network in the City's libraries and optimize its quality.
3. Goal HA4 Strong identity as an arts and cultural community:
- a. HA4.1 Visually reflect the city's culture, history, and identity, the creativity of its residents, in the built environment.
4. Goal ED1 A vibrant regional economic center:
- a. ED1.2 Ensure that Santa Cruz remains an attractive, safe, and welcoming city for visitors.
  - b. ED1.7.2 Diversify the range of visitor attractions in Santa Cruz, particularly those that draw on the city's unique natural and cultural assets.

As compared to the new library, a renovated library as recommended by Measure O is not consistent with the goals and policies outlined above. Renovating the existing library would not provide a space that keeps up with the needs of a growing and diverse population to the same extent as the new library. As compared to a new library, a renovated library does not *maximize* educational, developmental, and recreational opportunities as called for in Policy CC8.3.

Additionally, the General Plan encourages joint use facilities that combine education and community uses, and the new library proposed as part of a mixed-use affordable housing project, including its community spaces, like the roof deck, better achieves this policy than a renovated library.

In addition to a new library as a better resource for all people, a new library is also a symbol that reflects the City's goals and desires. The General Plan calls for a "strong identity as an arts and cultural community" and to "visually reflect the city's culture, history, identity, and the creativity of its residents, in the built environment." A renovated, 55-year-old library with fewer services and amenities than a new library does not reinforce a positive cultural identity for the City, while a new, modern, and more engaging library is more emblematic of these virtues.

Even from an economic development perspective, a new library and affordable housing mixed-use project downtown helps achieve the General Plan objective to create a vibrant regional economic center, since a new library will be more of a regional attraction than the existing one, because its larger area, modern design, and improved or expanded services, uses, and amenities make it a more substantial cultural asset for the downtown, City, and region as a whole.

As such, the Library Mixed-Use project proposed for Lot 4 furthers the goals and policies noted above more so than the renovation of the existing library.

#### **Measure O Prevents Childcare Facility on Lot 4**

The Library Mixed-Use Project proposes to include an on-site childcare facility, which would likely be prohibited by Measure O. The language of the measure states that such specified parcels be developed with affordable housing "to the maximum extent feasible." It implies that childcare facilities would not be allowed to be included in any future development on specified sites – including Lot 4. This is in direct conflict with the General Plan, as the document strongly supports childcare. The General Plan states:

*Children are part of the social infrastructure for community development and an investment in our collective future. While the education of children has been acknowledged as a public responsibility, the pre-school and after-school care of children traditionally has been seen as the private problem of families, especially women, and not of public concern. Childcare, however, is more than a family matter; it is part of an integrated system that supports human development, labor force participation, and job opportunities. The benefits of early childhood development and care in the community speak to the labor market, business recruitment, and retention; improved school readiness and success; and reduced public cost for remediation, prison, and welfare. Consideration for the needs of children is a critical part of community planning. Children have intrinsic worth, and this Plan recognizes the value of investing in our collective future. (Pg. 75)*

In addition to this language, the General Plan includes a list of goals and policies regarding childcare in Goal CC 10 "Accessible high-quality childcare facilities and services:"

1. CC10.1 Encourage an adequate and diverse supply of childcare facilities and services citywide.
2. CC10.1.1 Develop a mechanism to obtain and preserve planned childcare sites.
3. CC10.1.6 Encourage the development of childcare facilities.
4. CC10.2 Encourage development of accessible, affordable, and quality childcare facilities near public transportation, employment centers, and in the Downtown.
5. CC10.6 Encourage joint-use facilities that combine childcare with other educational and community uses.

In addition to calling for more childcare facilities, the General Plan especially calls for their need in the downtown area. The General Plan also calls for facilities that combine childcare and other educational and community uses (such as a library). As such, the Library Mixed-Use Project complies with each of these childcare policies while Measure O seems to prevent childcare facilities from being developed on Lot 4 as well as the additional lots specified in the measure.

## **Measure O Prevents Ground-Floor Commercial Space**

A key issue with Measure O is that it would, in most instances, only allow residential and parking uses on the ground floor of the specified parcels. The measure would:

*Require, to the maximum extent feasible, that certain designated parcels... shall be developed with permanently affordable housing, with parking permissible on the ground level and not permissible on floors above the ground level, and public park space permissible, where appropriate.*

While the language of the measure is vague, as detailed previously, it could certainly be argued that the development of permanently affordable housing “to the maximum extent feasible” would prohibit the inclusion of ground-floor commercial space in affordable housing projects, since commercial uses are not identified as permissible uses on the specified lots. This concept is entirely inconsistent with principles in the Downtown Plan and with goals and policies in the General Plan.

For instance, a planning principle in the Downtown Plan is to *Strengthen Downtown Santa Cruz as a Vital Retailing District*. The principle states:

*The land use component most critical to the success of the downtown is retail. In order for downtown Santa Cruz to continue to thrive as an active and meaningful place, it must offer residents, students, employees, and visitors a purpose to be there and an attractive alternative to other retailing options in the region. Without a strong and diverse retail base, the downtown area cannot function as a viable center for the community. Clearly, a major strength of the downtown is its unique retailing personality,*

*which has evolved as a result of strong local merchants and a loyal customer base. This should be built upon further. (Pg. 5)*

Another Downtown Plan principle, *Reinforcing the Pedestrian-Oriented Environment*, states:

*Downtown Santa Cruz should be a place where pedestrians feel comfortable throughout the day and nighttime hours. Great pedestrian places are those that always feel full and active, with people promenading, window shopping or watching other people, people sitting in cafes with friends, people passing by on bicycles, or people enjoying a spontaneous street performance. (Pg. 11)*

By only allowing residential and parking uses on the ground floor of many downtown parcels, Measure O undermines the creation of a sustainable and attractive retail and pedestrian environment. A healthy retail environment in the downtown provides a center for locals and visitors to gather, creates a robust job environment, and allows for a sustainable tax base to support City services. Instead of creating an engaging and active pedestrian environment that ground floor commercial uses provide, ground floor residential and parking result in dead zones where there is far less street level activity.

For example, residential units adjacent to and at street level often have window blinds closed during the day, while residents are away at work, and have window blinds closed during the night to limit visibility into their homes from passersby.

Furthermore, several other goals and policies in the General Plan related to support for downtown retail are covered in the fiscal sustainability section. The following are some goals and policies from the General Plan that are particularly relevant to this topic:

1. Goal ED5 Diverse and dynamic business districts:
  - a. ED5.1 Nurture activity centers and districts that serve neighborhoods and businesses, provide jobs, and meet local and regional needs. Cf. M1.1, 2.4.2, and 4.3.
  - b. ED5.5 Promote Downtown as the primary local and regional retail, entertainment, and cultural center.
  - c. ED5.5.1 Enhance Downtown as a welcoming and inviting destination for residents, visitors, and businesses.
2. Goal M1 Land use patterns, street design, parking, and access solutions that facilitate multiple transportation alternatives.
  - a. M4.1 Enable and encourage walking in Santa Cruz.
  - b. M4.1.6 Enhance the pedestrian orientation of the Downtown Central Business District.

- c. M4.1.7 Require that site and building design facilitate pedestrian activity.

Allowing ground floor commercial uses is vital to maintaining a diverse and dynamic business district in the downtown as well as maintaining and expanding an engaging pedestrian environment. The ground floor residential and parking uses that Measure O requires is not business- or pedestrian- friendly, and, as noted above, many of the surface parking lots specified in the measure are more likely remain as such in perpetuity, without affordable housing development, should the measure pass.

In addition, the construction of a new library with more interior space, a rooftop community space, and a mix of uses, such as childcare, also fits these goals and policies as well by creating a stronger cultural center. Transforming a parking lot into the proposed library mixed use project also enhances the downtown and makes it a more welcoming destination for residents, visitors, and businesses. Measure O is at odds with these General Plan goals and policies.

### **Measure O Prevents or Discourages Mixed-Use and Commercial Development**

Along with not allowing commercial space on the ground floor, Measure O would also not allow mixed-use or commercial development of any kind on the specified parcels, unless it is determined that affordable housing is not feasible (though the ambiguity of such a determination and the challenge associated with that ambiguity are noted above).

A complete mix and variety of uses is vital for a successful downtown. Commercial developments like office and hotel uses are important tax revenue generators for the City and provide jobs near high quality transit and other downtown amenities. This mix of uses creates a sustainable economic and social ecosystem. The General Plan details the term sustainable economy:

*This Plan applies the term “sustainable” “to resources or systems that can be maintained without compromising the needs of future generations, and in so doing, will conserve or restore an ecological balance and avoid depleting resources.” A “sustainable economy” is one that offers a wide variety of economic opportunities, creates strong local prosperity, and contributes to the local tax base, providing needed public services. (Pg. 64)*

In addition to consideration for a sustainable economy, the General Plan includes Goal LU3, which calls for a complementary balance of diverse land uses: “Foster land use patterns that balance economic, housing, community, and environmental needs, and promote social diversity.”

The General Plan’s Housing Element also has goals and policies that seek a range of housing types and affordability levels and supports mixed-use residential settings.

1. GOAL 1 An adequate diversity in housing types and affordability levels to accommodate present and future housing needs of Santa Cruz residents.

2. Policy 1.1 Provide adequate sites and supporting infrastructure to accommodate housing through land use, zoning, and specific plan designations that encourage a broad range of housing opportunities.
3. Policy 1.3 Facilitate the production of mixed residential-commercial uses through the use of appropriate development standards, design and compatibility review, and regulatory and financial incentives.
4. Policy 1.5 Provide appropriate development standards and incentives to facilitate cohousing, live-work, mixed-use, accessory dwellings, single-room occupancy, and other alternative types of housing.

Measure O does not support a sustainable economy, since it does not allow for any uses besides affordable housing on several downtown parcels. The measure is also inconsistent with the other policies listed that seek mixed-use development in order to achieve a diverse balance of uses. Measure O forces the City to consider only one land use on these parcels when a variety of uses is encouraged by the General Plan. Affordable housing and a new community facility may be the best choice on one particular site. Alternately, affordable housing and ground floor retail may be the best choice for another particular site. As the next section below will detail, office and hotel uses may be important components for a project on another particular site. The key issue is that many uses are important for the City in many ways, and it is consistent with the General Plan to consider many options for a given site. However, Measure O would not allow for this diversity of thought or action.

## **Measure O Impacts Fiscal Sustainability**

Measure O limits uses on several parcels to affordable housing, surface level parking, or potentially park space. Commercial and retail uses that create employment and produce vital tax revenue for the City would not be allowed on the specified sites. Similar to its goals and policies regarding a diversity and balance of land uses, the General Plan also states the importance of tax revenue as part of that variety of uses, and the consideration of tax revenue is widely discussed in the General Plan.

A specific policy of the General Plan is to educate the public about the need for a strong economic tax base and the General Plan includes multiple paragraphs explaining this issue to the public:

*Santa Cruz is not an economic island. It is in, is part of, is surrounded by, and is dependent on the regional economy. Much of the revenue the City receives comes from taxes on retail sales and hotel occupancy. Those economic sectors in turn depend on healthy economic conditions in the wider region. But retailing concepts are changing, and nearby beach and resort areas are building hotels to attract the tourists who now flock to Santa Cruz.*

*One way the City can maintain and potentially improve its economic position and revenues is to expand retail sales. That objective can be pursued through economic development. A second way is to evolve*

*into a full service overnight lodging destination. The expansion of visitor accommodations presents an opportunity to move beyond the level of existing hotel and lodging offerings to bring a broader range of overnight visitors and daytime business services to the city.*

*Knowing a prosperous economy consists of multiple enterprises connected by mutually beneficial interests, the City recognizes there may be many other ways to improve its economic position and revenues. Accordingly, the City will encourage the expansion of existing and development of new business sectors as these opportunities arise. (Pg. 63)*

*The condition of the economy in the city and the region, and the financial health of City government, are two different things. While the local economy experienced substantial overall growth since 1970, the City's ability to take in money to pay for the services it provides has diminished over the same period.*

*During the 1970s, the City established a number of taxes and increased those as needed to pay for the services it was providing to the community. Beginning in the late 1970s and into the 1980s, multiple statewide ballot propositions changed the tax laws, making it impossible for cities to impose new taxes or increase old ones. Thus constrained, the City's tax base and revenue were unable to benefit from and reflect the vigor of the larger economy. In order to continue and pay for those services deemed most essential (like public safety), the City had to budget less money for other public services. ...To provide increased services to both residents and visitors, the City has to grow its tax base. (Pg. 64)*

Some land uses generate funds for the City, which helps the City provide services to its residents, workers, and visitors. However, other land uses generate expenditures for the City. The complexity of this give-and-take requires that the City strike a balance when making land use decisions. Therefore, consideration of the tax base is a vital factor in land use decision making, and Measure O removes the City's ability to consider the fiscal implications of potential development on the specified parcels. Thus, Measure O conflicts with various General Plan goals and policies that speak to the importance of the tax base when considering land use decisions. These goals and policies are listed below:

1. Goal ED1 A vibrant regional economic center:

- a. ED1.1 Promote Santa Cruz as the principal retail, cultural, recreational, restaurant, entertainment, and commercial destination in the region.
- b. ED1.5.2 Attract a top-end, full-service hotel to expand and improve the year-round conference segment of the tourism market.
- c. ED1.4 Promote Santa Cruz as a conference destination.
- d. ED1.4.1 Support the development of a new conference center, evaluate the contribution it would make in attracting visitors, and consider opportunities to link such a facility to a performing arts center. Cf. HA2.2.5, ED1.7.3, and CC2.1.2.

- e. ED1.5 Encourage the development of new lodging facilities, particularly those targeting a higher-end market and those providing additional visitor amenities.
- f. ED1.5.1 Encourage the development of facilities that would accommodate conferences and conference-goers in conjunction with existing or new hotel development.

2. Goal ED2 Real growth in the City’s tax base:

- a. ED2.1 Foster a robust and diversified economic and municipal tax revenue base.
- b. ED2.1.1 Recruit new and support existing businesses that generate substantial municipal revenue.
- c. ED2.1.2 Maintain and expand retail sales tax opportunities within the city.
- d. ED2.1.3 Educate the public about the need for a strong economic tax base.
- e. ED2.1.4 Encourage public/private partnerships that stimulate economic growth.

The uses mentioned above are not more important than affordable housing, but they are also not necessarily less important. As noted in the General Plan Guiding Principles, a “balanced community” is key to the City’s long-term success. Some of these uses can inhabit the same parcel while others may require a single use site. The General Plan supports flexibility in making land use decisions and sometimes the City’s tax base may be the most important factor for a given project, site, or situation. Other times it is a new community facility or affordable housing, such as the proposed Library Mixed-Use Project. Therefore, Measure O is inconsistent with the General Plan because it eliminates the ability to consider tax revenue that supports City services when making land use decisions. The General Plan consistently calls for flexibility and balance in land use decision making for the sake of economic sustainability and Measure O does not allow for either.

### **Measure O Limits Parking Options**

Measure O prohibits the construction of above-grade multi-level parking garages, which is inconsistent with the General Plan. While parking can induce automobile trips as Measure O mentions, that effect must be balanced with the fact that parking supports a healthy downtown in a variety of ways. Not everyone can arrive to downtown through transit, biking, or walking, so parking is needed for residents, workers, and visitors alike. A planning principle in the Downtown Plan calls for “A Balance Between Pedestrians and Automobiles” and states that: “The complete elimination of the automobile is not desirable because it can result in pedestrian spaces that are too big and inaccessible.”

Multi-level parking structures allow for a much more efficient use of land than surface level lots. Additionally, parking structures support parking demand for a wider area and allow parking uses to be concentrated and efficiently designed. This is especially beneficial when there are a variety of uses in an area such as downtown, since different uses create demand for parking at different times of the day.

A strategic and efficient parking program allows the City to meet the many types of parking demand without creating congestion or making the downtown feel inhospitable to visitors. In this way, parking garages are an effective tool to better support a sustainable economy. The downtown is a walkable environment where parking for most uses is shared as part of the parking district. Through a variety of other City goals around walkability and bikeability, parking demand in the downtown has been reduced and is most efficient in the downtown area. General Plan goals and policies listed below speak to the need for parking efficiency and for consideration of shared-use parking facilities that downtown parking garages can provide.

1. Goal M1 Land use patterns, street design, parking, and access solutions that facilitate multiple transportation alternatives:
  - a. M1.5 Reduce the need for parking and promote parking efficiency.
  - b. M1.5.1 Increase land use efficiency and the walkability of activity centers.
  - c. M1.5.2 Encourage innovative solutions that provide adequate parking while maximizing living and working space.
  - d. M1.5.3 Manage nonresidential parking in residential areas.
  - e. M1.5.5 Amend the Zoning Ordinance to encourage shared parking for uses that are compatible in terms of hours of operation or seasonality.
  - f. M1.5.6 Develop a strategy for new public off-street parking along major corridors to accommodate infill and intensification.
2. Goal ED5 Diverse and dynamic business districts:
  - a. ED5.1 Nurture activity centers and districts that serve neighborhoods and businesses, provide jobs, and meet local and regional needs.
  - b. ED5.4 Review standards and apply creative and flexible approaches to parking supply issues along commercial corridors, with emphasis on ground floor commercial, tax-revenue-producing uses.

- c. ED5.4.1 Pursue multi-story development of surface parking lots for parking and other uses.
- d. ED5.5 Promote Downtown as the primary local and regional retail, entertainment, and cultural center.
- e. ED5.5.1 Enhance Downtown as a welcoming and inviting destination for residents, visitors, and businesses.

Measure O is inconsistent with the goals and policies outlined above. The Library Mixed-Use Project meets the parking demand that existed previously on the subject and nearby parcels, while adding library, childcare, and affordable housing uses to the site. Even with the additional uses, overall parking in the area is not increasing. In this way, the project is supporting a reduction in parking consistent with the goals and policies of the General Plan. This is the most efficient use of land and supports the goals of the General Plan and Downtown Plan.

It is also important to note that development occurs outside of Measure O's specified parcels. These development projects often seek to build less parking on the project site – instead paying into the parking district to use off-site parking facilities. This is a highly efficient use of land and supports the goals of the General Plan and Downtown Plan. Measure O directly conflicts with this General Plan approach and does not allow for parking flexibility or efficiency, on the Library Mixed-Use Project site or the other lots specified in Measure O.

### **Measure O Could Hamper Other Affordable Housing**

As discussed in the previous section, projects around the downtown often seek less parking onsite, and instead opt to pay into the parking district to meet their parking demand through offsite facilities (often City-owned). These parking facilities are most efficient as multi-level garages rather than surface lots. Paying into the parking district and utilizing off-site shared parking structures is often a benefit to development projects by providing more flexibility to design the project. This allows for the development of more residential units or commercial space through the reduction in on-site parking costs. This is especially beneficial to affordable housing projects due to their financing constraints and need for design efficiencies.

The overly prescriptive and restrictive language included in Measure O for each City-owned lot is a disincentive for all developers and particularly for affordable housing developers who look for sites that are not encumbered with unusual restrictions and unknown development requirements. These requirements can be an impediment to securing financing, since they lack the flexibility envisioned in the General Plan and Downtown Plan – possibly creating project delays and increased costs.

Unknown development conditions create additional risk for developers and, in a city where the cost of development is already incredibly high, this could limit future investment in the downtown and prevent

the creation of future affordable housing in the community. Therefore, Measure O could deter experienced affordable housing developers from pursuing any future affordable housing projects in the downtown when other communities have readily available sites with known and understood zoning requirements without these proposed narrow and limiting development restrictions.

Consequently, Measure O could significantly hamper the City's ability to attract the development of future affordable housing projects and conflict with not only the stated goals of the measure itself but also conflict with the many goals and policies of the General Plan, Housing Element, Downtown Plan outlined in this analysis.

## **CONCLUSIONS**

The discussion above concludes that Measure O is not in alignment with key guiding documents for the City of Santa Cruz. Measure O directly conflicts with many policies included in the General Plan, Housing Element, and the Downtown Plan, particularly when comparing the proposed measure to existing regulations.



## City Council AGENDA REPORT

**DATE:** 05/12/2022

**AGENDA OF:** 05/24/2022

**DEPARTMENT:** City Council

**SUBJECT:** Report of Effect for Our Downtown, Our Future Initiative Petition (CN)

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**RECOMMENDATION:** Motion to order an impacts report, pursuant to California Elections Code Section 9212 and as described herein, related to the Our Downtown, Our Future initiative petition, with the report to come to Council at the June 28, 2022 meeting.

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**BACKGROUND:** On November 8, 2021, proponents for an initiative petition entitled Our Downtown, Our Future submitted a Notice of Intent to Circulate a Petition to prevent construction of the proposed Downtown Library Affordable Housing Project. Specifically, the petition would amend the City's General Plan and Downtown Plan, prohibit relocation of the Downtown Farmer's Market, require development of affordable housing on Downtown City-owned surface parking lots, and designate use of surplus parking district revenue for Downtown Affordable Housing Development Projects, Downtown workers, and other non-parking related expenditures.

At the time the Notice of Intent was submitted, proponents requested the City Attorney to provide a ballot title and summary, pursuant to California Elections Code 9203.

On November 23, 2021, the City Clerk provided the proponents with the City Attorney's Title and Summary. The proponents published the Notice of Intent and the Title and Summary on November 30, 2021, and filed the Certificate of Publication with the City Clerk.

On May 3, 2022, the proponents submitted the petition to the City Clerk for a prima facie count. On that same date, the City Clerk determined there were more than the required number of actual signatures on the petition and delivered the sections to the County Clerk to verify the validity of the signatures. The County Elections Department is currently working through the petition to determine if the minimum of 3,848 valid signatures has been met. The County has until June 15th to complete the verification process.

**DISCUSSION:** Pursuant to California Elections Code Section 9212, the legislative body (the City Council) may refer the proposed initiative measure to a city agency or agencies for a report on any or all of the following:

- (1) Its fiscal impact;

- (2) Its effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code;
- (3) Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs;
- (4) Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses;
- (5) Its impact on the community's ability to attract and retain business and employment;
- (6) Its impact on the uses of vacant parcels of land;
- (7) Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization; and
- (8) Any other matters the legislative body requests to be in the report.

