

## RESOLUTION No. 2006-35

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA AMENDING THE 2001-2009 HOUSING ELEMENT

**Whereas**, at the regular meeting of January 17, 2006, the San Juan Bautista City Council adopted the 2001-2009 Housing Element; and

**Whereas**, the adopted housing element was submitted to the State Department of Housing and Community Development for certification; and

**Whereas**, the State Department of Housing and Community Development submitted a letter to the City requiring additional changes to the housing element in order to comply with State housing element law and provide certification; and

**Whereas**, State law limits the number of General Plan amendments to four per year; and

**Whereas**, the proposed Housing Element amendment qualifies as the second General Plan amendment in 2006; and

**Whereas**, the City Council conducted a duly noticed public hearing on the proposed Housing Element amendment, attached hereto as Exhibit A, considered all public testimony, written and oral, presented at the public hearing, and received and considered the written information and recommendation of the staff report for the June 20, 2006 meeting related to the proposals; and

**Whereas**, the proposed amendment includes an amendment to Program H-24 to require the City to amend its Growth Management Ordinance to allow exemptions to special needs housing and infill projects and further clarify when a project would require voter approval; and

**Whereas**, other aspects of the amendment include information items, including expansion of the land inventory, inclusionary housing ordinance discussion, permit processing discussion, and special needs housing discussion; and

**Whereas**, the City Council finds that the proposed Housing Element amendment is consistent with State Law and all other portions of the City of San Juan Bautista General Plan, in that the proposed land use changes are within the public interest and would not affect any state protected area or area otherwise under the jurisdiction of the State; and

**Whereas**, the City Council finds that the proposed Housing Element amendment serve the public necessity and convenience and the general welfare, in that the amendment is intended to facilitate the creation of special needs housing, including housing for lower income residents, farmworkers, senior citizens, and disabled peoples; and

**Whereas**, that the proposed General Plan map and text amendments do not create problems inimical to the public health, safety and general welfare of the city, in that the proposed Housing Element amendment is consistent with the Negative Declaration that was prepared for the Housing Element and adopted by the City Council in November 2005 in conformance with the California Environmental Quality Act (CEQA) and any future proposed uses would be analyzed and mitigated or any similar impacts identified; and

**Whereas**, because the proposed Housing Element amendment is consistent with the Negative Declaration

that was prepared for the Housing Element and adopted by the City Council in November 2005 in conformance with the California Environmental Quality Act (CEQA), no additional environmental review is required.

**NOW THEREFORE, BE IT RESOLVED** that the City Council hereby amends the 2001-2009 Housing Element as shown in Exhibit "A".

**PASSED AND ADOPTED** this 31<sup>st</sup> day of August, 2006 by the following vote:

AYES: Reed, Hill, Dias

NOES: Geiger

ABSENT: Medina

ABSTAIN: None

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Priscilla Hill, Vice Mayor

ATTEST: \_\_\_\_\_  
Trish Paetz, Deputy City Clerk

## **EXHIBIT A**

### **HOUSING OPPORTUNITIES**

The California Government Code requires each Housing Element to include an inventory of land suitable for new housing units, including vacant sites and sites with the potential for redevelopment. This section of the San Juan Bautista Housing Element addresses this requirement and also addresses opportunities for specific types of housing within the City.

#### **Land Availability**

In 1998, the San Juan Bautista General Plan designated enough land within the City limits to produce 168 new low density housing units and 132 new medium and high density housing units. At the time, it was estimated that 76 additional units could be produced on “mixed use” development sites. Outside the 1998 City limits, the General Plan identifies a future growth area with the potential for 138 low density units and 82 medium and high density units. At the time, “buildout” of the General Plan translated to 596 new units. If we add the number of housing units constructed since the General Plan was adopted in 1998, today, General Plan “buildout” translates to 470 additional housing units. Today’s buildout includes the same capacity for growth outside the City limits and 99 new low density housing units, 87 new medium and high density housing units, and an estimated 64 mixed use units within the City limits, which have not changed since 1998.

Approximately 47 percent of the City’s development potential is located on sites that are already served by roads and utilities and zoned for residential use. More than half of these units could be constructed at medium and high densities, suggesting they could more easily be affordable units. Thus, the City has created ample site opportunities to meet its fair share of the region’s housing needs by 2009.