Given the land use implications and scope of the proposal, it is recommended that the Council direct an analysis of the above items as they relate to the subject ballot initiative. The report should include, but not be limited to, all of the above items and the following:

- a) Comparison of amenities and services at the renovated library versus the proposed library, including the sizes and quality of the spaces, as well as overall costs. Losses associated with grants received for the library affordable housing project, as well as losses associated with direct expenditures for the new project, shall be identified;
- b) Effects on the short-term and long-term provision of housing in the downtown as a result of the initiative petition, if approved;
- c) Legal analysis of whether people who work downtown can be given a preference in new affordable housing, an analysis of the number of units currently in the development pipeline in downtown, the number of those units that are affordable, and their affordability levels;
- d) An overview of existing and planned public spaces and parks in downtown and in close proximity to downtown that are or will be accessible by downtown residents and visitors, including an overview of existing and planned spaces for events;
- e) Analysis of the 2016 Measure S use of funding;
- f) A review of the existing and recently-removed parking lots in the downtown, their disposition as it relates to development projects planned or underway, and the implications for overall parking capacity in downtown;

g) A review of development proposals in the downtown and the number of parking spaces provided as part of those proposals as it compares to the number of parking spaces typically required for such uses, and a general analysis of the comparative value of shared parking spaces in downtown as compared to single-use, private spaces;

h) An analysis of the financial feasibility of the parking structure including revenue models based on use scenarios and amortization of debt service; and

i) An overview of the transportation demand management measures currently in place for downtown residents and employees, along with existing and planned parking price and management changes that have been put in place or that are planned to minimize downtown parking demand and including costs for implementation of those measures.

Also pursuant to Elections Code 9212, the report shall be presented to the legislative body within the time prescribed by the legislative body, but no later than 30 days after the elections official certifies to the legislative body the sufficiency of the petition.

Given the short turnaround time for this report, it is anticipated that staff will seek the assistance of a consultant to prepare the evaluation.

**FISCAL IMPACT:** The exact consultant costs associated with preparation of the report called for herein are unknown at this time, but anticipated to be less than \$20,000. Costs associated with the preparation of the report will be absorbed within the approved FY 22 budgets.

**Prepared By:**  
Lee Butler  
Director of Planning and  
Community Development

Bonnie Lipscomb  
Director of Economic  
Development

**Submitted By:**  
Donna Meyers  
Councilmember

Shebreh Kalantari-Johnson  
Councilmember

**Approved By:**  
Matt Huffaker  
City Manager

**ATTACHMENTS:**

1. NOTICE OF INTENT AND MEASURE FINAL.PDF
2. BALLOT TITLE AND SUMMARY FINAL.PDF
3. RECEIPT FOR INITIATIVE PETITION.PDF

**NOTICE OF INTENT TO CIRCULATE PETITION AND  
STATEMENT OF REASONS**

Notice is hereby given by the persons whose names appear hereon of their intention to circulate the petition within the City of Santa Cruz for the purpose of proposing amendments to the City's General Plan and Downtown Plan. A statement of the reasons of the proposed action is as follows: to establish policies:

- (1) to address the City's housing crisis by prioritizing development of affordable housing on specified City-owned properties in Downtown Santa Cruz;
- (2) to maintain the Downtown Farmers' Market and Downtown Library, important community institutions, at their current locations;
- (3) to prevent the construction of a multi-level parking garage Downtown that transportation consultants to the City have concluded is unnecessary. The garage would contribute to increased greenhouse gas emissions.
  
- (4) to prioritize the expenditure of surplus parking revenue for:
  - (a) promoting development of affordable housing Downtown,
  - (b) supplementing 2016 Bond Measure S funding to renovate and modernize the Downtown Library,
  - (c) making improvements to the public space hosting the Downtown Farmers' Market; and
  - (d) providing funding for transportation demand management programs that reduce vehicle trips and make more parking available to visitors.

This measure further directs City officials to make any further conforming changes to the General Plan, Downtown Plan, Zoning Ordinance, and/or Local Coastal Program that are necessary and appropriate to comply with this Measure and State law.

Signed:

\_\_\_\_\_  
Katherine Beiers  
Former Mayor, retired librarian

\_\_\_\_\_  
Date

\_\_\_\_\_  
Pauline Seales  
Santa Cruz Climate Action Network

\_\_\_\_\_  
Date

\_\_\_\_\_  
Curt Simmons  
Owner, Plaza Lane Optometry

\_\_\_\_\_  
Date

## **To the City Council of the City of Santa Cruz:**

We, the undersigned, registered and qualified voters of the City of Santa Cruz (“City”), present to the City Council this petition and request that the following proposed legislative action (“Measure”) be adopted without alteration or submitted to the registered and qualified voters of the City for their adoption or rejection at the earliest regular election for which it qualifies pursuant to Section 1405 of the California Elections Code.

The full text of the Measure is as follows:

## **The People of the City of Santa Cruz do hereby ordain as follows:**

### **Section 1. Purposes**

The purposes of this Measure are to establish policies: (1)

- (1) to address the City’s housing crisis by prioritizing development of affordable housing on specified City-owned properties in Downtown Santa Cruz;
- (2) to maintain the Downtown Farmers’ Market and Downtown Library, important community institutions, at their current locations;
- (3) to prevent the construction of a multi-level parking garage Downtown that transportation consultants to the City have concluded is unnecessary. The garage would contribute to increased greenhouse gas emissions.
- (4) to prioritize the expenditure of surplus parking revenue for:
  - (a) promoting development of affordable housing Downtown,
  - (b) supplementing 2016 Bond Measure S funding to renovate and modernize the Downtown Library,
  - (c) making improvements to the public space hosting the Downtown Farmers’ Market; and
  - (d) providing funding for transportation demand management programs that reduce vehicle trips and make more parking available to visitors.

This measure further directs City officials to make any further conforming changes to the General Plan, Downtown Plan, Zoning Ordinance, and/or Local Coastal Program that are necessary and appropriate to comply with this Measure and State law.

### **Section 2. Findings**

The people of City of Santa Cruz find and declare:

#### **1. Action is needed to maintain Downtown as a place where a broad diversity of people can meet their needs in a Complete Neighborhood.**

The Santa Cruz 2030 General Plan explicitly values “Complete Neighborhoods.” These are neighborhoods where people can live, work, access goods and services, recreate, learn, and socialize. Complete Neighborhoods include housing for a diversity of income levels. The General Plan adds to the definition of Complete Neighborhoods: “Residents need access to parks, open space, and other places where they can relax and socialize.” Planning for a Downtown that includes affordable housing prioritized on City-owned underutilized property, an improved Downtown Farmers’ Market and event space, and a renovated and modernized Downtown Library at its historic location across from City

Hall will enhance Downtown as a Complete Neighborhood. The experience of cities across the world is that Complete Neighborhoods reduce demand for auto transportation and parking.

## **2. Housing Affordability Is a Pressing Need.**

A. According to the National Low Income Housing Coalition report (2019), Santa Cruz is the least affordable small city in the US. The limited supply of housing and especially affordable housing relative to demand causes stress and disruption of our community.

B. In Downtown locations where parking demand can be met, conversion of specified City-owned surface parking lots for development of affordable multi-family dwellings can add at least twice as many and potentially three times as many affordable housing units as currently proposed for City Lot 4, the current site of the Downtown Farmers' Market on Cedar Street, including 120 to 200 units on Lot 7, a City-owned lot on Front Street, and additional units on other City parking lots specified for affordable housing development in this Measure. Public parking continuing on the ground levels of these and other structures can meet localized parking demand.

C. The Housing Crisis Act of 2019 ("SB 330") calls for the expansion of residential development opportunities throughout the City, including opportunities for affordable housing development. Consistent with this State law, this Measure prioritizes affordable housing development on certain designated City-owned parcels that are now used as surface parking lots.

## **3. Farmers' Market Open Space is a Community Priority.**

A. As more housing is developed Downtown, the need for public space for residents becomes more acute. As the City's General Plan provision calling for Complete Neighborhoods states, "Residents need access to parks, open space, and other places where they can relax and socialize."

B. Retaining the Downtown Farmers' Market where it has been for over two decades, at 119 Lincoln Street on the City-owned parcel known as Lot 4, will further the policies and goals of the City's General Plan that provides for "establishing a sense of place and walkability of the City," and of the Downtown Plan that provides that: "Open spaces within downtown Santa Cruz should have value and meaning; they should be carefully located where people want to be and in locations that take advantage of the unique resources, heritage, and traditions of the community." The proposed move of the Downtown Farmers' Market from its current location to the smaller Lot 7 on traffic-congested Front St. at Cathcart St. or another location would inhibit adherence to these policies and achievement of these goals, and is inconsistent with the Downtown Plan.

## **4. The Downtown Library, thoroughly modernized at its current location, can serve the public well and enhance the Civic Center.**

A. Measure S, passed in 2016, provides bond funds for the Santa Cruz Libraries Facilities Financing Authority to "modernize, upgrade and repair local libraries in Santa Cruz [and other locations] – replace failing roofs, outdated bathrooms, electrical systems/ structurally damaged facilities; support growing use by children, seniors, veterans and others; expand access to modern technology; and construct/ expand facilities where necessary."

B. City consultants Jayson Architecture have proposed plans to use a portion of the City's share of Measure S bond funds to thoroughly renovate the existing Downtown Library to create a 21<sup>st</sup>-century

facility with new plumbing, electrical, HVAC, shelving, carpeting, lighting, and elevators, and adjacent handicapped and other parking. The proposal includes study rooms, a teen space, and a greatly increased children's area and large community room, both with outdoor patios.

C. Creating a state-of-the-art Downtown Library at its present site builds on the 117-year tradition of having the Library in the city's Civic Center.

## **5. Parking competes with and reduces opportunities for affordable housing.**

A. Parking competes with housing for space. According to Urban Planning Partners, reporting to the Santa Cruz City Planning Commission on January 7, 2021, the space required to park two cars (including circulation space) is equivalent to the space required for a two-bedroom housing unit.

B. Parking competes with affordable housing for City funds. Tens of millions of dollars saved from not building a new garage can be used to support development of affordable housing Downtown.

C. Based on parking supply/demand projections and financial considerations, professional parking consultants have advised the City that a new parking garage is unnecessary. Nelson\Nygaard's "Economics of Parking: Santa Cruz Strategic Parking Plan" (2019), produced for the City of Santa Cruz, states, "The most fiscally prudent approach to accommodating additional demand: Modernize parking management and better align parking prices to the cost of building and maintaining the system." This report further states that "In aggregate almost thirty percent of off-street parking in the Downtown remains empty even at the peak of the peak times.... Oversupplying parking in a space-constrained area like a downtown can fragment the built environment, creating a less desirable place to work, live, visit, and walk around."

## **6. The City's Climate Action Goals can be advanced by this Measure.**

A. Prioritizing a public space for the Downtown Farmers' Market on Lot 4, Cedar St., will permit the preservation of Heritage trees and preserve the parcel for possible future development as a public space, park, or commons, thereby advancing the City's Climate Action Goals, rather than undermining them.

B. Expansion of auto infrastructure undermines the ability of the City to reduce automobile dependency, the largest local contributor to global warming. The City failed to achieve its Climate Action Plan (2012) goal of reducing vehicle trips within town by 10% by 2020.

C. Increasing the City's supply of affordable and market-rate housing can enable more workers to live close to their jobs in Downtown Santa Cruz, reducing vehicle miles traveled.

D. Prioritizing Lot 4 for the Downtown Farmers' Market and other fairs and public events will allow use of 2016 Measure S Bond funds to renovate and modernize the Downtown Library at its existing location, thereby reducing the production of greenhouse gases required for the construction of a new library as part of a mixed-use project on Lot 4. As the 2021 winners of the prestigious Pritzker Architecture Prize assert: "Never demolish, never remove – always add, transform and reuse."

## **7. Surplus parking revenue can support Downtown as a Complete Neighborhood.**

The City can avoid building a new garage by following consultant recommendations to make better use of existing parking resources. Savings from not building a garage can be invested in affordable housing and improvements to the Downtown Library and Downtown Farmers' Market infrastructure, as well as incentives for workers Downtown to commute by means other than single-occupant autos.

### **Section 3. Definitions**

As used in this measure:

“Affordable housing” means residential dwelling units which are affordable to extremely low, very low, low, median, or moderate income households as defined by the Affordable Housing Provisions of the Santa Cruz Municipal Code (Chapter 24.16), or by any federal or state housing program and are subject to rental, sale, or resale provisions to maintain affordability.

“Downtown Plan” means the City of Santa Cruz *Downtown Plan* (September 1991) As Amended through January 28, 2020 and the date of approval of this measure by the voters of the City of Santa Cruz.

“General Plan” means the City of Santa Cruz 2030 General Plan, as amended through the date of approval of this Measure by the voters of the City of Santa Cruz.

“Lot 4” means the City-owned parcel at 119 Lincoln Street on the east side of Cedar Street between Lincoln and Cathcart Streets (APN 005-141-21), as shown on **EXHIBIT B**.

“Measure” means this Initiative measure, including its statement of reasons and full text.

“SB 330” means the Housing Crisis Act of 2019, as approved by the Governor on October 9, 2019 and subsequently codified in the California Government Code.

“Surplus parking revenue” means revenue determined by the City Council to be in excess of what is required in order to maintain, improve or expand existing parking facilities or create new parking facilities in the Downtown Parking District.

“Zoning Code” means Title 24, Zoning, of the Santa Cruz Municipal Code.

### **Section 4. General Plan Amendments**

A. The voters hereby amend the City of Santa Cruz 2030 General Plan, Chapter 5 (Mobility), to add the following new General Plan Policy (addition in underline text):

M1.5.7 Prioritize, in a manner consistent with State law, the expenditure of surplus parking revenue from the Downtown Parking District for use in: 1) supporting the development of affordable housing for people who work Downtown; 2) establishing transportation demand management programs for people who work Downtown, including free transit passes; 3) supporting two Complete Neighborhoods projects – renovation and modernization of the Santa Cruz Public Libraries' Downtown Branch at 224 Church Street and improvements to Lot 4, to enhance the use of the space for public gatherings and recreation, including the Downtown Farmers' Market.

B. The voters hereby amend the City of Santa Cruz 2030 General Plan, Chapter 4, Land Use, to add the following new General Plan Policy LU3.7.2 under existing Policy LU3.7 as shown below (additions in underline text):

### **RESIDENTIAL USES**

LU3.7 Encourage higher-intensity residential uses and maximum densities in accordance with the General Plan Land Use designations. Cf. LU4.1.

LU3.7.1 Allow and encourage development that meets the high end of the General Plan Land Use designation density unless constraints associated with site characteristics and zoning development standards require a lower density. Cf. LU1.3

LU3.7.2 Require, to the maximum extent feasible, that certain designated parcels situated within the City of Santa Cruz Downtown Plan area, as shown in EXHIBIT A, and with the APNs as shown, that are City-owned parcels as of the date the voters approve this Measure, shall be developed with permanently affordable housing, with parking permissible on the ground level and not permissible on floors above the ground level, and public park space permissible, where appropriate. For Lots 14 and 16, library facilities and library-associated functions shall also be permissible on floors above the ground level. This Policy shall apply notwithstanding any subsequent sale or transfer of any City-owned parcels to private parties after the date the voters approve this Measure.

C. The voters hereby amend the City of Santa Cruz 2030 General Plan, Chapter 4, Land Use, to add the following new General Plan Policy LU1.1.6 under existing Policy LU1.1 as shown below (additions in underline text):

LU1.1.6 Recognize as a policy priority that the City-owned parcel at 119 Lincoln Street known as Lot 4 (APN 005-141-21) is the preferred long-term location of the Downtown Farmers' Market as well as other fairs and public events, with other ground-level uses incompatible with this priority strongly discouraged. This policy priority shall specifically not preclude the development of affordable housing and associated uses on Lot 4 above the ground level. Parking and other uses not associated with affordable housing are prohibited in any development on Lot 4 on floors above ground level.

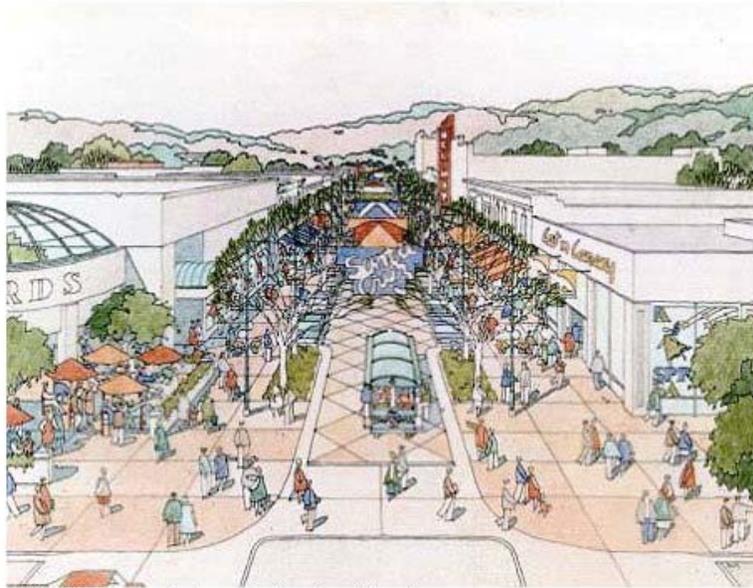
D. The voters hereby amend the City of Santa Cruz 2030 General Plan, Chapter 4, Land Use, to add the following new General Plan Policy LU1.1.7 under existing Policy LU1.1 as shown below (additions in underline text):

LU1.1.7 Recognize as a policy priority that the current location of the Santa Cruz Public Libraries' Downtown Branch at 224 Church Street is the preferred long-term location of this important community institution, with other uses incompatible with this priority strongly discouraged.

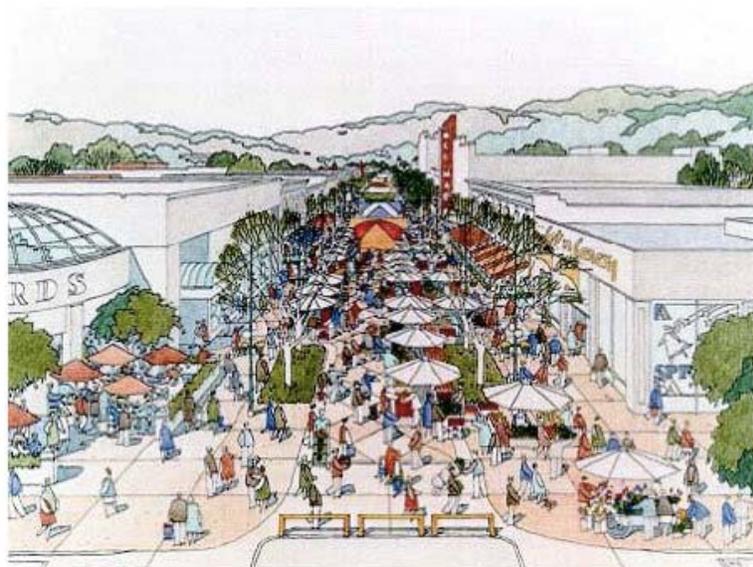
### **Section 5. Downtown Plan Amendments**

A. The voters hereby amend the Downtown Plan, Chapter 1, Introduction, *Executive Summary*, pp. 10-11, to amend text as shown below (additions in underline text, deletions in ~~strike through~~ text):

[continued on next page]



*Pacific Avenue between Cathcart and Lincoln...*



~~... will be transformed once a week into a Farmers Market.~~ ... can be transformed for special occasions and events.

### ***Reinforcing the Pedestrian-Oriented Environment***

Downtown Santa Cruz should be a place where pedestrians feel comfortable throughout the day and nighttime hours. Great pedestrian places are those that always feel full and active, with people promenading, window shopping or watching other people, people

sitting in cafes with friends, people passing by on bicycles, or people enjoying a spontaneous street performance. The public spaces and streets of downtown Santa Cruz must be appropriately scaled to ensure that a comfortable pedestrian environment is created. As the major open space within the downtown, streets should be designed to respond to the cyclical nature and needs of the community. The ability to have larger pedestrian spaces when they are needed and more intimate and active places at other times will give the streets a life and character of their own. For instance, an annual parade or festival may warrant the temporary closure of all of Pacific Avenue to automobiles; ~~whereas a weekly farmer's market could be accommodated on a particular street segment (e.g., between Cathcart and Lincoln).~~ Similarly, traffic could be closed on other streets within the downtown (e.g., Cooper Street between Pacific and Front or Front Street between Water and River Streets) for special events.

B. The Downtown Plan, Chapter 1, Introduction, *Executive Summary*, p. 14 is amended as shown below (additions in underline text):

### ***Housing Feasibility and Affordability***

A comprehensive housing implementation strategy should be developed by the City to establish a feasible program for the creation of market-rate and affordable housing, including developer incentives, land write-downs, public participation in financing, parking reductions, etc. The Downtown Plan does not recommend the imposition of exactions on commercial developers for the creation of residential development. However, the Downtown Plan requires, to the extent feasible, that certain designated parcels situated within the City of Santa Cruz Downtown Plan area as shown in Exhibit A, and with the APNs as shown, that are City-owned parcels as of the date the voters approve this Measure, shall be developed with permanently affordable housing, with parking permissible on the ground level and not permissible on floors above the ground level, and public park space permissible, where appropriate.

C. The Downtown Plan, Chapter 3, Land Use Plan, *The Cedar Street Village Corridor*, p. 29, is amended as follows (additions in underline text):

The land use plan and the standards and guidelines strive to preserve and enhance the informal “village” qualities of the Cedar Street Corridor. Unlike the Pacific Avenue district, permitted ground-level uses include office in addition to retail, and residential uses are allowed at the ground level along the east-west streets and Center Street. No strict “build-to” lines are established, and the height of development is purposely stepped down to a maximum of 35 feet, or three floors. The land use plan further strives to preserve adequate space for the Downtown Farmers’ Market on Lot 4, the City-owned parking lot at 119 Lincoln Street, the east side of Cedar Street between Lincoln and Cathcart Streets (APN 005-141-21).

D. The Downtown Plan, Chapter 4, Development Standards and Guidelines, *Additional Regulations – Upper Floor Uses*, p. 44, is amended as follows:

(2) Multi-family Housing. Development projects containing up to 60 units in size are principally permitted uses. Residential uses shall incorporate sound attenuation space planning designs and construction materials and methods such that noise from nearby commercial activities do not unduly disturb occupants of new dwelling units. Residential

development exceeding 60 units will be considered with a Special Use Permit if it can be demonstrated that such a development includes a mixture of unit types (e.g., variety of unit sizes) that will be attractive to a wide range of potential residents. Single-Room Occupancy projects require approval of an AUP and are subject to 24.12.1000 et seq. Single-Room Occupancy projects exceeding 60 units require approval of City Council. For properties east of Front Street between Soquel Avenue and Laurel Street, housing is a priority use and shall be at least 60% of the total floor area of the project. This requirement does not apply to properties within 75 feet of Laurel Street or Soquel Avenue. Parking shall be a prohibited use above the ground floor of any future development of the City-owned parcels referenced in Policy LU3.7.2 and shown in EXHIBIT A thereto, where upper level affordable housing development is prioritized.

E. The Downtown Plan, Chapter 6, Streetscape and Open Space Plan, *Pacific Avenue: Cathcart to Lincoln*, p. 105, first paragraph, is amended as follows (additions in underline text, deletions in ~~striketrough~~ text):

#### **Pacific Avenue: Cathcart to Lincoln**

The segment of Pacific Avenue between Cathcart and Lincoln Streets has a right-of-way width of approximately 80 feet. The area is characterized by a significant number of vacant parcels resulting from the earthquake. These sites include the Ford's Department Store property at Cathcart and Pacific, Plaza and Logos Books, and the Good Times and Gularte properties on the east side of Pacific Avenue. In spite of this devastation, the area is also characterized by several strong destinations including the Del Mar Theater, the Plaza Books Annex, and the Cat 'n' Canary clothing store, ~~and the weekly farmer's market on the Ford's property.~~ Redevelopment efforts are fairly advanced in the area, with three approved projects: two retail/residential developments on the Gularte and Good Times sites, and a retail/office development that will replace Logos Books.

F. The Downtown Plan, Chapter 6, Streetscape and Open Space Plan, *Pacific Avenue: Cathcart to Lincoln*, p. 106, second paragraph, is amended as follows (deletions in ~~striketrough~~ text):

The redevelopment of the Ford's and Plaza Books site will be critical to the achievement of a strong pedestrian environment in this area. The Plan recommends the consolidation of these two properties for the creation of a major retail anchor that could reinforce this portion of the downtown as a strong retailing destination. At the corner of Cathcart and Pacific, a setback of approximately 800 square feet is proposed as an entry plaza and cafe for this anchor use, to activate the street and to create a strong gateway to the downtown. Major storefront displays within the retail development would also serve to enliven the street and build off the creative windows across the street at Cat 'n Canary. ~~The Plan also recommends that this segment of the street be closed on a weekly basis to accommodate the farmer's market.~~

G. The Downtown Plan, Chapter 7, Implementation and Management Strategy, *Downtown Management Strategy*, p. 130, is amended to delete text as follows (deletions in ~~striketrough~~ text):

#### **Farmer's Market**

- ~~The CRM [Cooperative Retail Management entity] would assist in the coordination and administration of the weekly farmer's market on the City-owned parcel at 119 Lincoln Street, including issuance of permits, control over individual vendors, and logistics related to setup, trash control, storage of stalls and vehicles, and street cleanup.~~
- ~~The CRM would also coordinate with adjacent property owners and retailers to ensure that the farmer's market continues to be compatible with their merchandising.~~

## Section 6. Implementation

A. Effective Date. Upon the effective date of the approval of this Measure by the voters of the City of Santa Cruz, the provisions of Section 4 of the Measure **concerning parcels that do not lie within the Coastal Zone** are hereby inserted into the City of Santa Cruz General Plan, and the provisions of Section 5 of the Measure are hereby inserted into the City of Santa Cruz Downtown Plan; except that if the four amendments of the mandatory elements of the General Plan permitted by state law for any given calendar year have already been utilized in the year in which the Measure becomes effective, this General Plan amendment shall be the first amendment inserted into the City of Santa Cruz General Plan on January 1 of the next year. At such time as the provisions of Section 4 of the Measure are inserted into the City of Santa Cruz General Plan, and the provisions of Section 5 of the Measure are inserted into the City of Santa Cruz Downtown Plan, any provisions of the City of Santa Cruz Zoning Code, as reflected in the Zoning Code itself or in the City of Santa Cruz Zoning Map, that are inconsistent with the provisions of Section 4 and/or Section 5 of this Measure shall not be enforced. **The exception to the effective date is the Measure's application to parcels within the Coastal Zone. Parcels within the Coastal Zone require a Local Coastal Program amendment. The City Council is directed to submit an amended Local Coastal Program to the Coastal Commission within 6 months of voter approval, incorporating the provisions of Section 4 of this Measure. If the Coastal Commission denies the amendment, this Measure's application to parcels within the Coastal Zone will be void. If the Coastal Commission requires a modification of the amendment, the City Council will have 4 months to approve the modification or withdraw the amendment. For parcels within the Coastal Zone, the provisions of this Measure shall go into effect immediately upon Coastal Commission approval of an amended Local Coastal Program. No voter approval is necessary for the City Council to agree to a modification of the Local Coastal Program required by the Coastal Commission.**

B. Interim Amendments. The date that the notice of intention to circulate this Initiative was submitted to the City elections official is referenced herein as the "Submittal Date." The City of Santa Cruz General Plan in effect on the Submittal Date as amended by this Measure is required by state law to comprise an integrated, internally consistent, and compatible statement of policies for the City of Santa Cruz. In order to ensure that nothing in this Measure would prevent the General Plan from being an integrated, internally consistent, and compatible statement of the policies of the county, as required by State law, and to ensure that the actions of the voters in enacting this Measure are given effect, any amendment or update to the General Plan that is adopted between the Submittal Date and the date that the General Plan is amended by this Measure shall, to the extent that such interim-enacted provision is inconsistent with the General Plan provisions adopted by this Measure, be amended as soon as possible to ensure consistency between the provisions adopted by this Measure and other provisions of the General Plan.

C. Compliance with SB 330. The City of Santa Cruz and its City Council are hereby authorized and directed to amend the Santa Cruz General Plan, Downtown Plan, all specific plans, the Zoning Ordinance, the Zoning Map, Land Use Maps, and any other ordinances and policies affected by this

Measure as soon as possible and in the manner and time required by any applicable state law, to ensure consistency between the policies adopted in this Measure and any governing provisions of SB 330.

D. Other City Ordinances and Policies. The City of Santa Cruz and its City Council are hereby authorized and directed to amend the Santa Cruz General Plan, Downtown Plan, all specific plans, the Zoning Ordinance, the Zoning Map, Land Use Maps, and any other ordinances and policies affected by this Measure as soon as possible and in the manner and time required by any applicable state law, to ensure consistency between the policies adopted in this Measure and other elements of the General Plan, Downtown Plan, all specific plans, the Zoning Ordinance, the Zoning Map, Land Use Maps, and other City ordinances and policies.

## **Section 7. Severability and Interpretation**

A. This Measure shall be interpreted so as to be consistent with all federal and state laws, rules, and regulations. If any section, sub-section, sentence, clause, phrase, part, or portion of this Measure is held to be invalid or unconstitutional by a final judgment of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Measure. The voters hereby declare that this Measure, and each section, sub-section, sentence, clause, phrase, part, or portion thereof would have been adopted or passed even if one or more sections, sub-sections, sentences, clauses, phrases, parts, or portions are declared invalid or unconstitutional. If any provision of this Measure is held invalid as applied to any person or circumstance, such invalidity shall not affect any application of this Measure that can be given effect without the invalid application. This Measure shall be broadly construed in order to achieve the purposes stated in this Measure.

B. If any portion of this Measure is held by a court of competent jurisdiction to be invalid, the voters hereby declare their strong desire that: (i) the City Council use its best efforts to sustain and re-enact that portion, and (ii) the City Council implement this Measure by taking all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Measure, including adopting or reenacting any such portion in a manner consistent with this Measure.

C. Should the City Council determine that it is impossible to comply with the requirements of state law without amending the General Plan and/or Zoning Code in a manner inconsistent with the purposes, intent, or operative provisions of this Measure, it shall first seek voter approval of any proposed inconsistent amendments, and should the voters reject such amendments the City Council shall thereafter seek a judicial declaration or similar relief from a court of competent jurisdiction as to the existence and extent of the proposed amendments' inconsistencies with this Measure.

## **Section 8. No Unconstitutional Taking**

This initiative is not intended, and shall not be applied or construed, to authorize the City to exercise its powers in a manner which will take private property for public use without the payment of just compensation, but shall be interpreted, applied and implemented so as to accomplish its purposes to the maximum constitutionally permissible extent. If application of this initiative to a specific property of record as of its effective date would create a taking, then the City Council may allow additional uses on said property, upon findings that the level of additional development permitted is the minimum necessary to avoid a taking, and no lesser level of development would be sufficient to avoid a taking.

## **Section 9. Amendment or Repeal**

Except as otherwise provided herein, this Measure, including the General Plan Amendments and Downtown Plan Amendments enacted hereby, may be amended or repealed only by a majority of the voters of the City of Santa Cruz.

**Section 10. Effective Date and Duration**

- A. The provisions of this initiative shall remain in effect through the year 2050.
- B. This initiative shall take effect 10 days after the city council declares the results of the election approving this measure.

**Section 11. Conflicting Ballot Measures**

In the event that this Measure and another measure or measures relating to the same or similar subject matter shall appear on the same election ballot, the provisions of the other measures shall be deemed in conflict with this Measure. In the event that this Measure shall receive a greater number of affirmative votes, the provisions of this Measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

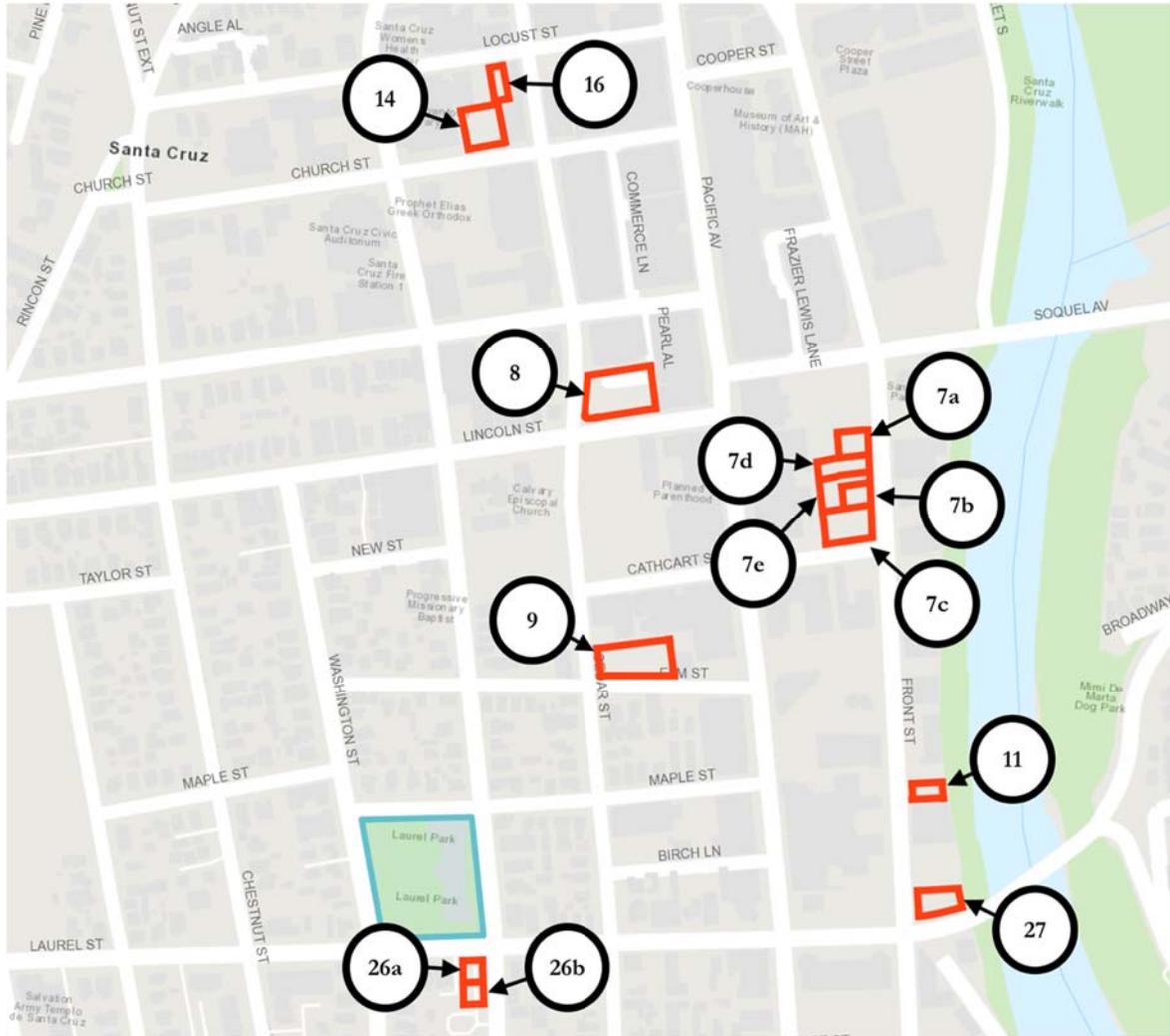
**Exhibit List**

**EXHIBIT A.** Map depicting City-owned parcels in the Downtown Plan area currently used as surface parking lots, to be prioritized for affordable housing development, as designated in this Measure (APN Nos. 005-048-11; 005-048-12; 005-075-12; 005-142-09; **005-151-35; 005-151-48**; 005-153-03; 005-153-05; 005-153-17; 005-153-28; 005-153-29; **007-012-01; 007-012-02**).

**EXHIBIT B.** City Parking Lot 4. Map showing Santa Cruz City-owned parcel at 119 Lincoln Street on the east side of Cedar Street between Lincoln and Cathcart Streets (APN 005-141-21).

## EXHIBIT A

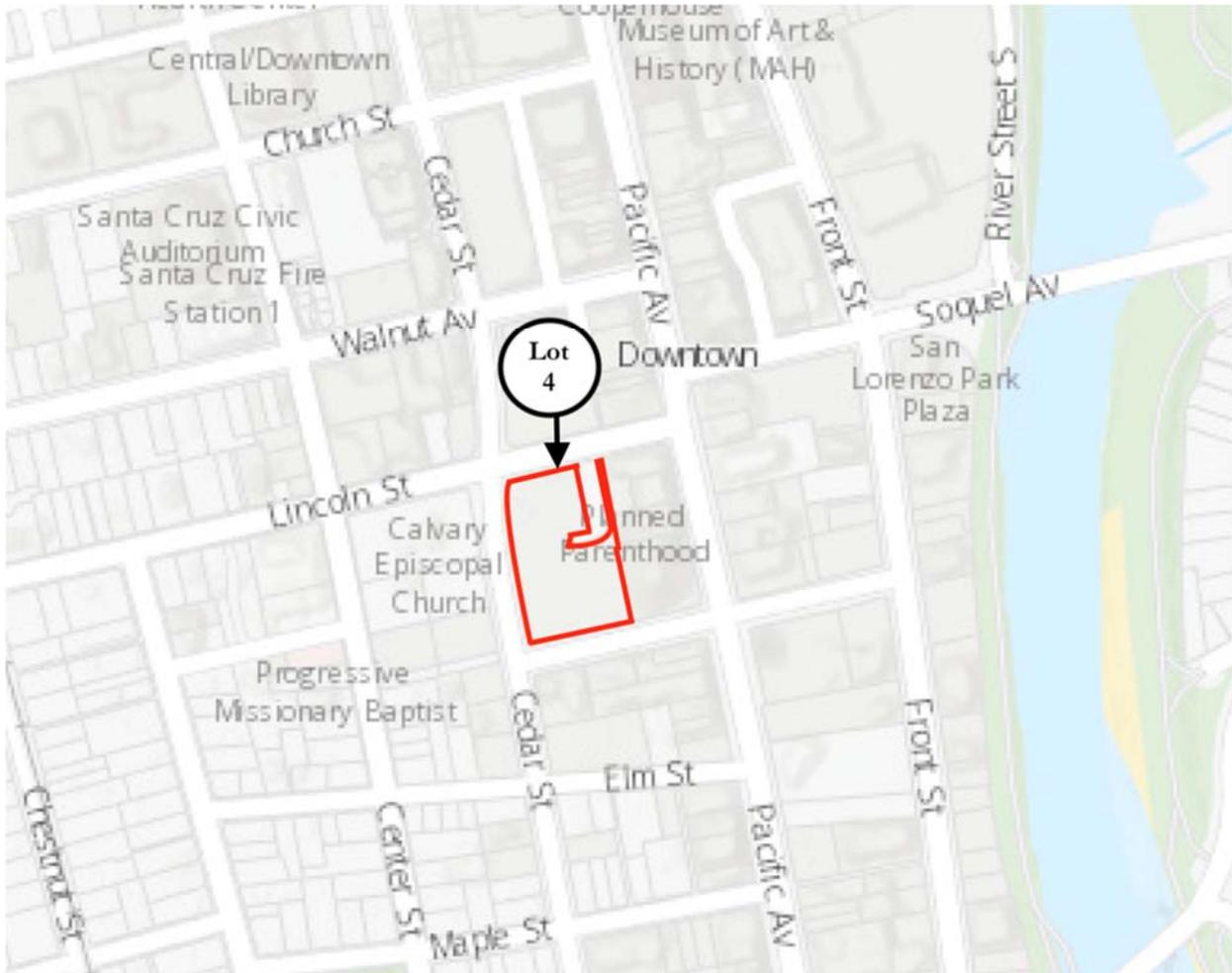
Map depicting City-owned parcels situated within the Downtown Plan area, currently used as surface parking lots, to be prioritized for affordable housing development, as designated in this Measure.



Location on Map	City Parking Lot	APN	Street Location
7a	7	005-153-03	Front Street
7b	7	005-153-05	Front Street
7c	7	005-153-17	Front Street at corner of Cathcart Street
7d	7	005-153-28	Front Street
7e	7	005-153-29	Front Street
8	8	005-075-12	Cedar Street at corner of Lincoln Street
9	9	005-142-09	Cedar Street at corner of Elm Street
11	11	005-151-35	Front Street
14	14	005-048-11	Locust Street
16	16	005-048-12	Church Street
26a	26	007-012-01	Center Street at corner of Laurel Street
26b	26	007-012-02	Center Street
27	27	005-151-48	Front Street at corner of Laurel Street

## EXHIBIT B

City Parking Lot 4. Map showing Santa Cruz City-owned parcel at 119 Lincoln Street on the east side of Cedar Street between Lincoln and Cathcart Streets (APN 005-141-21).



## City Attorney Ballot Title and Summary

INITIATIVE AMENDING THE CITY OF SANTA CRUZ GENERAL PLAN AND DOWNTOWN PLAN TO: (1) PROHIBIT CONSTRUCTION OF PROPOSED DOWNTOWN MIXED-USE LIBRARY PROJECT AND PROHIBIT RELOCATION OF DOWNTOWN FARMERS' MARKET; (2) REQUIRE DEVELOPMENT OF AFFORDABLE HOUSING ON DOWNTOWN CITY-OWNED SURFACE PARKING LOTS; AND (3) DESIGNATE USE OF SURPLUS PARKING DISTRICT REVENUE FOR DOWNTOWN AFFORDABLE HOUSING DEVELOPMENT PROJECTS, ALTERNATIVE TRANSPORTATION PROGRAMS FOR DOWNTOWN WORKERS AND OTHER NON-PARKING RELATED EXPENDITURES.

**Background.** On June 23, 2020, following a year-long Council subcommittee process, the City Council voted to move forward with the proposed Downtown Mixed-Use Library Project, to be developed on Parking Lot 4, that would include a new modern library, a minimum of 50 affordable housing units, and up to 400 parking spaces, and directed staff to work with the Farmers' Market to develop a design for a permanent Downtown Farmers' Market on City-owned Parking Lot 7 (Cathcart and Front Street), and to initiate a public process to consider reuse options for the current library site, including affordable housing, a community commons or other public uses. The recommendations, including consideration of a future home for the Farmers' Market on the existing library site, can be found on the City's website at <https://www.cityofsantacruz.com/government/city-departments/economic-development/development-projects/mixed-use-library-project>.

**General Plan and Downtown Plan Amendments.** This initiative petition proposes amendments to the City of Santa Cruz's General Plan to prevent construction of the proposed Downtown Mixed-Use Library Project, discourage non-library related uses of the existing Downtown Branch Library site, and establish Lot 4 as the permanent location for the Downtown Farmers' Market, fairs, and other public events. It would amend the Downtown Plan to require that adequate space remain on Lot 4 for the Downtown Farmers' Market, and to eliminate references in the Downtown Plan that would allow closure of a segment of Pacific Avenue between Cathcart and Lincoln Streets for the weekly Downtown Farmers' Market.

The measure would further amend the General Plan and Downtown Plan to prohibit the construction of additional parking facilities above ground-level and to require, to the "maximum extent feasible," specified downtown-area City-owned surface parking lots to be developed into permanent affordable housing, including Lot 7 (505 Front St.), Lot 8 (710 Cedar St.), Lot 9 (120 Elm St.), Lot 11 (328 Front St.), Lot 14 (224 Church St.), Lot 16 (204 Church St.), Lot 26 (155 Center St. – current SCPD parking lot) and Lot 27 (310 Front St. The measure also authorizes, but does not require, development of affordable housing on Lot 4 (119 Lincoln St.).

The measure would also amend the General Plan to prioritize expenditure of surplus parking revenue from the Downtown Parking District for:

- development of affordable housing;
- providing free bus passes to Downtown workers, and other "transportation demand management" programs;
- renovating the Downtown Branch Library at its current location; and
- improving parking Lot 4 for "public gatherings and recreational purposes," including the Farmers' Market.

RECEIVED RECEIPT FOR INITIATIVE PETITION

STATE OF CALIFORNIA )  
COUNTY OF SANTA CRUZ )  
CITY OF SANTA CRUZ )

I, Bonnie Bush, City Clerk Administrator of the City of Santa Cruz, do hereby certify that on May 3, 2022, Proponents listed on the attached sheet submitted to this Office a petition entitled: "Our Downtown. Our Future".

Proponents claim the petition consists of 387 sections.  
Proponents claim the number of raw signatures filed in the City of Santa Cruz is 5,072.

The City elections official shall determine the total number of signatures affixed to the petition.