Potential constraints to the development of these sites that may result from the City’s water and sewer capacity are discussed in detail below under “Governmental Constraints.” Because the City’s sewer plant capacity can handle the addition of 200-300 housing units and the City’s water system is currently undergoing upgrading, potential future growth identified in this land inventory may occur within the planning period without being constrained by lack of water and sewer services.

Housing opportunity sites are described in more detail below and are mapped at the end of this chapter in Figures 4-1 and 4-2. Table 4-19 inventories the number of units that could be built on the various sites around town, and the paragraphs below describe the different types of sites that exist.

Table 4-19: Development Potential within Urban Growth Boundary

Infill Sites	General Plan	Zoning	Units/Acre	Acres	Development Potential <sup>1</sup>
9	LDR	R1	.5 - 5	1	9
<u>APN#: 002-056-002, 002-043-020, 002-052-002, 002-043-020, 002-041-011, 002-038-013, 002-040-006, 002-038-020, 002-029-043, 002-029-039</u>					
2	MDR	R2	6-10	.55	5
<u>APN#: 002-026-007, 002-032-009</u>					
1	HDR	R3	11-21	.52	11
APN# 002-029-003					
11	MU	MU	15	8	120
APN# 002-032-008, 002-013-004, 002-015-003, 002-016-012, 002-016-013, 002-019-010, 002-021-002, 002-021-005, 002-047-008, 002-046-001, 002-046-004					
<b>Underdeveloped Sites</b>					
Small subdivision sites (single family lots)	LDR	R1	.5 - 5	3.2	20
Second Units	All R	All R	NA	NA	20 <sup>3</sup>
Mixed Use	MU	MU	15	3	45
Mission Farms RV Park Expansion Potential	HDR	R3	11-21	1.3	29
<b>Potential Subdivisions</b>					
W/side Washington St. south of 156 (APN# 002-054-004, 005)	LDR	R1	0.5-5	3.6	18
E/side Washington St. south of 156 (APN# 002-051-004)	LDR	R1	0.5-5	1	4
West end of Seventh Street (APN# 002-035-013)	LDR	R1	0.5-5	1.32	6
East of Lang Street (APN# 002-052-001)	LDR	R1	0.5-5	6.95	34
W. End of Third Street (APN# 002-026-011)	MDR	R2	6-10	4.5	45
Sites within Urban Growth Boundary but requiring annexation <sup>4</sup>	LDR	R1	.5-5	28	138
	MDR	R2	6-10	4	40
	HDR	R3	11-21	2	42
Total					586

Source: General Plan Analysis, updated through 2004

<sup>1</sup> Based on maximum allowed units/acre

<sup>2</sup> Doesn't account for potential development of second units

<sup>3</sup> While the Citywide development potential of second units is far greater, this number assumes construction of four second units per year for the duration of the planning period.

<sup>4</sup>South of San Juan Hollister Road and east of San Juan Canyon Road (See Figure 4-2)

## **General Plan/Zoning Standards**

### Agricultural

Density: 4.5 units per gross acre or 1 unit per 10,000 square feet of building site

The intent of the Agriculture designation is to provide for and preserve agricultural uses that exist along the northern and eastern City limits. Farmworker housing is allowed as a permitted use.

### Rural Residential

Density: 0.2 – 0.5 units per gross acre (2 to 5-acre lots)

Designates areas suitable for large lot estate-type housing and ranchettes. New parcels would be 2 acres or larger. Existing vacant parcels smaller than 2 acres would be allowed to develop with one housing unit each. The intent of this designation is to preserve the rural character of the large-lot semi-agricultural area southeast of the City. Because this area is currently outside the city limits, no zoning has been adopted to implement this designation.

### Low Density Residential/R-1 Zoning

Density: 0.5 – 5 units per gross acre/Minimum lot size: 7,000

Designates areas suitable for single family dwellings at densities from 0.5 to 5 units per acre. Duplexes, in-law units, and clustered housing would be allowed where a maximum density of 5 units per acre would be maintained. Compatible public and quasi-public uses such as churches and fire stations would be allowed subject to use permit review.

### Medium Density Residential/R-2 Zoning

Density: 6 to 10 units per gross acre/Minimum lot size: 8,000

Designates areas suitable for a mix of housing types, with densities not to exceed 10 units per acre. Single family homes on small lots, townhomes, duplexes, triplexes, and fourplexes are allowed.

### High Density Residential/R-3 Zoning

Density: 11 to 21 units per gross acre/Minimum lot size: 8,000

Designates areas suitable for attached housing types or mobile home development at densities not to exceed 21 units per gross acre. Attached housing types include townhomes, duplexes, triplexes, fourplexes, and other multi-family buildings.

### Mixed Use/Mixed Use Zoning

Maximum Intensity: FAR of 1.5 Downtown and 0.75 elsewhere.

Maximum Density for projects including housing as a subordinate use: 15/acre.  
 Maximum Density for projects containing an affordable housing component: 20/acre.  
 Designates areas where a mixing of commercial and residential uses is desired, at intensities that support a pedestrian presence. The intent is to promote a continuation of the established Downtown development pattern.

Site Improvement Requirements

Table 4-20 illustrates the setback, floor area, parking and building coverage standards required by each zoning district discussed above.

Table 4-20: Development Standards

<b>Standard</b>	<b>R-1</b>	<b>R-2</b>	<b>R-3</b>	<b>MU</b>
Front Setback	25	25	25	0
Rear Setback	20	20	15	10
Side Setback	10% of lot width, not less than 4"	10% of lot width, not less than 4"	10% of lot width, not less than 4"	0
Floor Area Ratio	.6	.6	.7	1.5
Building Coverage	.4	.4	.5	na
General Plan and Zoning Density (units/acre)	.5 - 5	6-10	11-21	15-20
Parking	Two spaces per dwelling unit for first four units and one space for each additional unit. MU district allows payment of fees in lieu of providing parking, on-street parking in lieu of off-street requirements and parking space sharing programs among adjacent uses.			

**Approved Development**

From January 2000 to January 2005, 18 housing units have received planning approval in San Juan Bautista but either building permit issuance or construction has not yet been completed. The 12-unit single-family attached Pace development on Third and North streets, two units in a new building behind the Honeymoon Cottage at 503 Third Street, an apartment above the Glad Tidings annex, and three infill sites at the east end of Fifth Street are market-rate and will probably be affordable to moderate income households.

**Residential Infill**

Infill sites are vacant lots that are generally 5,000 to 10,000 square feet and have been "skipped over" by development. These lots are served by water and sewer, have street frontage, and are abutted on all sides by development. Most of these lots could be developed today, although upgrading of existing infrastructure might be required at some locations. Table 4-19 indicates that there are 23 infill sites in San Juan Bautista.

### Single Sites

Based on their General Plan designations, 9 of the infill sites could support one single family house each. The other three infill sites, two near the west end of Third Street and one near the Muckelemi Street gateway, are designated for medium and high density housing and could support a total of 5 units, with a triplex and a duplex on the medium density sites and 11 units on the high density site. The latter three lots could conceivably support small rental projects that would be affordable to lower income households.

### Mixed Use Sites

The City's General Plan and Zoning Ordinance apply a "Mixed Use" land use category the Central Business District and "gateway" areas. Residential uses are encouraged on the second floors of commercial buildings on sites with this designation, and live-work and artist studio development is strongly supported. Historically, this type of development has been an important affordable housing resource in San Juan Bautista. A number of lower priced rental units and shop owner residences exist above stores and restaurants on Third Street. The designation also is intended to support expansion of San Juan's arts community, as it provides places where housing, small business, and workshop space can be combined on the same site.

Residential development within the Mixed Use District is allowed subordinate to commercial uses at a density up to 15 units per acre when located above or behind a commercial use. New construction for uses that are exclusively residential (i.e. that do not include a commercial component) on a property that does not already contain a commercial use is only allowed if the proposed new use meets an identified affordable housing need. Such projects would also receive an increase in allowable density of at least 25% and flexibility in parking requirements. These provisions provide incentive to preserve existing residential uses and construct new housing that meets the City's affordable housing needs. Program H-23 outlines the City's strategy for providing public outreach and promoting these incentives.

The Mixed Use District contains two types of sites with the potential for residential development: infill sites that offer the opportunity for new projects and underdeveloped sites that offer the opportunity for new residential units above or behind existing commercial uses.

From 2000 to present, nine housing units have been constructed within the Mixed Use District: four within a new mixed use project and five on underdeveloped sites that contained a commercial component. During this time there has also been interest in the development of two other vacant infill sites within the downtown area. Each concept that was shared with City staff included a residential component catering to a special needs group. Because of the interest shown in residential development in the Mixed Use district, Table 4-19 assumes residential development will occur within each of the infill

sites.