  
\_\_\_\_\_  
Bonnie Bush, City Clerk Administrator

Original to Proponents  
cc: Copy to petition file

**RECEIVED**  
**MAY 03 2022**  
CITY CLERK'S DEPT.

EXCERPT OF MINUTES

Below is an excerpt from the minutes of the May 24, 2022 Council meeting.

22. Report of Effect for Our Downtown, Our Future Initiative Petition (CN)

**MOTION:** Councilmember Kalantari-Johnson moved, seconded by Vice Mayor Watkins, to order an impact report, pursuant to California Elections Code Section 9212 and as described herein, related to the Our Downtown, Our Future initiative petition, with the report to come to Council no later than July 28, 2022.

**FRIENDLY AMENDMENT:** Councilmember Brown requested that the consultants include representatives from Our Downtown, Our Future in conversation as part of their analysis. Councilmember Kalantari-Johnson and Vice Mayor Watkins accepted.

**ACTION:** The motion carried with the following vote.

AYES: Councilmembers Kalantari-Johnson, Golder, Cummings, Brown; Vice Mayor Watkins; Mayor Brunner.  
NOES: None.  
ABSENT: Councilmember Meyers.  
DISQUALIFIED: None.

## Rosemary Balsley

---

**From:** Our Downtown Our Future <ourdowntownourfuture@gmail.com>  
**Sent:** Monday, September 19, 2022 9:21 AM  
**Subject:** Yes on Measure O impact analysis supplemental report  
**Attachments:** Measure O Impact Report Supplement, 9-19-2022.pdf; Measure O impacts supplement report, press release 9-19-2022.pdf

Hello! Attached are two items.

1. A Yes on Measure O for Our Downtown, Our Future press release, “Measure O releases supplement to City’s impact report.” The text of the press release is also below.
2. “The Impacts of Measure O for Our Downtown, Our Future: A Supplemental Report.”

Please let us know if you would like to discuss this report or if you have any questions. We think it provides a great deal of useful information.

thanks,

John

John Hall  
Co-chair

[ourdowntownourfuture.org](http://ourdowntownourfuture.org)  
[ourdowntownourfuture@gmail.com](mailto:ourdowntownourfuture@gmail.com)  
Our Downtown Our Future

**\*FOR IMMEDIATE RELEASE\* September 19, 2022**

Contact: Bob Morgan, [robertmorgan@baymoon.com](mailto:robertmorgan@baymoon.com)

## **Measure O releases supplement to City’s impact report.**

**Santa Cruz, CA —**

The Architecture & Urban Planning Team of Measure O today made public “The Impacts of Measure O for Our Downtown, Our Future: A Supplemental Report.” The report’s principal analyst, Measure O co-chair John Hall said, “we want to make sure the community has full information about Measure O versus the continued pursuit of the Lot 4 proposal. The decision of voters on this measure is going to shape Santa Cruz for decades to come.”

Measure O, on the Santa Cruz city ballot for the November 8 election, proposes complete renovation of the existing Downtown Library, offers permanence on Cedar Street’s Lot 4 to the Downtown Farmers’ Market, and designates 2.47 acres of City-owned parking lots downtown for development of affordable housing above the ground level. It would preclude construction of a 4-level parking structure on Lot 4.

The supplemental impact report addresses topics about Measure O identified by the Santa Cruz City Council. In May, the Council allocated \$20,000 for a consultant, and this summer the City contracted with Keyser Marston Associates to analyze impacts. To promote direct comparison of findings, the Measure O supplemental report discusses all topics identified by the City Council. The

City Council did not request an analysis of Measure O’s environmental impacts. Hall said, “given the importance of the global climate crisis for all policy decisions, our analysis begins with that topic.”

In addition to environmental impacts, the Measure O supplemental impact report discusses affordable housing, the Downtown Library, the Downtown Farmers’ Market and public space, parking, housing preferences for workers, issues of fiscal responsibility, and other topics. The report is attached and available here: <https://www.ourdowntownourfuture.org/impact-report>.

###End###

For further information, contact the report’s principal analyst, John Hall, by email at [jrhall103@mac.com](mailto:jrhall103@mac.com), or by text or phone at 530-574-8157.

*Our Downtown, Our Future is a California FPPC campaign committee, #1441073.*



For A Better Way

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Santa Cruz, CA 95060

[www.ourdowntownourfuture.org](http://www.ourdowntownourfuture.org)

[admin@ourdowntownourfuture.org](mailto:admin@ourdowntownourfuture.org)

**\*FOR IMMEDIATE RELEASE\* September 19, 2022**

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*Our Downtown, Our Future is a California FPPC campaign committee, #1441073.*



**THE IMPACTS OF MEASURE O FOR OUR DOWNTOWN, OUR FUTURE:  
A SUPPLEMENTAL REPORT\***

**PREPARED FOR THE CITY COUNCIL, CITY OF SANTA CRUZ**

**SEPTEMBER 19, 2022**

John Hall, PhD, Principal Analyst

Additional analysts: Len Beyea, Lira Filippini, Gillian Greensite,  
Judi Grunstra, Rick Longinotti, and Robert Morgan

**Yes on Measure O for Our Downtown, Our Future**

[ourdowntownourfuture.org](http://ourdowntownourfuture.org)

CA FPPC # 1441073

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\* Report produced by volunteers. Published at the expense of Yes on Measure O for Our Downtown, Our Future.

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## 1. Executive summary

Measure O proposes complete renovation of the existing Downtown Library, offers permanence on Cedar Street's Lot 4 to the Downtown Farmers' Market, and designates 2.47 acres of City-owned parking lots downtown for development of affordable housing above the ground level. It would preclude construction of a 4-level parking structure on Lot 4.

Whether voters adopt or reject Measure O will set different urban planning trajectories for Santa Cruz's downtown for decades to come. The measure poses historic social and economic choices for the community. These choices come at a time of uncertainty for downtowns across the US, which face internet shopping challenges to brick-and-mortar retail stores, the rise of remote work, transformations due to the Covid-19 pandemic, an anticipated economic recession, and climate crisis. The Measure O choice is of the scope the city faced concerning Lighthouse Field in the 1970s and post-earthquake recovery in the 1990s. Fundamentally, Measure O proposes an alternative approach to the use of a set of City-owned public spaces. Adoption of Measure O versus proceeding with the Lot 4 proposal will have diverse impacts.

*Environment.* Measure O renovation of the existing library would include remediation of all asbestos issues. The Lot 4 proposal has substantial negative environmental consequences, especially connected to the 4-level parking structure. The proposal likely will require CEQA review, possible alteration, and delay. Even a substantial and highly efficient photovoltaic system is unlikely to meet electrical demands for the proposed Lot 4 structure, much less compensate for embodied carbon produced in construction. The Lot 4 proposal would require removal of more heritage trees than Measure O. Measure O holds greater overall promise for reduction of Vehicle Miles Travelled than the Lot 4 proposal.

*Fiscal impact.* Measure O would result in cost reductions and/or reductions in financial risk compared to the Lot 4 proposal. Already, not proceeding with Downtown Library renovation has resulted in an estimated \$2.85 million escalation cost of the project. Measure O library renovation would reduce future cost escalation by proceeding independently, avoiding possible delays in funding for the parking structure and affordable housing elements tied to library construction in the Lot 4 proposal.

*The City's general and specific plans.* Measure O's impact on the City's zoning and its General Plan and Downtown Plan would be substantially less than the Lot 4 proposal.

*Land use and housing.* Measure O increases City-owned land available for development of affordable housing downtown by 2.47 acres. A minimum of 305 units and up to 433 units of affordable housing can be developed on Measure O parking lots. Compared to the Lot 4

proposal, Measure O strongly increases the City's capacity to meet 2023-2031 RHNA requirements for affordable housing.

*Infrastructure funding impact.* Measure O decreases expenditures for infrastructure – specifically, the proposed Lot 4 parking structure – by an estimated \$20 million. City commitment of \$1.25 million in funds for Farmers' Market infrastructure would not be changed by the measure.

*Business and employment impact.* Public space is a magnet for entrepreneurial activity. The Downtown Farmers' Market is successfully established on Lot 4. Measure O's designation of City-owned land for affordable housing and its development of Lot 4 for the Farmers' Market and public event space are likely to be strong drivers of economic activity.

*Vacant parcels of land.* The proposed Lot 4 project would cover Lot 4 entirely. Measure O would establish a significant portion of Lot 4 as open public space and reserve other City-owned parking lots for development of affordable housing above ground level.

*Impacts on traffic, congestion, and revitalization.* Measure O would not substantially impact traffic congestion. It would promote economic and social revitalization in the neighborhood surrounding Lot 4. The proposed Lot 4 project would increase traffic congestion on Cathcart Street, affecting Pacific Avenue and other neighboring streets.

*Library amenities and services.* The renovated Civic Center library would have interior space of 30,230 square feet versus 38,086 square feet in the proposed Lot 4 library building. Both proposals provide the following services and amenities: adult fiction and non-fiction areas, computer and technology areas, teen library, children's library, group study rooms, a community meeting room, information desks, elevators, and restrooms. Measure O allows for future library expansion. Available unconfirmed data show the library renovation costing approximately \$2.3 million dollars less than the proposed Lot 4 library building when roof patio and photovoltaic system are included.

*Housing downtown.* Measure O would increase City-owned land designated for affordable housing Downtown by approximately 2.47 acres. That translates into a minimum of 305 units and up to 433 units of affordable housing. The Lot 4 proposal includes 124 units of affordable housing. How soon the City's Lot 4 housing proposal would be fully permitted is unclear. Over the medium term, compared to the Lot 4 proposal, Measure O would substantially increase City-owned land designated solely for development of affordable housing.

*Housing preferences for workers.* Precedent (e.g., Santa Barbara) exists for housing preferences for persons employed Downtown. Should any court decision declare a housing preference invalid, that provision is “severable” from other provisions of Measure O.

*Public space.* The potential of Lot 4 is demonstrated by its successful Farmers’ Market and other events. Measure O would preserve and develop Lot 4 as a public space. The proposed Lot 4 project would eliminate Lot 4 as a public space, likely moving the Farmers’ Market to Lot 7. Whether Lot 7 would function as anything other than a parking lot on non-market days is not clear. It is not possible to predict whether the Farmers’ Market would be as successful on Lot 7 as it is on Lot 4.

*Use of Measure S funding.* The legality and appropriateness of using Measure S funds for construction of a new library building on Lot 4 are contested. Voters in November 2022 will decide where to use Measure S funds for the Downtown Library.

*Parking analysis.* With a 30% vacant rate for off-street parking garage spaces, even at peak times there exists a surplus of unused 447 off-street parking in city garages; a surplus of 233 spaces exists on City surface lots. The total number of public and private parking downtown is 5,319 spaces.

*Planned downtown developments and parking.* Seven recent and proposed housing developments are planned, yielding 871 units and 715 parking spaces. Three of the developments are 100% affordable housing directly adjacent to public transit. Measure O allows for ground-level parking on designated City-owned parking lots to support parking demand, if needed.

*Parking structure feasibility.* A net of 180 parking spaces would be created in a Lot 4 parking structure, at an estimated cost of \$111,000 per net new space. The costs, financial risks, and potential negative impacts of building a parking structure are considerable, and there are no apparent bases for mitigation of risk.

*Transportation demand and parking management.* Much parking space Downtown is underutilized. Given the cost and fiscal risk associated with building a new parking structure, further implementation of strategies to manage parking supply and demand would provide an alternative, cost-effective approach to meeting parking needs of Downtown Santa Cruz for the foreseeable future.

## 2. Background

Measure O poses a fundamental alternative to the City of Santa Cruz’s plans for development projects downtown, specifically, its Lot 4 Mixed-Use Proposal. Measure O would prioritize renovation of the Downtown Library at its present location, make the Downtown Farmers’ Market long-term location at Lot 4 on Cedar Street a policy priority, and designate City-owned Downtown parking lots specified in its Exhibit A for the development of 100% affordable housing above the ground level on. The measure would eliminate the possibility of the City pursuing its plan to build a proposed new library or a proposed four-level parking structure on Lot 4.

The text of Measure O and other documents concerning the measure are available at the City’s website.<sup>1</sup> The Ten Over Studio “entitlement package draft” proposal for the Lot 4 project, including what the Lot 4 library architect describes as a “schematic design,” is also available.<sup>2</sup>

Measure O would result in a substantial and different trajectory of planning for Downtown Santa Cruz from urban planning predicated on implementation of the Lot 4 Mixed-Use proposal. For this reason, assessment of Measure O’s impacts is appropriately compared not to the status quo but to impacts on Downtown if the Lot 4 proposal is pursued further.

On May 24, 2022, on staff recommendation, the City Council approved funding “an impacts report, pursuant to California Elections Code Section 9212,” for \$20,000. The Council later stipulated that the impact report due date be “no later than September 27.” The City engaged Keyser Marston Associates to serve as its consultant. Measure O representatives met with consultant staff on September 1, 2022.

The issues concerning the impact of Measure O versus development based on the Lot 4 Mixed-Used Proposal are diverse. For a number of issues, impacts of either Measure O or the alternative City Lot 4 proposal cannot be definitively predicted, and analysis will be based on assumptions that should be spelled out and inherently probabilistic.

The present analysis of impacts has been prepared prior to the release of the Keyser Marston Associates impact analysis. The present analysis, by our Architecture and Urban Planning Team, is likely to overlap with the Keyser Marston impact analysis. There also is some overlap in the topics identified by the City Council, and therefore, some overlap in information provided in various sections here. Keyser Marston Associates is a California consulting firm with offices in the Bay Area, Los Angeles, and San Diego. Our Architecture and Urban Planning Team members are more familiar with Santa Cruz, Measure O, and the proposed Lot 4 project. Therefore, this report may provide supplemental details beyond what Keyser Marson would be able to provide

in a short turnaround time. This report addresses all impact topics identified by the City Council, in the same topical order. It also includes one set of analyses not included in the City Council’s tasking. The City Council did not request an analysis of Measure O’s environmental impacts. Given the importance of the global climate crisis for all policy decisions, our analysis begins with that topic, followed the impact analyses that the City Council requested.

### **3. Environmental impacts**

Both Measure O and the Lot 4 proposal would have substantial environmental consequences based on a variety of issues discussed here.

#### *CEQA*

The California Environmental Quality Act (CEQA) sets requirements for environmental-impact review of development projects and alternatives.<sup>3</sup> California Senate Bill 35 (SB35) allows exceptions to this review requirement for affordable-housing projects that meet certain conditions.<sup>4</sup> The Lot 4 proposal is to construct two separate buildings – (1) a four-level parking structure (with one of its levels below ground level) that would serve as a “podium” on which five stories of affordable housing would be built; and (2) a new library facility.<sup>5</sup> Thus, any SB35 exception to CEQA review would seem to apply only to the parking structure-housing component of the project.

SB35 sets criteria for proposal streamlining eligibility. City-owned parking lots 7, 8, 9, 14, and 16, specified by Measure O for development of 100% affordable housing, appear to be eligible for SB35 streamlining. These parcels are neither in a flood plain nor do they fall within the boundaries of the Coastal Zone. City-owned parking lots 11, 26, and 27, specified by Measure O for affordable housing, fall within the Coastal Zone and would seem ineligible for SB35 streamlining.<sup>6</sup>

Construction of a new library building on Lot 4 seems, on the face of it, to require CEQA review. The City Council has not, to our knowledge, addressed the issue of CEQA review for the library component of the Lot 4 project. To our knowledge, the City has not made any public statement to date either about applying SB35 in relation to the affordable housing element of the Lot 4 proposal or about CEQA review of the Lot 4 project.

More generally, CEQA requires that EIRs evaluate alternatives to a project that would potentially lower environmental impact. There is considerable documentation of parking consultant recommendations regarding alternatives to building a new parking structure.<sup>7</sup> The consensus of these recommendations is that better management of existing parking resources, and demand reduction alternatives should be employed and the results analyzed before any

determination is made that new supply is warranted. CEQA requires that EIRs designate a preferred alternative that would meet project objectives at a lower environmental impact. Given consultants' unanimous recommendations in favor of alternatives to meet future parking demand, environmental review would be highly likely to conclude that building a parking structure on Lot 4 is not the preferred alternative.

#### *Lot 4 Parking Structure*

Beyond the question of CEQA review, the Lot 4 proposal raises additional issues. Its schematic design calls for a four-level parking structure covering approximately 62.4% of the Lot 4 site, with the lowest level to require excavation one level below grade.<sup>8</sup> Because Lot 4 is near the San Lorenzo River, there is a persistent water table beneath the surface of area.<sup>9</sup> Substantial soil excavation and removal of related groundwater would be necessary to accommodate the subterranean portion of the project.

The water table presents significant obstacles and increases in costs for buildings that require extensive excavation and dewatering to accommodate subsurface land uses such as the proposed parking structure. There are several variables that this dewatering on this scale would have to account for, including increased energy use, soil composition, the removal of contaminants in subsurface water, seasonal variations in the water table, floods, and post-construction pumping.

Geotechnical investigations are generally required for subsurface construction, and dewatering permits would be required when groundwater is expected to be encountered and dewatering needed. If water were to be discharged to the City's storm drain system, it would have to conform to requirements for pH and sediment prior to discharge, meeting State of California stormwater regulations. Alternatively, discharge water pumped from the site could, after extraction or removal, undergo minimal treatment to filter suspended solids, with subsequent discharge to a local body of water. Whether proximity to the nearby Monterey Bay Marine Sanctuary would be a constraining factor would have to be determined. Where Lot 4 project developers plan would discharge subsurface water from this site.

It is highly likely that engineering the proposed below-ground level component of the Lot 4 proposal would require foundational concrete piers to a depth of 20 feet below the below-grade foundation of the parking structure. A conservative (minimal) estimate is that necessary excavation would produce 19,125 cubic yards of dirt (and possibly rock) excavation, requiring removing a minimum of 478 truckloads of excavated material from Downtown Santa Cruz.

The amount of concrete required to build the parking structure is estimated to be a minimum of 25,230 tons, or 1,246 large cement-truck loads. The embodied carbon, that is, the CO<sub>2</sub> produced in the manufacture of concrete for the parking structure, would be a minimum of 22,707 tons. These adverse environmental impacts would be completely avoidable if the parking structure were not built.

*Electricity requirements for Lot 4 parking structure construction and operation*

Lot 4 lies approximately 3 meters above sea level at present.<sup>10</sup> With global warming, sea level is predicted to rise, and elevation will decrease. Construction of the Lot 4 project parking structure thus may be anticipated to require pumping out of water to create the structure's foundational concrete piers. After construction, even in the absence of flooding, the parking structure can be expected to require electrical pumping facilities. Whereas the minimum environmental impact of embodied carbon for parking structure concrete can be estimated with a reasonable degree of accuracy, it is impossible to estimate the energy use required to maintain the parking structure because that use will fluctuate according to unpredictable events of sea-level increase, floods, and climate change. If a below-grade level of the parking structure were not built, the negative environmental effects of pumping for construction, post-construction pumping, as well as embodied carbon for the below-ground level portion of the parking structure would be completely avoided.

*Photovoltaic component of Lot 4 Mixed-Use proposal*

A photovoltaic system is included as an alternative for the Lot 4 proposal. The length of time required on the basis of installing solar panels to compensate for embodied carbon produced in the parking structure in the project would depend on the type of photovoltaic system, size and number of panels, and the kWh rating of the system. The architect and planners for the Lot 4 project have stated that the Lot 4 project would have "a minimum target of LEED Silver for certification, and a rating as high as Gold is being explored," and would produce "270KW (Net Zero)" [*sic*].<sup>11</sup> This statement raises several questions. "Net Zero" currently is questioned as a standard in relation to energy efficiency of buildings. Commissioner Andrew McAllister of the California Energy Commission has said, "The blunt instrument of [NZE] is kind of an outdated concept."<sup>12</sup> Concerning the Lot 4 proposal, among other issues, it is not clear whether the Net Zero Energy assertion applies to the overall proposed project or only the Library (the rooftop of the affordable housing building, not the library, is designated as the location of photovoltaic panels in an April 21, 2022, Jayson Architecture presentation; the Ten Over Studio plans do not include information about photovoltaic panels or HVAC). Neither the Jayson Architecture presentation nor the Ten Over Studio plans include specifications for the photovoltaic installation (number of panels, type, etc.) that could be used to calculate electricity production. The kilowatt productivity is not indicated (per hour, per day) nor is there a description of the

total energy consumption of the library, parking structure, or housing component of the proposed project based on the type and requirements of HVAC system, building heat gain/loss, pumping requirements, or other features described. The rooftop surface area available for photovoltaic panels is limited relative to the size of the overall project and the electrical demands for the library, housing, and the parking structure.

Given the absence of basic information, it is not possible either to calculate net production of off-grid energy relative to demand nor to assess the environmental impact of the photovoltaic system proposed for the Lot 4 project. Given the overall size of the project relative to space for solar panels, it is an open question as to whether even a substantial and highly efficient photovoltaic system would provide sufficient electricity for the electricity demands of the project itself, much less compensate for the amount of embodied carbon produced in construction and electricity consumed in post-construction pumping for the parking structure. At present, any net positive contribution relative to embodied carbon and electricity demands over time remains unmodeled and impossible to affirm with any confidence.

#### *Library renovation versus new construction*

Measure O designates as a policy priority that the existing location of the Downtown Library be its “preferred long-term location.” Assessing the environmental impact of this element of Measure O is beyond the scope of the present analysis. Such analysis would require calculation and comparison of the environmental costs and benefits of the two alternative libraries in their construction and operational phases. To date, neither plan is finalized to the point at which such calculations can be made. However, in qualitative terms, two important points about renovation of the existing library at the Civic Center should be noted.

First, the renovation as budgeted is proposed to include remediation of all asbestos issues in the existing library structure. The Lot 4 proposal does not address the future of the existing library structure and thereby leaves the environmental problems of asbestos to be resolved in some other way, at some unspecified future date.

Second, the overwhelming counsel of architects and planners is to renovate and reuse existing structures rather than building new ones to replace them. As the winners of the Pritzker Architecture Prize in 2021 assert: “Never demolish, never remove – always add, transform and reuse.”<sup>13</sup>

#### *Heritage trees*

A defining feature of Lot 4 is the presence of mature heritage trees, including its iconic magnolia trees. The city’s Heritage Tree Ordinance and its accompanying Removal Resolution

spell out the importance of the city's heritage trees and the criteria for any heritage tree removal. Pertinent to the design of new construction, the Resolution states that a heritage tree shall only be altered or removed in the following circumstance: if “(3) A construction project design cannot be altered to accommodate existing heritage trees or heritage shrubs.”