Table 4-19 identifies 11 infill sites within the Mixed Use District. Nine of the sites are scattered in the downtown area and a five-acre and .5-acre site are located at the Muckelemi Street gateway area (see Figure 1). Assuming the sites are developed with mixed use projects with a residential component at a 15-unit per acre density, Table 4-19 lists a development potential of 120 units within these sites.

### **Underdeveloped Sites**

#### Small Subdivision sites

Under current and proposed zoning, there are about 20 developed single family lots in San Juan Bautista that are large enough to be split in half (larger than 14,000 square feet, and dividable into two lots of at least 7,000 square feet each) or divided into “flag lots” to create new single family housing sites. Although these lots are counted as part of the City’s development potential, they are generally not available for subdivision at this time. However, these sites would be likely locations for new second units. Many of the existing homes on these larger lots are positioned in a manner that would make subdivision difficult, but construction of second units possible.

#### Second Units

In 2004, the City revised its Second Unit Ordinance to comply with AB 1866. Specifically, the ordinance was revised to allow second units as a permitted use in all residential zoning districts, provided they meet the development standards set forth by the particular zoning district in which they are located. Second units may also be conditionally permitted when they do not meet up to two such standards. These “exceptions” to the development standards may be approved by the Planning Commission through the granting of a Use Permit. Application for a Use Permit would require a \$1,000 deposit, and would likely cost the applicant between \$500 and \$800 for processing. This cost would include costs related to the Design Review Permit process (see below).

During the City’s consideration and adoption of the revised Second Unit Ordinance, many property owners expressed interest in pursuing permits for second units. Though the potential for new second units Citywide is much greater, Table 4-19 assumes construction of four second units per year through the end of the planning period.

Program H-2 requires further revisions to the Second Unit Ordinance that would allow exceptions to the development standards for units rented as low or very low-income units only.

Program H-23 requires the City to advertise the recent change to the Second Unit Ordinance as an opportunity to provide additional housing units on underdeveloped

sites. The City will use flyers and advertise on the City's website, local television station and during City Council meetings and Town Hall meetings to encourage property owners to visit City Hall to learn about opportunities and incentives to construct affordable housing units on underdeveloped sites.

#### Mixed Use Units

As stated above, five new housing units have been constructed since 2000 on sites that already contained a commercial component. Because of the interest shown in residential development in the Mixed Use district, Table 4-19 assumes residential development will occur within one-third of the underdeveloped sites. It is assumed that 15 of the 45-unit potential in the downtown area will be constructed within the planning period.

Program H-23 requires the City to advertise the recent adoption of the Mixed Use Ordinance as an opportunity to provide additional housing units on underdeveloped sites in the Mixed Use District.

The City will use flyers and advertise on the City's website, local television station and during City Council meetings and Town Hall meetings to encourage property owners to visit City Hall to learn about opportunities and incentives to construct affordable housing units on underdeveloped sites.

#### Mission Farms RV Park

Expansion of the RV park with 29 additional spaces was approved several years ago. These spaces are reflected in Table 4-19. Permanent housing on these spaces would create an important housing opportunity for low and very low income households. However, as currently approved, there is no assurance that the spaces will be made available to anyone other than tourists and seasonal visitors. No public assistance is involved in the project, and there is no way to estimate now whether the spaces will be occupied by renters or owners, residents or visitors, or low income or high income households. This Housing Element's five year action program includes recommendations supporting mobile homes or manufactured housing within the RV Park to create a permanent resource for lower income households.

#### **Potential Subdivisions**

This analysis takes into account the zoning district standards for setbacks, floor area and building coverage limits, and required parking as summarized in Table 4-20.

#### Sites within the City Limits

There are five relatively large vacant sites within the existing City limits of San Juan Bautista that could be subdivided and developed with housing. These sites already have infrastructure and could be developed with localized improvements to water, sewer, and drainage lines. As discussed in the next section of this chapter, several of

the sites have water, sewer, and storm drainage constraints. The sites are listed in Table 4-19. Four are designated for low density housing (62 potential units) and one is designated for medium density housing (45 potential units).

Of the low density home sites, two are small (less than 1.5 acres) and could accommodate between four and six units each. The other two sites include one on the west side of Washington Street just south of Highway 156 and one between the two ends of Lang Street. Upon application of the City's Inclusionary Housing Ordinance, one out of every six market-rate housing units shall be reserved for sale to very low, low, or moderate income households or reserved as rental units for very low, low, or moderate income households. Therefore, a portion of the homes constructed on these sites would be required to be made available as affordable units.

Development of a 4.5-acre medium density site at the west end of Third Street is could yield up to 45 housing units. The recent development of the adjacent R-1 site has connected the west end of Third Street to First Street and therefore has improved access to the subdivision site, resulting in an increase in interest by developers.

#### Residential Sites Within the Urban Growth Boundary

The General Plan designates an Urban Growth Boundary that includes 34 acres of land outside the 1998 City limits for future residential development. This area, shown in Figure 4-2, is already within the City's Sphere of Influence and is expected to be annexed and potentially developed by the year 2015. Based on General Plan densities, the land could support 138 low density units, 40 medium density units, and 42 high density units. This analysis takes into account the zoning district standards for setbacks, floor area and building coverage limits, and required parking as summarized in Table 4-20.

This growth area is located within the City's Sphere of Influence (SOI) and Planning Area south of San Juan Hollister Road and east of San Juan Canyon Road. The land is currently in agricultural use and there are relatively few natural development constraints. All sites are above the 100-year flood elevation.

The portions of the growth area closest to the City limits are the high and medium density housing sites. In fact, because water and sewer lines extend down San Juan Hollister Road to the RV park, these sites could be easily connected to City water and sewer lines.

A City subcommittee is currently meeting with a County citizen's committee to develop a Transfer of Development Credits (TDC) program. The objective of the TDC program is to preserve agricultural lands by transferring development rights of property that contain prime agricultural soils to lands of lesser agricultural value that are in close proximity to urbanized areas. These "receiver sites" would then be developed at higher densities

normally allowed by County standards.

The residential sites identified in this Element's land inventory that are outside of the City limits meet the criteria for a potential TDC "receiver site." Program H-3 encourages the City to continue its participation with the development of the TDC program and identification of receiver sites within this area.

Development of land outside the City limits at the desired densities requires annexation to the City. City Annexations are subject to review and approval by the Local Agency Formation Commission of San Benito County (LAFCO). LAFCO policies for annexation are consistent with the objectives of the TDC program, which encourage the preservation of prime agricultural lands.

The annexation process is further facilitated by the fact that the targeted areas are already within the City's SOI, also a boundary subject to LAFCO authority. Because LAFCO has already approved the City's SOI to include this future growth area, an annexation request would require a justification and plan for services required to serve the area. The annexation process typically requires two to three months to process.

### **Commercial and Industrial Sites**

The General Plan designates three acres of vacant land within the City limits as "Commercial" and another eight acres as "Industrial." Currently, San Juan Bautista allows residences in such areas as a conditional use. This is likely to continue to be the case in commercial areas after the zoning ordinance is updated. However, because the intent of these designations is to accommodate employment rather than housing, no housing potential has been assumed on these sites in this Element.

### **Sites with Redevelopment Potential**

During the 1998 General Plan update, "redevelopment sites" were defined as those where the value of land was greater than the value of the improvements on that land. This provides an indicator that the improvements on the property are substandard or that the property is underutilized. In 1996, San Benito County tax assessment records indicated that there were 39 residential properties and 21 commercial and industrial properties, or about 10 percent of the properties in the City, in this category. Such sites provide opportunities for replacement of older buildings with new higher value structures. In many cases, the sites contain historic structures, including small bungalows and cottages. Because these homes are an important part of the City's affordable housing supply, as well as its historic character, and because the General Plan strongly supports their conservation, they are not included in Table 4-19.

### **Rural Residential Development**

A final category of housing potential in the Planning Area is rural residential development. Rural residential potential is not shown in Table 4-19 because the units would generally be custom homes affordable to above moderate income households. Most of the area with this designation consists of developed 5-10 acre "ranchettes" which could potentially be further subdivided in the future.

### **Impact of Proposed Policy and Regulatory Changes**

Following adoption of the Housing Element, the City will continue efforts towards adoption of a new zoning ordinance. Specific zoning revisions aimed at improving the City's ability to produce affordable housing are included in the Five-Year Action Program of this Element.