The architects for the Lot 4 proposal have made no mention of the heritage trees in their public presentations. Conceptual designs presented to the City Council and the public have not referenced the heritage trees. Although some of the largest heritage trees on Lot 4 are on the perimeter and could be preserved with appropriate design, others are in the footprint of the proposed structure and are likely to be recommended for removal. By contrast, almost all heritage trees in Lot 7 are younger and located adjacent to the sidewalks on the periphery of the site, presenting no problems for preservation.

*Transportation demand management*

Both approaches propose ways to increase housing Downtown, thereby likely reducing overall Vehicle Miles Traveled (VMT). The Lot 4 proposal is to build 124 units of very-low income housing. Depending on building height decisions on the parking lots designated for affordable housing in Measure O, a conservative estimate demonstrates that from 305 to 433 housing units can be developed using six of its specified lots (see Table 1). In the long run, because of the larger number of units of affordable housing to be developed, Measure O holds greater promise than the Lot 4 proposal for reducing VMT.

Lot	Address	APN	Square feet	Acres	Total lot size	Units/floor based on 1500 sq.ft./unit [diverse studio, 1, 2-bedroom units] and common spaces	5 floors [+ ground level >> 65' height]	6 floors [75' height]	7 floors [85' height]
26	409 Laurel next to Police	007-012-01	3528	0.08	7056				
26	241 Center St next to Police	007-012-02	3528	0.08					
16	212 Church next to Library	005-048-12	11587	0.27	15,812	10	50	60	70
14	Locust next to Library	005-048-11	4225	0.10					
8	710 Cedar/Lincoln	005-075-12	21,431.5	0.49	21,431.5	14	70	84	96
9	120 Elm	005-142-09	19,732.7	0.45	19,732.7	13	65	78	91
27	302 Front St	005-151-48	5,053.0	0.12	9453				
11	326 Front St	005-151-35	4,400.0	0.10					
7	Front/Cathcart	005-153-17	11,543.0	0.00	33,975.0	24	120	148	176
7	Front/Cathcart	005-153-05	4,312.0	0.00					
7	Front/Cathcart	005-153-29	3,354.0	0.00					
7	Front/Cathcart	005-153-28	8,668.0	0.00					
7	Front/Cathcart	005-153-03	6,098.0	0.00					
<b>Total</b>							<b>305</b>	<b>370</b>	<b>433</b>

Table 1. City-owned parking lots specified for 100% affordable housing development in Measure O: Projection of number of units, by number of floors, calculated for parking lots equal to or larger in size than building footprint of Pacific Station South development.

A second environmental issue related to transportation concerns what is called “induced travel.” Transportation analysts have studied whether the construction of parking garages

increases travel to a destination by personal vehicle. In these terms, a parking structure might be regarded in legal terms as an “attractive nuisance” that increases, rather than reducing, the CO<sub>2</sub> emissions that are partly responsible for global warming.<sup>14</sup> Thus, the proposed Lot 4 parking structure is likely to induce great dependence on personal vehicles and on that basis, exacerbate problems of global warming.<sup>15</sup>

#### **4. Fiscal impact**

If Measure O were to be passed by voters, it would result in a series of cost reductions and/or reductions in financial risk compared to proceeding with the Lot 4 proposal.

Under Measure O, the construction of the proposed four-level Lot 4 parking structure would not move forward. That parking structure was estimated by the City in December 2021 to cost \$20 million or less, or not more than \$65,000 per parking space.<sup>16</sup> However, that early cost estimate did not include excavation to one level below grade for the first level of the four-level plan proposed subsequently. Given the precarity of Parking District revenue (discussed below), purchasers of any bonds for the proposed Lot 4 parking structure are likely to increase the interest rate on bond prices to compensate for risk, thus burdening the City with higher bond repayments. If passed by voters, Measure O reduces risk of stopgap City measures to make up for insufficient Parking District revenue to meet bond repayment obligations or avoid bond default.

There is an opportunity cost in devoting parking revenue to building a parking structure. State law, as interpreted by Anthony Condotti, City Attorney, allows parking revenue in excess of expenses to be used by the City for any purpose.<sup>17</sup> Not building a garage would create an opportunity for surplus parking revenue to be used to meet important community needs. In the medium term, assuming that the present Parking District revenue deficit is reversed, Measure O’s amendment to the General Plan, section M1.5.7, prioritizes that Parking District “surplus parking revenue” be allocated to other City uses – development of affordable housing, transportation demand management, Downtown Library renovation, and improvement of Lot 4 to enhance the use of the space for the Downtown Farmers’ Market and other events and recreation.

The cost of any project using Measure S funds – either renovation of the existing library or building a new library as part of the proposed Lot 4 project – has escalated in the six years since Measure S was passed by voters. In an initial November 2016, agenda report, City staff held, “there is urgency in moving forward timely with the library projects because the longer it takes to construct, the more expensive it will be, and therefore less can be accomplished with the limited Measure S bond funds.”<sup>18</sup> The City was provided with a costed proposal for renovation

of the existing library by Jayson Architecture in November, 2019.<sup>19</sup> According to a recent City staff estimate, the cost escalation, that is, the value of Measure S funds lost by failing to move ahead in a timely fashion with renovation of the existing library from the time of the costed proposal for renovation is \$2,853,062.<sup>20</sup>

The passage of Measure O would minimize further library cost escalation by allowing planning the renovation of the existing library to proceed immediately rather than leaving the use of Measure S library funds contingent on possibly delayed funding for the parking structure and affordable housing elements of the Lot 4 proposal.

Concerning the City's statement about the fiscal impact of Measure O, a request was made to the Finance Department for detailed information concerning the estimated "loss of \$6 million secured to date in state and federal funding for the affordable housing."<sup>21</sup> Because this estimate was developed in consultation with the City's Director of Economic Development, who is presently not available, the Department of Finance has indicated that it is not able to provide information until September 26, 2022, concerning the sources of the specified losses of state and federal funding.

#### **5. Effect on the internal consistency of the city's general and specific plans**

According to the Ten Over Studio entitlements pack draft, the City's Lot 4 proposal requires the following exceptions "to Downtown Plan and Zoning Code":

1. Building heights per city codes and downtown plan is measured from grade to top of parapet. In order to fit 5 floors over 3 floors, 8 stories, 85' will be required to top of roof, top of parapet will likely be close to 89' and top of 1 stairwell will be close to 95'.
2. According to Figure A-1, Downtown plan height. Approximately 1/3 of the site is within 200 feet of Pacific Street and allowed 75'. 2/3s of the site is in the 50' max height zone.
3. The property is partially within Height Zone A and has a parcel size larger than 50,000 SF. 85' max height is allowed for 20% of the site area. The proposed design has approximately 33% of the site area at 85' to top of roof and 90' to top of parapet.
4. Height Zone A allows 6 floors over the first floor of commercial. The proposed design is 7 floors over the first floor, 8 floors total.

For development projects on aggregated parcels larger than 50,000 square feet, the maximum height shall be 85 feet and the maximum number of floors shall be 6 floors above the required ground floor commercial use.

5. 1st floor, floor to ceiling height is required to be 15 ft minimum per Pacific Avenue Retail District façade standards and guidelines and as noted in the RFP for the project. The library will exceed this floor to ceiling height requirement but the parking garage, and residential lobbies with frontages on Lincoln and Cathcart will have floor to floor heights of 11'-6" and therefore floor to ceiling heights of around 10'.

6. According to the Land Use Concept Map found on page 28 of the City of Santa Cruz Downtown plan the project site is in the Cedar Street "village" corridor, yet it is within 200' of Pacific Street. Need clarification on the impact of the Cedar Street "village" corridor requirements on the project, especially the 50' height limit (4 floors max).

7. Base Height and Floors. The maximum height of all development within the Cedar Street Village Corridor shall be 35 feet (3 floors maximum). East of Cedar Street, development may be allowed to exceed 35 feet on a discretionary basis to a maximum height of 50 feet (4 floors maximum). The granting of additional height above thirty-five (35) feet is discretionary and requires a Design Permit with the recommendation of the Planning Director to the City Council, which must approve the additional height.

8. Special Use permit required with more than 60 residential units.<sup>22</sup>

Should Measure O pass, in our analysis, for implementation to proceed, it will not require any immediate significant modification of the present General Plan, Downtown Plan, or zoning. As with the Lot 4 proposal, any affordable housing development with more than 60 units on City-owned lots specified in Measure O would require a Special Use permit.

Measure O has no significant impact on the internal consistency of the City's General Plan or Downtown Plan. It provides one "housekeeping" change of the Downtown Plan, Chapter 1, Introduction, *Executive Summary*, pp. 10-11, concerning the potential use of Pacific Avenue as a venue that, according to the present wording in one passage, "will be transformed once a week into a Farmers Market." The City has not implemented that section of the Downtown Plan and the actual present and proposed locations of the Farmers' Market differ from the location presently specified in the Downtown Plan.

Overall, the impact of Measure O on the City’s zoning and planning consistency and its General Plan and Downtown Plan would be substantially less than the Lot 4 proposal.

**6. Impact on land use, availability and location of housing, and ability of the city to meet its regional housing needs**

If Measure O is passed by voters, the City parking lots designated in Exhibit A increase the total amount of City-owned land available for the development of affordable housing Downtown by approximately 2.47 acres. A conservative estimate of the number of additional units of affordable housing that can be created on the basis of Measure O shows that a minimum of 305 units and up to 433 units of affordable housing can be developed on Lots 7, 8, 9, 14, 16, and 26 (see table 1). In addition, the measure continues to allow for the development of affordable housing on levels above the ground level of Lot 4. Overall, the impact of Measure O on the availability land for the development of affordable housing Downtown would be strongly positive.

Regional Housing Needs Allocation (RHNA) for Santa Cruz requires that the City “demonstrate how the jurisdiction will meet the expected growth in housing need” through the “fifth cycle, ending June 30, 2023 and during the “sixth cycle,” from June 30, 2023 through December 31, 2031.<sup>23</sup> If the City does not meet its housing goals for a given cycle, one or more categories of housing development become subject to California SB35 streamlining requirements.<sup>24</sup> The City of Santa Cruz “is responsible for ensuring that adequate opportunities exist for housing development through zoning and by removing regulatory impediments to housing production.”<sup>25</sup>

For the cycle ending in 2023, the City did not meet its allocations by the time of the midcycle review and is thus now subject to SB35 ministerial streamlining for projects with 50% or more affordable housing.<sup>26</sup> To date, we have not found a public record that the City has met its RHNA allocations for very-low income housing for the cycle ending in June 2023.<sup>27</sup>

The Lot 4 proposal includes 124 units of very-low income housing. By comparison, Measure O requires development of affordable housing on specified City-owned parking lots. On one of the Measure O lots, Lot 7 on Front Street, 148 units of very-low income housing can be built with a 75’ building height, or 176 units with a building height of 85’ (the height of the Lot 4 proposal).

During the 2023-2031 RHNA cycle, Santa Cruz is obligated to create 2,130 units of affordable housing. If voters pass Measure O, the conservative estimate provided in table 1 – based on developments with five floors (building heights of 65’) of affordable housing above ground level

– would fulfill 14.3% of RHNA goals for the period. With seven floors (building heights of 85’) of affordable housing above ground level according to the conservative model, development of Measure O lots would fulfill 20.3% of RHNA goals for the period.

One question concerns whether the Lot 4 proposal for affordable housing would be fully permitted by the fifth-cycle RHNA deadline of June 30, 2023. According to presently available information, meeting that deadline is highly unlikely: Jayson Architecture does not show permitting and bidding for the Lot 4 proposal to occur until the fall of 2023.<sup>28</sup> Additionally, environmental review of the project (discussed above) may identify better management of existing parking resources as the preferred alternative to the proposed Lot 4 parking structure. In this scenario, adjusting the Lot 4 project to conform with the EIR’s determination would further delay the project.

Development of the larger number of very-low income units on Lot 7 cannot achieve permitting by the fifth-cycle RHNA deadline either. Unless the June 30, 2023, RHNA deadline is met, Santa Cruz development proposals that meet SB35 criteria (including providing 50% affordable units before any density bonus) will be subject to SB 35 streamlining of the permitting process. Over the medium term, compared to the Lot 4 proposal, voter passage of Measure O would increase available City-owned land for development of affordable housing and strongly increase its capacity to meet 2023-2031 RHNA requirements for development of units of affordable housing.

### **7. Impact on funding for infrastructure**

Measure O, if passed by voters, will decrease expenditures for parking infrastructure, specifically, the proposed Lot 4 parking structure, by an estimated \$20 million.

The other major infrastructure impact of Measure O concerns public space. The \$1.25 million in the City’s Capital Improvement funds already allocated for permanent infrastructure for the Farmers’ Market would not be changed by the measure. Whatever location is designated as the permanent location for the Farmers’ Market, infrastructure costs and costs of maintenance will exceed the amount presently budgeted. These costs may in part be offset by state and federal grant applications for public space development. The impact on public space infrastructure and maintenance of Measure O passing or, alternatively, the Farmers’ Market being located elsewhere, will be contingent on actual plans and cannot be determined in advance.

Whether Measure O is passed or, alternatively, defeated may also have infrastructure impacts on downtown businesses’ deficiency fees and in-lieu fees. Businesses that do not provide their own parking pay a deficiency fee each quarter, based on the number of parking spaces required

by the type and square footage of their business. Deficiency fees are to sunset in 2023, based on City Council action in 2018. If there is a shortage of parking revenue relative to expenses, including bond payments for a Lot 4 parking structure, this fee could be re-instituted. The in-lieu fee is a one-time developer fee charged when a new building provides less parking than is required. If Measure O does not pass, there is a possibility that in-lieu fees would be increased in order to help meet bond debt repayment for the proposed Lot 4 parking structure.

### **8. Impact on the community’s ability to attract and retain business and employment**

Either the planning and zoning changes specified by Measure O or the development of the Lot 4 proposal would yield significant immediate and longer-term changes to downtown Santa Cruz.

Construction of the proposed Lot 4 mixed-use project would involve some disruption to the immediate neighborhood for a period of around two years. Construction activity introduces impediments to traffic, heavy machinery traffic on streets, noise, dust, closures or diversions of sidewalks, and less visually attractive streetscapes. Although this impact would be temporary, it would not be insignificant and it would not be conducive to attractiveness of the neighborhood or retention of nearby businesses or of their employees. The Lot 4 project itself would increase employment in construction fields for the same temporary period; once construction were completed, those jobs would end.

A staffing estimate for either a renovated existing library or the proposed new library has not been provided. Because of interior design line-of-sight strategies employed in both library approaches, with a larger proportion of space dedicated to computer stations and untended reading spaces, either approach might require fewer employees.

The impacts of Measure O versus the Lot 4 project on the ability of the downtown to attract and retain businesses are difficult to predict. Businesses look for locations where the ratio of revenue to expenses is highest, and where markets are reasonably stable and predictable. Because Lot 4 is located in the downtown business district, it is reasonable to assume that the types of businesses affected by the Lot 4 proposal and the Measure O alternative are the types that would locate in the downtown business district – retail, food service, personal care services, and professional offices.

It is widely understood among urban planners that public space is a magnet for entrepreneurial activity in an immediately surrounding area.<sup>29</sup> The Downtown Farmers’ Market is well established on Lot 4. If Measure O were to pass, development of the Farmers’ Market on Lot 4 – and potentially other site enhancements for its use as a public space – would likely be a

strong driver of shops, restaurants, and cafés locating in immediate proximity. Such activation of downtown space might also occur if the Farmers’ Market were relocated to Front Street’s Lot 7 if that location were developed for use as a public space during non-market days. However, the geophysical characteristics of the two locations differ.

The Lot 4 proposal, as currently conceived, would result in an 8-story structure, with vehicle access traffic concentrated on Cathcart Street. The structure would be taller than all adjacent structures, and would cast long shadows on adjoining buildings, streets, and sidewalks, especially during fall, winter, and spring months. The reduction in solar access could detract from the attractiveness and economic performance of the immediate neighborhood. Although attempts to quantify optimal aspect ratios (building-height to street-width ratio) have been widely disputed, it is clear that higher building-height to street-width ratios tend to concentrate vehicle pollution and wind force. The street-aspect ratio in the area around Lot 4 will be changing even in the absence of the Lot 4 project due to other projects currently in planning or construction. However, unless a permitted but not required affordable housing development were pursued on Lot 4 under Measure O, retaining and developing Lot 4 as public space would eliminate issues of reduction in solar access.

Similar considerations would come into play with the development of affordable housing on City-owned parking lots designated under Measure O. For example, if the proof-of-concept demonstration plans for affordable housing on Lot 7 were pursued along the lines that Measure O proponents provided to Keyser Marston Associates, solar access would change there too. However, because taller buildings already are slated for construction on Front Street, the changes would not be as dramatic as at the Lot 4 site.

Without significant changes in State and Federal funds, the City would almost certainly have to raise parking fees to finance any multi-story parking structure at Lot 4 or any other site. Fee increases would necessarily be larger, should the parking structure require excavation below ground level, as is contemplated in the most recent Lot 4 proposal. Although a small increase could have negligible impact on customers coming to downtown or employee retention, a significant increase could have a considerable impact on parking demand from customers and employees. Studies in other jurisdictions have quantified such impacts, but it would be speculative to apply their findings to Santa Cruz’s downtown. A thorough survey of existing businesses, employees, and their customers could provide some indication of the threshold for negative impacts from increased parking fees.

If Measure O were passed by voters, Lot 4 would be preserved as an open space. In urban areas, proximity of open space is typically perceived as a plus. Farmers’ markets currently enjoy

very high approval ratings in the general population, so retention of the Farmers’ Market would generally be considered a benefit to businesses in the vicinity of Lot 4.

The availability of affordable housing is a factor in retaining employees. In that regard, Measure O designates a much larger area on other City-owned lots for housing than that provided on Lot 4 and requires that they be developed with affordable housing “to the maximum extent feasible,” whereas no such requirement would exist for the specified City-owned lots if the measure were not passed by voters. Because the housing included in the Lot 4 proposal would be built on the top of the parking structure, its construction would not commence until parking-structure funding was secured. Affordable housing construction might also be delayed in the short term if funding for the housing itself were not procured. It appears that, at any given level of funding for affordable housing, an alternative project could proceed just as fast or faster on other parcels than Lot 4, such as Lot 7.

### **9. Impact on the uses of vacant parcels of land**

The Lot 4 proposal would involve construction on a *de facto* vacant parcel, insofar as it could be developed without demolition of buildings other than Toadal Fitness. The project would take up the entirety of Lot 4. By comparison, Measure O would establish Lot 4 as open space on a more permanent basis.

If the mixed-use project were to proceed as planned, there would be no impact on the uses of other vacant parcels of land. If Measure O were to be adopted by voters, the other City-owned parking lots identified in the measure would be designated for development of affordable housing above the ground level. The measure’s requirement for such development “to the maximum extent feasible” is a direction to the City Council and staff to initiate such projects. Analysis presented to Keyser Marston Associates demonstrates that the larger of the designated parking lots (7, 8, 9, and 14 & 16) are of a size equal to or larger than parcels previously or presently under development for affordable housing. They are highly likely to be developed, resulting in the creation of from 305 to 433 affordable housing units, increasing housing density in the Downtown (see table 1). Other Measure O specified lots could also be developed, depending on availability of federal and state subsidies and shifting costs of construction. Aside from those City-owned lots, there is no significant impact from Measure O on the uses of vacant parcels.

### **10. Impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization**

As currently configured, the proposed Lot 4 project would channel all traffic for its 4-level parking structure onto and off of Cathcart Street. Determining the effects of the parking

structure on street traffic and identification of necessary remediations and changes in street traffic patterns would require a separate study.

The weekly Farmers' Market attracts a greater concentration of people to the area on Wednesday afternoon than is likely to use the library or come to or leave the housing during any similar time period. This market traffic is presently more dispersed toward parking in the surrounding streets as well as the presently underutilized parking garages (Locust Street Garage, Church Street Garage, Front Street Garage, and Soquel Avenue Garage), all within three blocks of Lot 4. Market traffic would continue to be dispersed if Measure O were adopted, compared to the Lot 4 development, which would concentrate traffic on a single side street and thereby increase congestion.

Retaining Lot 4 as open space would, if it were to continue in approximately its present size and configuration, cause no significant change in traffic from that currently experienced. This level of traffic is not significant in comparison to other streets in the downtown business district, where the greatest points of congestion presently are at the intersections of Pacific Avenue with Cooper Street, Church Street, and Lincoln Street.

If Lot 4 were to be developed into a public square, plaza, or commons, as Measure O would encourage, there presumably would be more frequent public gatherings, and at least a portion of the parcel could be dedicated to everyday use, eliminating some existing parking and adding either hardscape, vegetative landscape, and other features. As a plaza or commons, Lot 4 use as public space would increase, and as with the Farmers' Market and similar events, traffic would be dispersed rather than concentrated.

If voters passed Measure O and a significant number of affordable housing units were constructed on other City-owned parcels than Lot 4, to the extent that residents of those developments used private automobiles for commuting, rather than working downtown, as is encouraged by the measure, those projects could have an impact on traffic, particularly during the early morning and late afternoon weekdays.

As with any development downtown, with either the adoption of Measure O or the development of the Lot 4 proposal, consideration of existing traffic flows, coordination with transit and bicycle infrastructure, and location and configuration of driveways would be important in order to mitigate any negative traffic impacts.

### 11. Comparison of amenities and services at the renovated library versus the proposed Lot 4 library

The detailed plan for renovation of the existing library is a proposal by Jayson Architecture submitted to the City on November 22, 2021.<sup>30</sup> The basic plan for a new library in the Lot 4 proposal is included in the TenOver “entitlements package draft” of April 29, 2022, on the basis of a “schematic design” for the library portion of the Lot 4 proposal presented by Jayson Architecture on April 21, 2022.<sup>31</sup>

#### *Amenities and services*

Both the plans for the proposed renovation of the existing library and the proposed new library building on Lot 4 are subject to revision on the basis of further planning and community engagement. Comparison can only be made of plans as presently developed. The gross square footage comparisons are as follows:

Square feet	Existing library	Proposed Renovation	Proposed Lot 4
Interior - public	27,394	26,181	28,643
Interior - staff	14,916	4,049	9,443
Interior - total	42,310	30,230	38,086
Outdoor	none	3,550	3,406

Both proposals provide the following services and amenities: adult fiction and non-fiction areas, computer and technology areas, teen library, children’s library, group study rooms, a community meeting room, information desks, elevators, and restrooms. The proportion of space allocated for services and amenities, including others not presently included, is subject to modification on the basis of further community engagement and design. A tour of the existing library shows that its floor layout is inefficient. The renovation proposal’s 3,550 square feet of outdoor space is on the ground level. It is divided between patios directly accessible to the children’s library and to the community room. The Lot 4 proposal’s 3,406 square feet of outdoor space is in a mezzanine patio that is directly accessible to neither the community room nor the children’s library. Both plans provide for direct ground-level access to the community room during hours when the library is not open.

Both library proposals provide 21<sup>st</sup>-century facilities. The renovation of the existing library would include upgrades of all infrastructure and complete remediation of asbestos problems – an issue that would have to be addressed in any future reuse or demolition of the structure. It is not self-evident whether a library of the larger size of the Lot 4 proposal – 38,086 square feet<sup>32</sup> – is either environmentally appropriate or required for anticipated library services in relation to changing library use patterns due to the rise of remote, internet, and other non-

physical library services. However, any library planning ought to include consideration of future library demand as well as space considerations for collections and operations.

#### *Future expansion*

The proposed library renovation at the Civic Center is a free-standing building to the west of two City-owned parking lots. These parking lots are designated in Measure O as permitting “library-associated functions” above the ground level. Many libraries across the US have built additions to existing libraries. Thus, an addition to the existing library could be built to the east of the existing building if and when additional space were required and funds were available. Affordable housing above a library addition would also be permitted by Measure O. In comparison, the library building in the Lot 4 proposal would be physically bounded by sidewalks on its north, west, and south sides and by the parking structure on the east side, and would thus not be subject to future expansion.

#### *Overall costs*

For either renovation of the existing library or construction of a new library building on Lot 4, the sizes, aesthetics, and quality of spaces are dependent on funding for “base” versus “alternative” levels of features and finishes. Detailed comparison of costs of the two alternative plans are inherently inexact and subject to unpredictable change due to inflation as well as factors like supply-chain issues for different types of proposed materials. Importantly, the two proposals – the Jayson Architecture proposal for renovation of the existing library and the Jayson Architecture proposal for a library as part of the Lot 4 proposal – are at different stages of development.

The *Final Report* for renovation of the existing library includes a cost assessment based on “a set of conceptual design drawings. These drawings establish the scope, quantity, and level of quality of the construction required to achieve the renovation design.” These detailed plans provided a basis for a detailed estimate of base and alternative costs by the costs and construction management firm, Mack5.<sup>33</sup>

The Jayson Architecture proposal for a library building on Lot 4 does not provide the detailed drawings necessary for independent estimation of construction costs like those provided by Mack5 for renovation of the existing library. The cost estimates for the Lot 4 library building are less accurate projections than those for renovating the existing library. The comparison of costs provided by Jayson Architecture in its May 10, 2022, presentation is inherently based on different types of original estimates of costs, and it is thus subject to reanalysis and change.

In particular, for the existing library, the Jayson Architecture May, 2022, presentation does not provide the basis for estimates concerning temporary library costs during renovation nor does it explain why those costs have effectively tripled from an earlier \$750,000 estimate. Additionally, it does not explain why, as a percentage of “hard” costs, the “soft” percentage costs of renovation would be 17% higher than the soft percentage costs of the base + alternates Lot 4 proposal. The comparison of costs by Jayson Architecture identified as “closest ‘apples to apples’” compares the renovation costs including alternates to the Lot 4 proposal *without* the above-ground level patio and solar alternates that have been presented as major features of the proposed Lot 4 library design. Overall, the Jayson Architecture modeling of costs of library renovation versus new library construction on Lot 4 project indicates an escalated cost of renovation to be \$40.3 million, compared to a Lot 4 library cost of \$40.0 million, without photovoltaic and roof deck patio alternates, and \$42.6 million with those alternates.<sup>34</sup> These are only estimates, the assumptions of which require further clarification and updating. They show the library renovation costing approximately \$2.3 million dollars less than the proposed new library building on Lot 4 when its promoted patio and solar features are included.

*Losses, funding shortfalls, and operating expenses*

“Sunk costs” associated with failure to proceed in a timely manner with the Jayson Architecture proposal for renovation of the existing library at the Civic Center have been estimated by Jayson Architecture as a project “cost escalation” in the amount of \$2,853,062.<sup>35</sup>

As of the date of this review, the City has not announced whether it has received a grant of \$10 million on the basis of its application to the California State Library “Building Forward Library Infrastructure Program.”<sup>36</sup> Therefore, no loss of funds presently can be identified in relation to State funding if Measure O passed and the new library building were not built at Lot 4. Because the State Library grant program is directed “to address life-safety and critical maintenance needs of public library facilities throughout California, prioritized for high poverty areas of the state,” it remains to be seen whether the Santa Cruz application for use of funds in an entirely new library building will be competitive.

Sunk costs associated with direct expenditures on planning for the Lot 4 proposal have been estimated by the City Department of Finance to be “over \$2.7 million of local public funding spent or encumbered to date on project pre- development costs.”<sup>37</sup> Because this estimate was developed in consultation with the City’s Director of Economic Development, who is presently not available, the Department of Finance is not able to provide information until September 26, 2022, concerning what amounts of those funds have already been spent, what amount are encumbered but not spent, and what encumbered but not yet paid amounts the City would be obligated to pay if the project were not further pursued.<sup>38</sup>

Operating costs of staffing for the two alternatives in general cannot be anticipated. Because the photovoltaic system and library electrical usage are unknown, the difference in energy use in the two library alternatives also cannot be estimated. Based on square footage as a proxy for maintenance and building services, the Lot 4 library is estimated to cost approximately 39.9% more for such services. Simply put, a larger floor plan will require more energy to operate and higher costs to maintain.

### **12. Effects on the short-term and long-term provision of housing downtown**

The passage of Measure O would have no impact on housing development projects already fully permitted and those projects are not reviewed here. Measure O would have two major effects on future provision of housing downtown. First, if Measure O were passed by voters, the City parking lots designated in the measure's Exhibit A would increase the total amount of City-owned land designated for the development of affordable housing Downtown by approximately 2.47 acres. That would translate into a minimum of 305 units and up to 433 units of affordable housing developed on Lots 7, 8, 9, 14, 16, and 26 (see figure 1). Second, the measure continues to allow for the development of affordable housing on levels above the ground level of Lot 4.

Concerning short-term versus long-term provision of housing, as discussed above, the question of how soon the City's Lot 4 housing proposal would be fully permitted cannot be answered with a high degree of confidence. Development of affordable housing on the City-owned parking lots designated in Measure O is not contingent on funding for the parking structure included in the Lot 4 proposal, and thus it not subject to possible delays on that basis. Measure O for Our Downtown, Our Future has provided Keyser Marston Associates with an architectural proof-of-concept demonstration plan for development of 100% affordable housing on Lot 7, one of the lots included in Measure O. If voters approved Measure O, planning for housing development on that lot could begin immediately. Over the medium term, compared to the Lot 4 proposal, voter passage of Measure O would substantially increase City-owned land designated solely for development of affordable housing.

A separate question concerns housing affordability levels in Measure O. For specified City-owned parking lots, the measure, if passed, requires (Exhibit A lots) or allows (Lot 4) development of affordable housing, which is defined in the measure as "residential dwelling units which are affordable to extremely low, very low, low, median, or moderate-income households as defined by the Affordable Housing Provisions of the Santa Cruz Municipal Code (Chapter 24.16)." The measure does not specify which income-level units are to be included in

any given project or overall. The measure leaves these decisions to the City staff and City Council to decide, according to needs at one or another point in time.

### **13. Legal analysis of affordable housing preferences for people who work**

Measure O includes a provision amending the City's General Plan as follows:

M1.5.7 Prioritize, in a manner consistent with State law, the expenditure of surplus parking revenue from the Downtown Parking District for use in: 1) supporting the development of affordable housing for people who work Downtown; 2) establishing transportation demand management programs for people who work Downtown, including free transit passes....

This provision applies solely to the "expenditure of surplus parking revenue." The provision is separate from other provisions of Measure O that (1) "require, to the maximum extent feasible," the development of affordable housing on specified City-owned lots; and (2) allow "the development of affordable housing and associated uses on Lot 4 above the ground level."

Thus, Measure O does not entail giving a preference in new affordable housing to people who work downtown. That said, benefits identified for both Measure O and the City's Lot 4 proposal include decreasing vehicle miles traveled by providing for development of housing close to places of employment Downtown (see environmental impacts, above).

The question of whether preference can be given either in housing or in the funding of housing for people working Downtown is a legal one beyond the present analysis. However, precedent exists for provision of housing to persons employed Downtown. According to the Housing Authority of the City of Santa Barbara, "Downtown Workforce units are only available to persons employed within specified boundaries in downtown Santa Barbara."<sup>39</sup>

Should any future court decision exclude the funding of or preference for Downtown worker housing, those provisions are "severable" from other provisions of Measure O. Specifically, Measure O, Section 7.A holds:

If any section, sub-section, sentence, clause, phrase, part, or portion of this Measure is held to be invalid or unconstitutional by a final judgment of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Measure.

#### 14. Public space

As Santa Cruz increases in residential density downtown, there will be an increased need for multi-functional public space. The two existing public spaces closest to Downtown are Mission Park on Mission Street and Laurel Park at Laurel and Washington Streets, to the west of the London Nelson Center. South of Laurel Street and outside the immediate downtown area is Depot Park, most actively used for its sports field. San Lorenzo Park runs along the east side of the river and the Santa Cruz Riverwalk runs along the west side of the river. Abbott Square is a private space off Cooper Street. Plans for paseos downtown are included in projects under way – including segments between the San Lorenzo River, Front Street, and Pacific Avenue, and between Cedar Street and Center Street. None of these spaces functions as a downtown public community space. San Lorenzo Park occasionally serves as an event space but with its location on the east side of the river, it lacks easy access to Downtown. At present, Santa Cruz lacks a central, downtown public space.

Lot 4 has served as the location for the Wednesday downtown Farmers’ Market for over two decades. The Antique Faire is also held there monthly. The City also rents space on Lot 4 on a permit basis for public events such as concerts or demonstrations. So far as we have been able to determine, Lot 7, on Front Street, has not been used for community events.

The multiple benefits of public space are well established – both in general and for Santa Cruz.<sup>40</sup> Public squares are experiencing a renaissance nationally, providing space for people to gather every day and for special events. They also anchor shops, restaurants, and cafés around their perimeters. Place activation – via design of space and facilities to accommodate events – and streetscape improvements are key to the success of public spaces. Music, festivals, and public celebrations are activities of the sort held in public spaces.

Urban planning groups like Strong Towns and San Jose’s SPUR emphasize that public space fosters community and builds the social contract of mutual respect and care among diverse people.<sup>41</sup> Gathering together is central to democratic society. And there are clear social, economic, and individual benefits.<sup>42</sup> SPUR has shown how public space encourages vibrant urban life and drives business, tourism, jobs, and ultimately tax revenues. Multiple studies have shown that effective creation of public space brings social, cultural, and economic value to a downtown. When a property is adjacent to a park or open space, research shows that its value is increased by up to 40%.<sup>43</sup> In Santa Cruz, the City’s 2017 *Downtown Plan* lists, as one of its “first principles,” the need for “a strong network of public and private open spaces (streets, sidewalks, public parks, plazas, passageways and courtyards) that creates a socially active and pedestrian-oriented downtown.”

When William H. Whyte visited Santa Cruz to lecture on rebuilding downtown after the 1989 earthquake, he observed “What you lack, and what you could so easily have, is a central space, or several central open spaces, as gathering places.”<sup>44</sup> Although the City’s original “Downtown Recovery Plan” envisioned a public space, this vision never came to pass.<sup>45</sup>

Whether Measure O passes or, alternatively, the City’s proposal for Lot 4 is pursued will have substantially different impacts on public space. Measure O establishes a policy priority for Lot 4 as the long-term location for the Downtown Farmers’ Market and other fairs and public events. This approach builds on what already has been demonstrated to work. The City has proposed that the Downtown Farmers’ Market be relocated to Lot 7. Whether Lot 7 would function as anything other than a parking lot on non-market days has not been spelled out. It is not possible to predict whether the Farmers’ Market itself would be as successful on Lot 7 as it is on Lot 4.

In urban planning terms, Lot 4 and Lot 7 differ in their potential as a public spaces.<sup>46</sup> Both parking lots are a half-block from the main retail street, Pacific Avenue. Lot 7 is on Front Street, which experiences heavier traffic than Lot 4, facing onto Cedar Street, and is thus less pedestrian-friendly. Its solar access is limited in afternoons, especially fall, winter, and spring. Lot 4 has both greater afternoon solar access and a more significant number and size of shade trees. Lot 4 is considerably larger than Lot 7, 1.37 acres versus 0.78 acres. It thus has more space available for the Farmers’ Market and its space would permit greater functionality for non-market day uses such as everyday social gatherings, concerts, fairs, and community events.

Overall, as a public space, Lot 4 has shown itself to be an optimal location. It is the largest and most inviting of any publicly owned downtown space. It also is already established as a welcoming community-gathering place of the kind that the Project for Public Spaces encourages: “When people see friends, meet and greet their neighbors, and feel comfortable interacting with strangers, they tend to feel a stronger sense of place or attachment to their community – and to the place that fosters these types of social activities.”<sup>47</sup>

Developing a permanent market and event space on Lot 4 would accord with what the 2017 Downtown Plan calls for – to “preserve and enhance the informal ‘village’ qualities of the Cedar Street Corridor.” A public space on Lot 4 would “build out” the narrow Pacific Avenue axis in a way that would anchor and define Downtown Santa Cruz for future generations. Because Lot 7 is not presently used as a public space, its functionality remains unclear.

### 15. 2016 Measure S use of funding

Measure S was on the June 2016 ballot in Santa Cruz Libraries jurisdictions of Santa Cruz County (Watsonville is not part of the district). The ballot question posed was:

To modernize, upgrade and repair local libraries in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach -replace failing roofs, outdated bathrooms, electrical systems/ structurally damaged facilities; support growing use by children, seniors, veterans and others; expand access to modern technology; and construct/ expand facilities where necessary; shall Santa Cruz Libraries Facilities Financing Authority issue \$67,000,000 in bonds for Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1; levy a special tax annually on parcels within the Community Facilities District; establish an initial appropriations limit; and assure mandatory accountability?

The measure passed with 70% voter support.<sup>48</sup> It included, as a share of the bond revenue, \$27 million for the Downtown Library in Santa Cruz. Neither the measure itself nor any campaign documents from January to June 2016 proposed construction of a new building for the Downtown Library, either in general or on Lot 4. To the contrary, all public statements concerning the campaign at the time that have come to light to date described the Downtown Library as being renovated with Measure S funds.<sup>49</sup> Using Measure S funds for the construction of a new building for the library on Lot 4 was first publicly proposed in a City staff agenda report concerning a “Downtown Library and Parking Garage Feasibility Study (PW)” for a December 6, 2016, City Council meeting.<sup>50</sup> That report cited a September 2016 meeting between Library and Public Works staff. The City Council subsequently moved forward to approve planning for a proposed library/garage mixed-use project. The City Council has not approved any final plan.

Whether the use of Measure S funds for construction of a new building as part of the Lot 4 proposal is legal has been disputed. Proponents of the Lot 4 proposal cite the full text of Measure S to the effect that bond measure funds can be spent on “new construction.”<sup>51</sup> This wording does not preclude new construction, on Lot 4 or elsewhere. Opponents of the proposal for a new Downtown Library building on Lot 4 point to the actual wording of the question as presented on the election ballot, which states that bond funds can be used to “construct/ expand facilities where necessary.” Proponents of Downtown Library renovation argue that new construction for the Downtown Library is not “necessary,” and they point to the 2019 Jayson Architecture proposal for thorough renovation of the existing library as proof.<sup>52</sup>

Public debate over the use of Measure S funds for new construction on Lot 4 has continued for more than five years. The issue has not been tested or resolved in any court. In the meantime,

on January 14, 2020, the City Council voted to transfer \$1.5 million of funds originally designated for the Downtown Library to cover overruns in construction costs at the Branciforte and Garfield Park libraries, leaving \$25.5 million remaining for the Downtown Library.<sup>53</sup> Based on library construction costs noted above, in the Fall of 2022, Measure S funds are insufficient by approximately \$17.1 million to cover the estimated \$42.6 million cost of the new library building. There has been no California State Library announcement concerning funding of a City proposal for a \$10 million grant to cover part of this funding shortfall. The proposal for construction of a new library building on Lot 4 is thus currently 66% higher than the available Measure S funds.

In the final analysis, voters in November 2022 will decide whether it is necessary or appropriate to use taxpayer-financed Measure S bond funds for new construction of a library building on Lot 4.

### **16. Parking analysis**

In 2016, City-contracted consultants Nelson\Nygaard examined the City's parking census data, concluding, "In aggregate almost thirty percent of off-street parking in the Downtown remains empty even at the peak of the peak times. ... Many facilities have less than 50 percent occupancy even during the peak periods. Based on industry optimal peak occupancy of 90 percent, this utilization rate represents significant surplus capacity of existing parking resources in the district."<sup>54</sup>

Current capacity of the four off-street parking structures within four blocks of Lot 4 is 1493 spaces. Downtown public surface lot capacity is 744 spaces. Measure O would not affect the off-street capacity of any public surface lots except Lot 4. Design of the permanent Farmers' Market facilities under Measure O will determine the net loss of parking on the Lot, but it is anticipated that some spaces would be lost. This loss can be mitigated by angled parking on Cedar, Lincoln, and Cathcart streets to replace the parallel parking spaces now on those streets at the perimeter of Lot 4. Design accommodations can allow for parking during non-market days.

With a 30% vacant rate for off-street parking garage spaces, even at peak times there exists a surplus of unused 447 off-street parking in city garages; a surplus of 233 spaces exists on surface lots. The total number of parking spaces available downtown is much larger when private spaces are included, 5,319 spaces.<sup>55</sup> The number of occupied parking spaces reached a peak in 2008 and declined by approximately 10 % by 2018 (see table 2). Measure O would not have any impact on these parking demand trends.

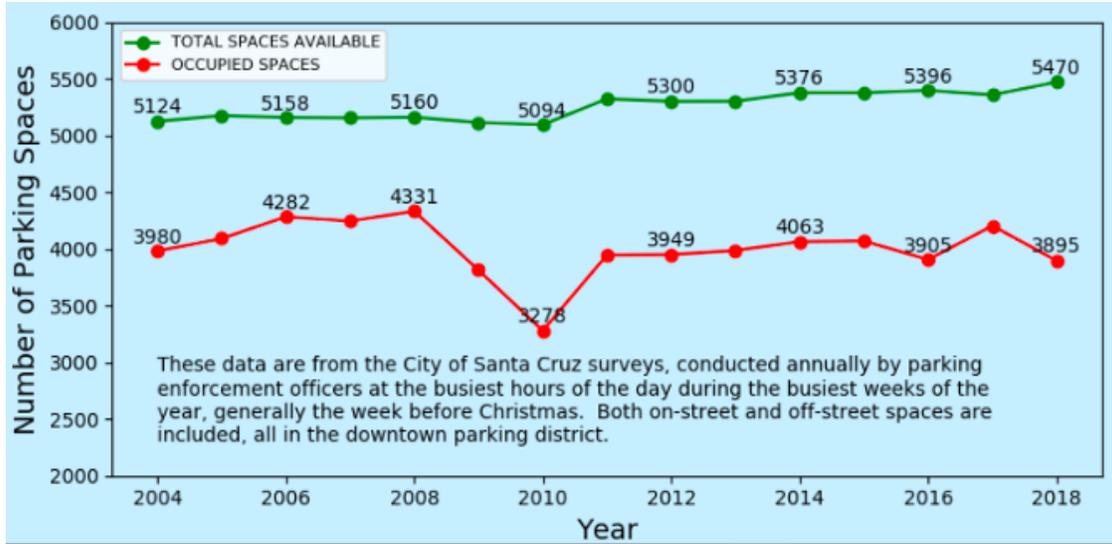


Table 2. Available and occupied parking spaces, City of Santa Cruz, 2004 – 2018. Source: Patrick Siegman, presentation to Santa Cruz City Council, March 19, 2019.

**17. Planned downtown developments and parking**

There are seven recent and proposed housing developments. They are located on Pacific Avenue, Front Street, and Cedar Street. Four of them include residential and commercial parking. Four projects are market-rate housing, including some with affordable units.

- *Nanda Apartments*, 1547 Pacific: 79 units, 72 residential parking spaces (completed).
- *530 Front Street*: Commercial mixed use; 184 residential units, 184 parking stalls.
- *Riverfront Project*, Front Street: 175 units, 187 parking spaces.
- *Alton Pacific Project*, corner of Pacific Avenue and Laurel Street: 205 residential units/commercial; 272 residential and commercial parking spaces.

530 Front has a parking requirement deficit of 30 spaces. The Downtown Commission granted a waiver to Alton Pacific, allowing its shortage.<sup>56</sup> There are three 100% affordable housing projects:

- *Pacific Station North and Pacific Station South*, Pacific Avenue: 164+ affordable units, include no parking spaces, a significant cost savings to the developers. Since both are next to Metro Santa Cruz, public transit will be an important transportation mode for residents.
- *532 Center Street*, the Episcopal Church development: 64 units, is an 100% affordable housing project with no parking on site. The Metro Transit Center is within 500 feet.

Because these plans did not specify ground-level parking with affordable housing above, the opportunity to mitigate lost surface was lost. One local model for affordable housing over ground-level parking is the highly successful Tannery development.

Measure O allows for ground-level parking on the City-owned parking lots specified in the measure's Exhibit A, to support parking demand, if needed. Under Measure O, Lot 4 would continue to offer parking, including street angle parking, with the number of spaces contingent on Farmers' Market infrastructure and public-space design.

### **18. Parking structure feasibility**

Measure O would prohibit the construction of a 4-level parking structure on Lot 4, and so eliminate the \$20 million construction cost and bond debt to build the garage. If and when the city achieves surplus revenue from the parking district (not a guarantee as Des Moines, Iowa has learned<sup>57</sup>), surplus Parking District revenue would be directed to funding affordable housing, library renovation, Lot 4 public-space amenities, and Transportation Demand Management programs. The financial feasibility and risk of the proposed Lot 4 parking structure require close analysis.

#### *Financial feasibility*

In 2019, the economist and UCLA professor of urban planning Adam Millard-Ball estimated the cost of construction per parking space in a garage at Lot 4 to be \$68,000. In a financial model with an assumed bond debt of 4% for 30 years, he estimated that financing a parking structure would cost approximately \$18 per day per space. He reported that the revenue from parking permits (\$75/month after price increases) would be \$3.40 per parking space, meaning that the required daily City subsidy of parking would be \$14.60 per space.<sup>58</sup>

The City's estimate of \$20 million for construction of the parking structure likely significantly underestimates the actual cost. It was made in a mixed-use "Project budget update" on December 14, 2021, before the subsequent Ten Over proposal revised Lot 4 plans to include one level of underground parking – the most expensive way to provide parking, and one that would require groundwater and flood pumping. Additional costs can be expected to address the following: below-ground level engineering and construction, provision for drainage, below-ground level ventilation, fire-protection systems, an elevator, and increased lighting.<sup>59</sup>

Absent a more recent estimate, the City's \$20 million estimate provides a basis for updating Millard-Ball's City parking subsidy estimate. With 180 new parking spaces (315 constructed spaces minus 135 existing spaces on Lot 4), the construction cost per net new space would be \$111,000. Under conservative assumptions, the parking structure would require an annual debt

service on 30-year bond at 6% of \$1.44 million, or a daily debt service of \$22 per net new space. If maintenance and administration are assumed at a level of 20%, the daily cost would be \$26.40 per space. Under a revenue projection of \$7 per day (70% occupancy, \$10/day per space), the City's subsidy of net new parking spaces would be \$19.40 per day.

#### *Financial risk*

A new parking garage, as all municipal parking facilities, is funded through the City's Parking Enterprise fund. In 2018, City staff engaged Economic Plan Systems (EPS) to analyze the City's plan for financing the then-proposed Lot 4 parking garage through rate increases approved that year. EPS reported, "The model does not evaluate a worst-case scenario (for parking revenues) where a major recession occurs or a technological change (and pricing) substantially reduces parking demand."<sup>60</sup>

Such a worst-case scenario emerged in 2020 with the pandemic. In spite of the doubling of parking rates, which began to go into effect in 2019, parking revenue dropped to unprecedented levels. The Parking Enterprise fund exhausted its reserves. In FY 2022 the annual deficit was \$4 million. The City now projects a deficit of nearly \$3 million in FY 2023. With many Downtown workers telecommuting and a number of storefronts still shuttered, there is no basis for estimating when or if parking revenue will rebound to "normal."<sup>61</sup>

If parking revenue made it possible for the City to implement its plan to finance the parking structure through 30-year bonds, any subsequent recession that yielded insufficient parking revenue would require the City to service bond debt through other means, for example, an already stressed General Fund or increases to parking rates. In the latter scenario, downtown businesses would be at risk if rates discouraged visitors to Downtown. A City decision to reinstitute the Parking Deficiency Fee would also be a hardship on some businesses.

Overall, taking into account the number of additional parking spaces that would be created through the construction of a Lot 4 parking structure, the costs, and the financial risks, the potential negative impacts of building a parking structure are considerable, and there are no apparent bases for mitigation of this risk. The City and its voters face a decision concerning the cost-effectiveness of building the parking structure versus pursuing transportation-demand and parking management strategies.

### **19. Transportation demand and parking management**

Construction of a 4-level parking garage on Lot 4 would create a net of 180 new parking space at an estimated cost of \$20 million, or \$111,000 per net new parking space. Downtown Santa Cruz currently has a total of 5,319 public and private parking spaces and significant

underutilization.<sup>62</sup> Given the cost and fiscal risk associated with a new parking structure, a central question concerns whether further implementation of strategies to manage parking supply and demand would provide an alternative, cost-effective approach to meeting parking needs of Downtown Santa Cruz.

Parking and Transportation Demand Management strategies, including transit, coupled with the current oversupply of parking resources Downtown, can be used to offset the 228 affordable housing units with no parking and the 203 spaces removed by new developments. In addition, as Nelson Nygaard point out, 30% of City-owned parking supply remains open (677 spaces), even at peak times.

If, in the future, the Parking Enterprise were to reach a point of solvency after expenses, Measure O would create a revenue stream to better implement Parking and Transportation Demand strategies. There are a variety of strategies. Three parking consultants who presented analyses at a joint meeting of the Downtown Commission and Planning Commission in 2015 all recommended significant changes in the City's parking management instead of building new facilities. Janis Rhodes of JR Parking Associates stated, "No agency will make enough on user fees to pay for that [new] parking space. All three of us professionals and all my peers in the industry have become very conservative. Maximize existing inventories [of parking] before financing new resources." Ria Hutabarat Lo of Nelson\Nygaard proposed that the City manage parking demand through market pricing and provide alternatives to driving and parking. Fredrik Venter of Kimley-Horn recommended use of phone apps to guide visitors to available parking and incentives such as bus passes to encourage individuals to shift modes of commuting.<sup>63</sup> To date, the City has implemented three of the consultants' recommendations:

- Increased parking pricing. This price increase is needed to finance the garage and also promotes the use of different transportation modes.
- Offered free bus passes to all workers Downtown.
- Installed electronic signs at the entrance to garages, indicating vacant spaces.<sup>64</sup>

All the consultants agreed that pricing and incentives need time to work and their impact evaluated before the City considers investing in a garage. The Nelson\Nygaard study reinforces their view.<sup>65</sup> Several important measures would need to be implemented before a valid evaluation could be made of whether future demand would make building a parking structure a cost-effective approach to parking supply:

- Issuing separate discount parking permits for use by residents of Downtown, that are not valid during peak occupancy periods of weekday afternoons. Residents parked at peak times would pay market rate.

- Issuing parking permits to workers Downtown by the day rather than by the month. Paying by the month is an incentive to drive every day of the month.
- Price permits, meters, and off-street parking in accordance with demand.
- Locate discount permit parking to areas that are not in high demand by visitors to Downtown.
- Make overnight permits distinct from the daily permit available to a limited number of working commuters. If implemented, an overnight permit program would reduce demand at peak weekday afternoon hours.

Patrick Siegman presented a more comprehensive list of Parking Demand Strategies to the City Council on May 17, 2019.<sup>66</sup> In addition, parking consultants Nelson\Nygaard have pointed to the impact that technology will have on reducing parking demand.<sup>67</sup>

Santa Cruz parking lots and on-street parking currently are generally based on a shared-parking model: more than one user has access to a parking space and spaces are used for different purposes at different times of day and days of the week. For example, the same parking space can be used for downtown employees weekdays, visitors on weekends, and residents at night. Based on further implementation of Transportation Demand Strategies, these shared parking resources can be much better utilized.<sup>68</sup> For example:

- An opportunity exists for sharing parking spaces in new developments in which parking is underutilized spaces with Alton Pacific and 530 Front Street, which are deficient in parking.
- Private/public partnerships can make available residential parking at businesses throughout the Downtown that have empty lots evenings, nights, and weekends.
- A partnership between the City and County could utilize hundreds of County building parking spaces that are presently vacant at night and from Friday evening until Monday morning.

Much of the parking space inventory Downtown is underutilized.<sup>69</sup> These examples demonstrate the possibility of managing total current parking inventory more effectively.

In addition, promoting alternate modes of travel, like bicycles, buses, and ride-share services, is a powerful TDM strategy that mitigates the need for parking, especially among millennials and subsequent generations that embrace diverse non-car mobility options.<sup>70</sup> Significant steps to accommodate bicycles are being taken in some but not all new downtown projects. Thus, Alton Pacific, 530 Pacific, and the Riverfront project all provide substantial safe bike parking. Pacific Station North is to provide storage for 100 bikes, and a public bike hub offers 1,125 sq. feet for

storage. By contrast, Pacific Station South and 532 Center Street plans do not show bike storage, a lost TDM opportunity.

Overall, the impact of Measure O on parking is contingent on future demand for parking and on parking demand management strategies that, at present, have only begun. Downtown Santa Cruz has a surplus of off-street parking with a 30% vacancy rate even at peak times. Future parking demand cannot be predicted with any certitude because of: shifting driving and mobility trends; better technology to make parking wayfinding more efficient; the impact of advances in autonomous vehicles and rideshare services; the potential based on implementation of Parking Demand Management strategies; and parking resources offered in new housing developments, including reserving ground-level parking in affordable housing projects on City-owned lots designated in Measure O.

Given these complex and interrelated economic, technological, and social variables affecting parking supply and demand, it is not possible to predict with a high degree of confidence whether there will be any shortage of parking in the foreseeable future. Parking analysts advise avoiding the major step of constructing a parking structure until every other parking and demand management strategy is optimally utilized. Santa Cruz, although its efforts have begun, has not reached this threshold. Coupled with parking management, Measure O would avoid the high fiscal risk associated with building a new garage while having a reasonable probability of meeting future parking demand in Downtown Santa Cruz.

## Notes

<sup>1</sup> <https://www.cityofsantacruz.com/government/city-departments/city-clerk/elections/november-8-2022-statewide-general-election/measures>.

<sup>2</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/89118/637877911688870000>; Jayson Architecture, “Downtown Santa Cruz Library Master Architect and Project Team presented to City Council an update on schematic library design, community feedback received, and Library Budget for the Schematic Design,” May 10, 2022.

<sup>3</sup> <https://www.opr.ca.gov/ceqa/>.

<sup>4</sup> <https://dudek.com/sb-35-effects-ceqa-process-housing-projects/>.

<sup>5</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/89118/637877911688870000>.

<sup>6</sup> <https://gis.santacruzcounty.us/gisweb/>.

<sup>7</sup> These include: (1) the presentation by consultants from three agencies to the Planning Commission and Downtown Commission on October 15, 2015, [https://drive.google.com/file/d/1TsEXwWceB1weUO03sfKRCMumwop\\_PkV5/view](https://drive.google.com/file/d/1TsEXwWceB1weUO03sfKRCMumwop_PkV5/view); (2) the presentation to the City Council by parking consultant Patrick Siegman and parking researcher Professor Adam Millard-Ball on March 19, 2019, <https://youtu.be/ut9YhMqcC7I>; and (3) the Nelson\Nygaard *Economics of Parking, Santa Cruz Strategic Plan* prepared under contract with the City, <https://drive.google.com/file/d/1YP8sm5PpsdqmQTHR7Dok3a3LQ2tHCC7/view>.

<sup>8</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/89118/637877911688870000>.

<sup>9</sup> <https://gis.santacruzcounty.us/gisweb/>.

<sup>10</sup> <https://earth.google.com/web/@36.97234784,-122.0276613,2.87776595a,1268.72584277d,35y,0h,0t,0r>.

<sup>11</sup> No author listed, “Santa Cruz Downtown Library Fact Sheet\_20220804-1,” and No author listed, “Santa Cruz Downtown Library Quotes\_20220805.” We have made every effort to determine the source of these flyers, but as of the date of publication, we have been unable to do so.

<sup>12</sup> <https://www.buildinggreen.com/feature/net-zero-energy-isn-t-real-goal-8-reasons-why>.

<sup>13</sup> <https://www.architectsjournal.co.uk/news/never-demolish-never-replace-retrofit-aces-lacaton-and-vassal-win-2021-pritzker-prize>.

<sup>14</sup> On the effects, see, for example, Adam Millard-Ball, “Parking Access Encourages Driving.” <https://luskin.ucla.edu/parking-access-encourages-driving-millard-ball-finds>.

<sup>15</sup> For discussion of parking supply and demand, see sections below.

<sup>16</sup> Presentation to Santa Cruz City Council, Downtown Library Mixed Use Project, “Project budget update, December 21, 2021.

<sup>17</sup> Anthony Condotti, March 19, 2019, City Council meeting: “To the extent that a parking district generates revenue in excess of what’s required in order to provide and maintain parking facilities that are in existence, and to the extent the City Council makes a policy determination that those revenues are not needed to improve or increase parking facilities with the use of the revenues, then under the Parking District law of the State of California, you are able to put those funds into the General Fund.”

<sup>18</sup> Library, Public Works, “Downtown Library and Parking Garage Feasibility Study,” Santa Cruz City Council Agenda Report, November 21, 2016, for the December 6, 2016, City Council meeting.

<sup>19</sup> [https://www.santacruzpl.org/measure\\_s/documents/115/](https://www.santacruzpl.org/measure_s/documents/115/).

<sup>20</sup> Jayson Architecture, “Downtown Santa Cruz Library Master Architect and Project Team presented to City Council an update on schematic library design, community feedback received, and Library Budget for the Schematic Design,” May 10, 2022.

<https://www.cityofsantacruz.com/home/showpublisheddocument/89122/637877926302500000>.

<sup>21</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/90487/637965251707170000>.

<sup>22</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/89118/637877911688870000>, p. 5.

<sup>23</sup> <https://www.documentcloud.org/documents/22014586-draft-ambag-rhna-plan-april-2022-document/p6>.

<sup>24</sup> Santa Cruz Planning and Community Development Department, “Regional needs allocation update, November 21, 2021.

<sup>25</sup> <https://www.cityofsantacruz.com/government/city-departments/planning-and-community-development/long-range-policy-planning/general-plan/housing-element>.

- <sup>26</sup> [https://www.hcd.ca.gov/sites/default/files/2022-07/sb35\\_statewidedeterminationsummary.pdf](https://www.hcd.ca.gov/sites/default/files/2022-07/sb35_statewidedeterminationsummary.pdf)
- <sup>27</sup> *Santa Cruz Local*, “Home construction goals set to quadruple in Santa Cruz County,” May 13, 2022. The latest data from the City is at <https://www.cityofsantacruz.com/home/showpublisheddocument/85690>.
- <sup>28</sup> Jayson Architecture, “Downtown Santa Cruz Library Master Architect and Project Team presented to City Council an update on schematic library design, community feedback received, and Library Budget for the Schematic Design,” May 10, 2022.
- <sup>29</sup> See, e.g., <https://www.brookings.edu/essay/the-inclusive-economic-impacts-of-downtown-public-space-investments/>.
- <sup>30</sup> [https://www.santacruzpl.org/files/docs/measure\\_s/SC\\_Downtown\\_Report\\_-\\_20191122\\_FINAL\\_DIGITAL.pdf](https://www.santacruzpl.org/files/docs/measure_s/SC_Downtown_Report_-_20191122_FINAL_DIGITAL.pdf).
- <sup>31</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/89118/637877911688870000>. Jayson Architecture, “Downtown Santa Cruz Library Master Architect and Project Team presented to City Council an update on schematic library design, community feedback received, and Library Budget for the Schematic Design,” May 10, 2022, <https://www.cityofsantacruz.com/home/showpublisheddocument/89122/637877926302500000>. Mack5: <https://mack5.com/>.
- <sup>32</sup> Jayson Architecture, “Downtown Santa Cruz Library Master Architect and Project Team presented to City Council an update on schematic library design, community feedback received, and Library Budget for the Schematic Design,” May 10, 2022, <https://www.cityofsantacruz.com/home/showpublisheddocument/89122/637877926302500000>, “Budget comparison.”
- <sup>33</sup> [https://www.santacruzpl.org/files/docs/measure\\_s/SC\\_Downtown\\_Report\\_-\\_20191122\\_FINAL\\_DIGITAL.pdf](https://www.santacruzpl.org/files/docs/measure_s/SC_Downtown_Report_-_20191122_FINAL_DIGITAL.pdf); Mack5, <https://mack5.com/>.
- <sup>34</sup> Jayson Architecture, “Downtown Santa Cruz Library Master Architect and Project Team presented to City Council an update on schematic library design, community feedback received, and Library Budget for the Schematic Design,” May 10, 2022. <https://www.cityofsantacruz.com/home/showpublisheddocument/89122/637877926302500000>.
- <sup>35</sup> *Ibid.*, “Budget comparison” page.
- <sup>36</sup> <https://www.library.ca.gov/grants/infrastructure/>.
- <sup>37</sup> <https://www.cityofsantacruz.com/home/showpublisheddocument/90487/637965251707170000>.
- <sup>38</sup> City staff email to John Hall, September 9, 2022.
- <sup>39</sup> <https://hacsb.org/workforce/>.
- <sup>40</sup> <https://www.brookings.edu/essay/the-inclusive-economic-impacts-of-downtown-public-space-investments/>.
- <sup>41</sup> <https://www.strongtowns.org/>; <https://www.spur.org/sanjoze>.
- <sup>42</sup> See for example, Kathleen M. O’Donnell, 2018, “Why do public space and quality of life go hand in hand?” <https://www.aia.org/articles/201376-why-do-public-space-and-quality-of-life-go->.
- <sup>43</sup> “Place Driving Equity: An evidence-based action guide on the role of public space for shared prosperity” – Reimagining the Civic Commons, 2020, [https://civiccommons.us/app/uploads/2021/10/RCC\\_PlaceDrivingEquity.pdf](https://civiccommons.us/app/uploads/2021/10/RCC_PlaceDrivingEquity.pdf).
- <sup>44</sup> Whyte, William H. The idea of planning. “Public Spaces Reconsidered,” lecture delivered at London Nelson Center on January 24, 1990, videotape. Santa Cruz: University of California Library.
- <sup>45</sup> City of Santa Cruz, “Downtown Recovery Plan, Executive Summary,” 1991, p. 7, <https://ardhindie.com/pdf/city-of-santa-cruz-downtown-recovery-plan>.
- <sup>46</sup> On research concerning the location of successful public spaces, see Marie Burns, 2020, *New Life in Public Squares*. London: RIBA Publishing, p. 17, and Project for Public Spaces, “What makes a successful place?,” <https://www.pps.org/article/grplacefeat>.
- <sup>47</sup> Project for Public Spaces, *ibid.*
- <sup>48</sup> The measure question, vote, and other details are at [https://ballotpedia.org/Santa\\_Cruz\\_Libraries\\_Community\\_Facilities\\_District,\\_California,\\_Bond\\_Issue\\_and\\_Parcel\\_Tax,\\_Measure\\_S\\_\(June\\_2016\)](https://ballotpedia.org/Santa_Cruz_Libraries_Community_Facilities_District,_California,_Bond_Issue_and_Parcel_Tax,_Measure_S_(June_2016)).
- <sup>49</sup> For example, a March 25, 2016, editorial in the *Santa Cruz Sentinel* that endorsed Measure S stated, “The tax would provide upgrades and repairs at all 10 county branches, and would allow the system to finally build two long-sought permanent branches, as well as remodel and renovate the aging downtown branch on Church Street.” According to an April 25, 2016, *Santa Cruz Sentinel* news story, “The library funding would support the modernizing, upgrading and repairing of the Aptos, Boulder Creek, Branciforte, Capitola, downtown Santa Cruz,

Felton, Garfield Park, La Selva Beach, Live Oak and Scotts Valley library branches, as needed.” The Director of Libraries at the time of the campaign for Measure S, Jane O’Driscoll was quoted in *Good Times*, May 11, 2016, saying that, “The Downtown Santa Cruz branch, the flagship of the system, requires a comprehensive renovation.” A March 25, 2016, editorial in the *Santa Cruz Sentinel* that endorsed Measure S stated, “The tax would provide upgrades and repairs at all 10 county branches, and would allow the system to finally build two long-sought permanent branches, as well as remodel and renovate the aging downtown branch on Church Street.”

<sup>50</sup> Library, Public Works, “Downtown Library and Parking Garage Feasibility Study,” Santa Cruz City Council Agenda Report, November 21, 2016, for the December 6, 2016, City Council meeting.

<sup>51</sup> “The Facilities shall include any of the following: new construction, building renovations and service model upgrades needed to provide service desks, an area for displaying materials, separate areas for teens and children, flexible spaces and/or meeting rooms and study rooms, places to display art, new flooring, paint, shelving, furniture and technology, power/data to support library technology, and other upgrades.” Source:

[https://www.votescount.com/Portals/16/jun16/Resolution\\_2016-001\\_-\\_Formation\\_of\\_CFD.pdf](https://www.votescount.com/Portals/16/jun16/Resolution_2016-001_-_Formation_of_CFD.pdf).

<sup>52</sup> [https://www.santacruzpl.org/measure\\_s/documents/115/](https://www.santacruzpl.org/measure_s/documents/115/).

<sup>53</sup> Santa Cruz Public Libraries, “Branciforte & Garfield Park remodel update,”

[https://www.santacruzpl.org/measure\\_s/updates/137/](https://www.santacruzpl.org/measure_s/updates/137/)

<sup>54</sup> Nelson\Nygaard report, <https://drive.google.com/file/d/1YP8sm5PpsdqmQTHR7Dok3a3LQ2tHCC7-/view>.

<sup>55</sup> Nelson\Nygaard report, <https://drive.google.com/file/d/1YP8sm5PpsdqmQTHR7Dok3a3LQ2tHCC7-/view> p. 17.

<sup>56</sup> “The Santa Cruz Downtown Commission approved a finding that enough parking exists elsewhere in the downtown district to cover a projected shortage of 37 to 65 spaces. “Major downtown Santa Cruz development’s parking requirements to be reduced,” <https://www.santacruzsentinel.com/2018/09/27/major-downtown-santa-cruz-developments-parking-requirements-to-be-reduced/>.

<sup>57</sup> “City leaders say it’s time to rethink the city’s approach to downtown parking. They are talking about reducing the number of city-owned spaces, raising parking fees and even subsidizing bus passes and Uber riders. ‘It’s a changing time,’ Mayor Frank Cownie said. ‘I think it’s coming on much faster than anybody ever imagined it would.... The parking system was stressed with declining garage revenues and current debt,’ said Dan Ritter, director of finances for the city’.”

<https://www.desmoinesregister.com/picture-gallery/news/2016/08/03/photos-the-cost-of-parking-vs-alternative-transportation/88034134/>.

<sup>58</sup> According to Millard-Ball, “it would be cheaper to pay people not to park.” Presentation to Santa Cruz City Council, March 19, 2019,

<https://drive.google.com/file/d/1VnA3WaG-otuFEWMUlf8alg2uEUuUoOj/view>.

<sup>59</sup> See <https://homeaffluence.com/underground-garage-construction/>.

<sup>60</sup> Teifion Rice-Evans, Economic & Planning Systems, Inc. (EPS), “Review of City of Santa Cruz Financial Parking Model,” technical memo to James Burr, Transportation Manager, City of Santa Cruz, June 15, 2018.

<sup>61</sup> City of Santa Cruz FY 2023 Budget: <https://www.cityofsantacruz.com/government/city-departments/finance/city-budget/fy2023-budget>.

<sup>62</sup> Nelson Nygaard report, <https://drive.google.com/file/d/1YP8sm5PpsdqmQTHR7Dok3a3LQ2tHCC7-/view> p. 17.

<sup>63</sup> [https://drive.google.com/file/d/1TsEXwWceB1weUO03sfKRCMumwop\\_PkV5/view](https://drive.google.com/file/d/1TsEXwWceB1weUO03sfKRCMumwop_PkV5/view)

<sup>64</sup> <https://www.instagram.com/youcanparksc/>.

<sup>65</sup> *Ibid.*, “...it behooves the Downtown district to seriously weigh alternatives to simply providing more parking supply.” p. 82.

<sup>66</sup> Siegman’s eighteen recommendations include: set performance-based prices for curbed parking; implement time of day pricing; offer incentives converting underused private lots into shared public lots; assess highest and best use of city-owned lots and garages; require parking cash-out benefits for employees; review and expand local transit networks; and continue improving bicycle facilities and programs. Parking and Traffic Reduction Strategies slide, <https://www.youtube.com/watch?v=5dCUUjn7Ehg&t=176s>.

<sup>67</sup> Nelson\Nygaard, *op. cit.*, p. 86, “With the emergence of autonomous vehicles, on-demand rideshare services, and mobility as service applications, people will begin to choose new ways to get around, and the way cars are used will change, affecting the parking environment and demand.”

<sup>68</sup> “Shared Parking: *Sharing Parking Facilities Among Multiple Users*, <https://www.vtpi.org/tadm/tadm89.htm>.

<sup>69</sup> Nelson\Nygaard report, <https://drive.google.com/file/d/1YP8sm5PpsdqmQTHR7Dok3a3LQ2tHCC7-/view>.

<sup>70</sup> Millennials purchase fewer cars, drive less, obtain fewer driver's licenses, bike, walk and use transit more, value technology more (and so spend less money on cars, and lastly, are likely to use "peer to peer" services more, for example, ride-share services like Uber and Lyft. Nelson\Nygaard report, <https://drive.google.com/file/d/1YP8sm5PpsdqmQTHR7Dok3a3LQ2tHCC7-/view>, p. 86.

## Rosemary Balsley

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**From:** Martha Dexter <mmdexter@gmail.com>  
**Sent:** Tuesday, September 20, 2022 1:26 PM  
**To:** City Council  
**Subject:** Accept report on impact of Measure O

Dear City Council Members,

I am a professional librarian and have been actively involved with and supportive of the Santa Cruz Public Libraries since I sat on the Joint Powers Board 2013-2016 and the Library Advisory Commission 2016-2020. I also served on the Downtown Library Advisory Committee 2017-2018 which studied options for the Downtown Library and use of Measure S funds. Our unanimous recommendation was to build a new library as part of a mixed use project on Lot 4 including parking and affordable housing. Our recommendation was subsequently studied by a subcommittee of the City Council which came to the same conclusion. Our recommendation was approved by two city councils.

I am gratified to see that Keyser Marston, in their review of the impact of Measure O, came to the same conclusion. In the five years that the project has been under review, with considerable research and community input, it has only gotten better. The current plans now call for a new library with expanded environmental enhancements, including LEED certification, a rooftop deck, and use of solar power. The affordable housing component has increased to 124 units while the parking allotment has been reduced from 400 spaces to 240. This project will be a hallmark for downtown Santa Cruz.

I thank the City Council for requesting this study and urge you to accept the report with thanks for the impartial analysis they have provided. Their report outlines and reinforces the tragic consequences if Measure O were to pass. The wider Santa Cruz community needs to be made aware of this.

Martha Dexter  
Citizen of Santa Cruz city

## Rosemary Balsley

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**From:** Garrett <garrettphilipp@aol.com>  
**Sent:** Tuesday, September 20, 2022 2:33 PM  
**To:** City Council  
**Subject:** 9.22.22 Agenda Item 1 Report on Downtown Plan

9.22.22 Agenda Item 1 Report on Downtown Plan

Dear Council,

**I'm voting NO in Nov on virtually every single proposition, every single measure, and if it was allowed I'd vote NO against most every person running for elected office. Yes, this is a poop show of an election year.**

I'll be voting no (probably) on Measure O , **barely**, but not without plenty of sympathy for those who don't like the mixed-use project, and if Measure O had just nixed the mixed use library project, and rebuilt the existing library, I'd be for it, but the proponents had to "junk it up" as your report well demonstrates with poorly thought out affordable housing restrictions.

I appreciate the detailed analysis given in these reports. People should always have information at hand to make important decisions, like voting.

In my experience when consultants are hired to write analysis, and the person(s) paying them sorely would like a certain outcome and conclusions of that report... (no) surprise, the consultants usually deliver exactly what they were paid to do... slant the hell out of the report to back who is paying them with their desired conclusions.

I really like land use decisions, especially ones where public land is going to be put up (i.e. given away to benefit very few people and the overall public loses use thereof, and gets no value for it) as a subsidy for private developers that is decided by the people. Measure O does this, the mixed use library project **does not**. The mixed use library should be on the ballot for an up down vote (like long ago already) and not Measure O.

I really don't like governments who don't use the money from propositions for their intended purposes over objections of the many, like the mixed-use library project and Measure S funds.

In spite of this, or perhaps because of it, I think measure O is actually a vote to preserve a lot of small parking lots because nobody is ever going to want to build affordable housing on them. As the report points out, maybe 3 lots might qualify. I seriously doubt the full estimates for lost parking spaces will materialize.

I was dismayed to learn some mixed use library funding comes a Central Coast Community Energy grant.

The idea utilities spend money on ANYTHING except delivering the power that people pay for is a no-no. Makes me want to switch back to PG+E. I'm looking into doing just that.

Garrett Philipp - Westside

**Rosemary Balsley**

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**From:** ANNE MITCHELL <ammscpa@aol.com>  
**Sent:** Wednesday, September 21, 2022 1:50 PM  
**To:** City Council  
**Subject:** September 22, 2022 Hearing on MEASURE O

I urge all the City Council Members to agree with presenting City voters Measure O to chose yes or no. If vothers choose no, it will validate the existing Council plans for Lot 4 Downtown.

Measure O presens plans to completely renovate the existing Main Library in the Civic Center location as approved by County voters in 2016.

Measure O makes Lot 4 permanent open space home for Farmers' Market, preserving Heritage trees and providing public plaza, with other amenities for downtown residents & visitors.

Measure O designates 100% affordable housing on specified City owned lots projected to be 2.47 acres, ( more than proposed for Lot 4 in current plan).

Measure O fulfills a vision for Downrown as a community for businesses, citizens & visitors to benefit from the coastal climate without causing permanent damage in the face of the climate change already threatening Santa Cruz..

The City plans to be voted on propose 300-315 parking spaces on 3 floors  
a new library on 4 floors  
100 - 125 affordable units on 8 floors

Environmental

Impact:- a giant hole created by excavating 19,000 cubic yards of dirt  
required to be kept dry in face rising sea  
concrete for structure of 60,000 cubic yards

There is no demand for proposed # of parking spaces  
per studies by consultants & by surveys of available.  
but vacant spaces now.

MEASURE O allows City voters to decide on public spending & the vision for  
Downtown to welcome businesses & visitors & residents  
with quantity & quality of affordable housing & open space &  
adequate parking throughout downtown for generations.

Sincerely  
Anne Mitchell, 104 Stoneycreek Rd., Santa Cruz, CA 95060

## Rosemary Balsley

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**From:** Susan Monheit <smonheit74@gmail.com>  
**Sent:** Thursday, September 22, 2022 11:48 AM  
**To:** Bonnie Bush; Martine Watkins; Justin Cummings; Sandy Brown; Renee Golder; Donna Meyers; Sonja Brunner; Shebreh Kalantari-Johnson; City Council  
**Subject:** MEASURE O IMPACT ANALYSIS COMMENTS

### MEASURE O IMPACT ANALYSIS COMMENTS (SUSAN MONHEIT)

Let's be clear about what the Marsden "Impact Analysis of the Citizens Initiative MEASURE O is and is not.

It is not a cost benefit analysis of the pros and cons of thi initiative. It is a narrowly focused list of negative impacts of the initiative, without balance or perspective. It does not look at the beneficial impacts of the project on the community, now and in the long term. It does not look at the **NEGATIVE IMPACTS OF THE Library Mixed Use Project** on the community in the short or long term.

This analysis is NOT an "impartial analysis". It is a one-sided **TARGETED Negative Impact Analysis**, that is skewed to portray the City's Mixed-Use Project in the best light possible, and th **CITIZENS INITIATIVE, Measure O**, in the worst scenario possible.

#### ISSUES WITH THE ANALYSIS:

1. **MARSDEN'S "IMPACT ANALYSIS"** states that MEASURE O will obstruct the building of affordable housing– **BUT FAILS TO POINT OUT** the relative proportion of affordable housing that Measure O conserves for affordable housing compared to the massive percentage of luxury market rate units that might otherwise be built on City owned parcels [if sold to developers, as the parcels were where the Luxury Hotel is now going to be built on Front Street]. In the sale of City owned property scenario, only a miniscule number of "affordable" units, and practically no low-income units are built.

**SO IN FACT MEASURE O DOES NOT REALLY RESTRICT THE AMOUNT OF AFFORDABLE HOUSING THAT COULD BE BUILT, BUT MAXIMIZES IT, doesn't it!**

2. The impact analysis is flawed. It contains inaccuracies about Measure O's ground floor use for properties designated for affordable housing. Ground floor commercial use is **NOT PROHIBITED BY MEASURE O**. It is only **ABOVE** the ground floor that is prioritized for affordable housing. **THE REPORT'S CONCLUSIONS ARE THUS BASED ON FLAWED ANALYSES.**

3. Analysis of the cost comparison between the new Mixed-Use Library Project and renovating the existing library does **NOT INCLUDE AN ANALYSIS OF GREEN HOUSE GAS (GHG) EMMISSIONS**, and their impact on the environment, climate change, our worsening water crisis, and sea level rise.

4. Measure O PRIORITIZES AFFORDABLE HOUSING. This is not an “impact” to the city. IT IS AN “OBJECTIVE” of the initiative.

5. It is disingenuous and disrespectful to the citizens of Santa Cruz to approve high-rise buildings all over downtown with NO parking components, under the unrealistic fantasy that because the housing & hotel developments are “near the transit hub”, no one in the future who lives or visits there will be driving a car (and therefore no parking is needed) - - and then to turn around and press for the building of yet ANOTHER parking garage downtown to accommodate the cars you insisted would not materialize.

6. It is disingenuous to the extent of being unethical, to usurp Measure S library renovation funds to SUBSIDIZE the building of a covert parking garage. I say “covert” because when the developments of the block wide mega-buildings were being approved, it was argued that no parking was needed because the developments were near the transit hub.

7. This is NOT an impartial analysis. It is a highly biased analysis skewed toward favoring City staff’s preferred options, and should be redone by a consultant, agreed upon in collaboration with Measure O writers.

It is a shame the city has wasted another \$35,000 for this pandering negative analysis of the citizens initiative, that is so blatantly tainted with political objectives.

8. BENEFIT OF MEASURE O’s permanent open space, compared to the impact of the Library Mixed-Use Project:

a. Mixed-Use Project provides NO OPEN SPACE for all the people that the high-density luxury housing and hotels built nearby will bring into the city.

b. Measure O will provide a permanent open space for citizens and visitors. A heart for our town. A BETTER QUALITY OF LIFE FOR ALL.

9. Let’s give this analysis some balance, and put in an analysis of the impacts of the Mixed-Use Project next to it:

a. NO OPEN space for all the people who will densify our town soon.

b. Continuous RISK of the City selling more parcels to high-end luxury developers who’s developments provide a minuscule proportion of affordable housing compared to the number of luxury market rate units being built (on city property)

c. Loss of control of city owned land.

d. Lost opportunity for creating affordable housing Land Trust and getting funding to build it like in Boston.

e. The SKWEING of “affordable housing calculations. As disproportionately more market rate units are built, affordable housing basis calculations are skewed upward. Currently “affordable income basis “ for Santa Cruz is somewhere around \$70,000 - \$100, 000 per year.

f. Diminishing % of affordable housing requirements as ever-increasing developer “bonus density” is implemented which is EXEMPT from affordable housing requirements.

10. NOTE: SANTA CRUZ IS NOT HAVING A LUXURY SECOND/THIRD HOME HOUSING CRISIS. WE are having a Low income/ affordable housing crisis, and continuing to build market rate housing units, will NOT get us out of that.



# Keyser Marston Associates: Measure O Analysis

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REPORT TO CITY COUNCIL

SEPTEMBER 22, 2022

# Measure O Goals

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To maintain the Downtown Library in its current location.

To define Lot 4 as the preferred long-term location for the Downtown Farmers' Market, and to improve the lot for public gatherings and recreational purposes.

To define the future use of nine City-owned surface parking lots as:

- “To the maximum extent possible have them developed into permanent affordable housing.
- To prohibit the construction of above-ground parking facilities.

Surplus parking revenue from the Downtown Parking District should be prioritized and redirected for non-parking uses.

# Evaluation of Measure O Prioritized Housing Sites

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# Evaluation Criteria

Factor	Criteria
Site Size	It is generally accepted that +/- 50 units is the minimum size for a leveraged affordable housing project to be constructed and operated on an efficient basis. f
Lot Size	One metric to consider is that Government Code Section 65583 states that a site smaller than ½ acre shall not be deemed adequate to accommodate lower income housing need.
Lot Shape	Residential projects need adequate space to provide for circulation and access needs. Rectangular sites and sites that stretch from one block to another block provide the best opportunity for achieving this objective.
Project Height	Multi-family housing in Santa Cruz is typically up to five levels of wood frame construction above a two-level Type I podium. Eliminating the podium would not increase the achievable building height.

# Evaluation Parameters

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Factor	Criteria
Site Size	Minimum project size is set at 50 units.
Lot Size	Minimum site size is set at 0.5 acres.
Lot Shape	Rectangular and can accommodate adequate circulation/vehicular access.
Project Height	Capped at five stories of residential development.

# Potentially Viable Sites

## Lot 7 is located at 505 Front Street

- The site area is 33,975 square feet, or 0.78 acres.
- Potential development: approximately 109 units, or 140 units/acre.
- Access is provided from two primary streets.

## Lot 8 is located at NEC Lincoln & Cedar Streets

- The site area is 21,431 square feet, which is just under 0.5 acres.
- Potential development: approximately 50 units, or 101 units/acre.
- Height limits and circulation issues may require Section 65915 density bonus waivers or incentives/concessions.

## Lot 9 is located at Elm at NEC Elm & Cedar Streets

- The site area is 19,732 square feet, which is 0.45 acres.
- Potential development: approximately 50 units, or 111 units/acre.
- Height limits and circulation issues may require Section 65915 density bonus waivers or incentives/concessions.

# Lots 11 and 27

Lot 11 and Lot 27 are separated by three privately owned parcels.

Lot 11 totals 4,400 square feet, or 0.10 acre

Lot 27 totals 5,052 square feet, or 0.12 acres

Even if the two lots could be combined, they are too small to accommodate an affordable housing project.

For reference purposes, the adjacent Pacific South housing project is being developed on a 22,171 square foot lot.



# Lots 26 A & B

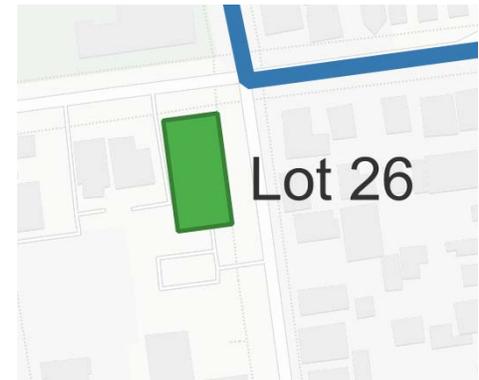
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Lots 26 A & B are located outside of the Downtown Plan boundaries.

The sites are currently used as part of a Santa Cruz Police Department parking lot.

The lots have a total area of 7,056 square feet, or 0.16 acres.

The site is significantly smaller than needed for an affordable development, and the costs associated with replacing the lost Police Department parking spaces are prohibitive.



# Lots 14 and 16

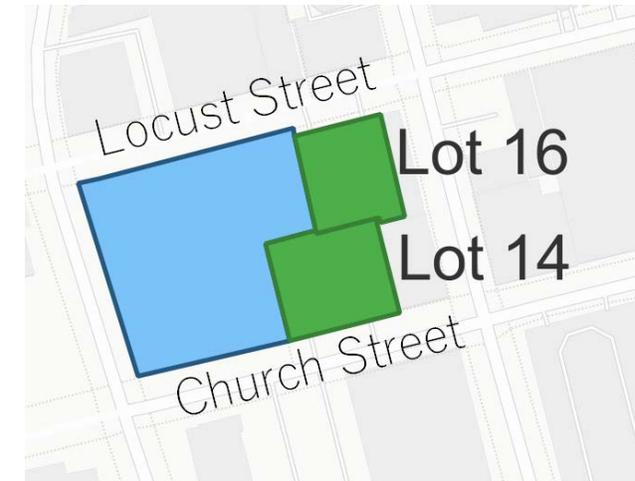
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Lots 14 and 16 are located adjacent to the Downtown Library, and the combined lots total 15,812 square feet or .36 acres.

The assembled site is irregularly shaped.

35 foot height limit reduces the achievable unit count.

Section 65915 density bonus and waivers or incentives / concessions would be required to increase the project height.



# Conclusions: Evaluation of Measure O Prioritized Housing Sites

KMA agrees with the Initiative sponsor assumption that Lots 7, 8 and 9 could potentially be feasibly developed with affordable housing projects:

- KMA's estimated unit counts are significantly lower than the sponsor's estimates.
- The City's existing regulations already permit the development of affordable housing projects on these sites.
- The more stringent development standards imposed by Measure O, including the parking prohibition above the ground level, could potentially constrain development opportunities.

It is KMA's conclusion that the other six housing priority sites are not viable affordable housing sites:

- Land assemblage would be required to create sites that meet affordable housing development parameters.
- The adjacent sites are subject to General Plan standards that conflict with the Measure O requirements.

# Downtown Library & Affordable Housing Project

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Year	Action
2018	Lot 4 was first considered as the location for a new Downtown Library.
2019	A Council Subcommittee was appointed, and additional community outreach was undertaken.
2020	City Council reaffirmed the Lot 4 location for the Downtown library, directed staff to explore re-use options for the existing Downtown Library site, and to plan for a permanent Farmers' Market location on Lot 7. Staff is directed to undertake a community outreach campaign.
2022	City commissioned a comparative analysis of the costs and amenities associated with a renovation of the Downtown library.

# 2022 Library Cost Comparison

## 2022 Comparative Downtown Library Analysis

	Renovate Existing Library	Downtown Library & Affordable Housing Project
Total Building Area (Square Feet)	30,230	38,090
Green Certification	None	LEED Gold Certified
Area of Planting (Square Feet)	6,570	12,170
Solar Power	None	270 KW (Net Zero)
Fossil Fuels	Natural Gas	No Reliance
Library Development Cost		
Total	\$40.3 million	\$40.1 million
Per Square Foot of Building Area	\$1,333	\$1,053

# Potential Measure O Impact: Downtown Housing Development

An affordable housing project could potentially be developed on Lot 4 if Measure O is enacted:

- Requirement to include the Farmers' Market on site would require a redesign of the project.
- This would result in the loss of \$2.0 million in architecture and design costs.

Impact on the Downtown Library Site:

- The existing Downtown Library site will not be available for redevelopment.
- Eliminates the potential for the site to be combined with Lots 14 and 16 to create a viable affordable housing site.

# Public Parking Space Analysis

Under the assumption that the Downtown Library & Affordable Housing Project goes forward, and that the existing Downtown Library site is redeveloped, the net parking loss is estimated as follows:

Potential Development	Public Parking Spaces
<u>Lost Downtown Public Parking Spaces</u>	
Lots 4, 11, 14, and 16	218
2018 – 2022: Net Loss of Downtown Public Parking Spaces	291
Total: Lost Downtown Public Parking Spaces	509
Lot 4: Range of Potential Replacement Parking Spaces	245 – 345
Net Lost Downtown Public Parking Spaces	164 – 264

# Farmers' Market Permanent Location

The City and Farmers' Market representatives have been working on an MOU that is intended to result in a permanent home for the Farmers' Market.

The following actions have been taken:

- City identified Lot 7 as the permanent location.
- City approved & secured approximately \$1.8 million to be used to construct permanent Farmers' Market facilities.

The Farmers' Market Board is expected to take action on the final MOU in the Fall of 2022.

# Downtown Library & Affordable Housing Project Funding Issues

The City has accumulated over \$30 million to contribute to the project. It is estimated that \$7.1 million in funding would likely be lost if the proposed project does not go forward.

The development team has extensive experience developing leveraged affordable housing projects:

- A plan to raise \$120 million in financing, Low Income Tax Credits and other state and federal sources has been devised.
- An implementation timeline that includes funding applications in 2023 has been created.
- The proposed development scope and income & affordability standards were devised to maximize the project's competitiveness for these funding sources.

# Measure O Consistency: General Plan and the Downtown Plan

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Measure O directly conflicts with policies included in the General Plan, the Housing Element, the Downtown Plan and existing City regulations.

Other issues are:

- In many cases the language is ambiguous and subject to multiple interpretations.
- The requirements impact the City's fiscal health by prohibiting commercial, retail, hotel and public uses on any of the prioritized sites.
- Consolidating surface parking lots into a multi-level structure is prohibited. This limits the opportunity to free up sites that could potentially be developed with affordable housing.
- Overly prescriptive and restrictive language creates an entitlement risk that would likely deter quality affordable housing developers from developing affordable housing in Santa Cruz.