The basic division of residential land into three districts -- R1, R2, and R3 -- is not likely to change. The districts correspond to the three residential density classifications included in the General Plan. A number of specific zoning provisions are recommended by the General Plan Five Year Action Program. These include:

- Providing the City Council with discretionary authority to permit lots of 6,000 square feet in the R-1 zone,
- Revising the 8,000 minimum lot requirement in the R-2 (duplex) district to allow 4,500 square foot lots for single family homes, and
- Establishing minimum density requirements for R-2 and R-3 sites to ensure that these sites are used to produce higher density housing.

The City recently adopted a Mixed Use Zoning District, where housing is specifically encouraged (accessory to commercial uses) and where emergency shelter and transitional housing are conditionally permitted uses. The Mixed Use District standards also includes incentives for providing affordable housing to provide for farmworker needs, seniors and other special needs groups. The regulatory standards for each zoning district and timelines for processing development projects are described in more detail in the Governmental Constraints Section below.

## **CONSTRAINTS TO AFFORDABLE HOUSING PRODUCTION**

Each Housing Element in California must describe local constraints to meeting identified housing needs. These include governmental constraints, such as fees and local land use controls; infrastructure constraints, such as lack of road or sewer capacity; economic constraints, such as high interest rates and the availability of financing; and public opinion constraints, such as opposition to higher densities. Where such constraints are identified, the City is required to take action to address or remove them.

### **Regulatory Constraints**

Government regulations affect housing costs by limiting the supply of buildable land, and exacting fees for the use of that land. Typical regulatory constraints include zoning, subdivision regulations, growth management ordinances, impact fees, permit fees, environmental documentation, and requirements for provision of public services such as sewer lines, water lines, roads, and parks. Lengthy approval and processing times may also add to the cost of construction. Increased costs are usually passed along to the consumer in the form of higher housing prices.

Potential regulatory constraints in San Juan Bautista are discussed below.

#### General Plan

The General Plan sets the basic tone for land use and housing regulations. Historically, San Juan Bautista's General Plan has strived to maintain small town character and preserve the qualities that make San Juan special. Although it is possible to provide affordable housing within this policy framework, the emphasis has been on quality rather than quantity. San Juan has encouraged conservation of its existing housing stock (particularly its older, historic homes), but in the past it has not aggressively promoted new affordable housing development.

The 1998 General Plan policies emphasize the development of housing on infill sites and the conservation of the city's housing stock but also acknowledge the need to annex and zone new areas for housing. Policies in the Land Use Element promote the production of affordable housing, provided that such housing is compatible with the City's character and development patterns. Land use policies recommend a diverse mix of housing types, variations in lot sizes and densities, housing over retail stores, live-work housing opportunities, and the protection of housing from encroachment by non-residential uses. However, the Element continues to emphasize protection of small town character, which could be a disincentive to the development of higher density housing. The Element establishes an Urban Growth Boundary around San Juan Bautista and recommends that future city growth be contained within this boundary. Its policies

discourage large-scale new housing development on agricultural or hillside land outside of this boundary, particularly on prime farmland in the San Juan Valley.

A major theme in several of the General Plan's Elements is to keep San Juan Bautista a relatively small, agricultural town surrounded by open space and farmland. Limiting the supply of land for new housing could result in higher land costs, and ultimately higher housing prices. On the other hand, the Plan contains policies that ensure that the City's growth area is reserved for urban uses rather than developed with ranchettes. It recommends annexation of land within the Urban Growth Boundary to provide greater local control over future land use decisions in this area.

The General Plan's Community Design Element recommends that new housing in San Juan Bautista incorporate traditional neighborhood design components, like front porches and detached garages. The Community Design Element explicitly discourages "motel style" apartment buildings and emphasizes small-scale projects rather than large scale ones. Projects with more than 20 units would need to be phased. While these are not constraints to affordability per se, they could affect the cost of housing by requiring particular design approaches.

Other elements of the Plan, including Safety, Open Space and Conservation, Public Services, Historic Preservation, and Transportation, are primarily designed to maintain and enhance the quality of life in San Juan Bautista. The Public Services and Land Use Elements suggest a shift to impact fees and assessment districts as a means of financing infrastructure extensions.

The cumulative effect of General Plan policies, particularly those relating to impact fees, could add to new home construction costs in San Juan Bautista. To address this concern, the Plan includes a policy (H-27) to ensure that new housing is not required to bear the cost of deferred maintenance and infrastructure deficiencies. Impact fees should be structured to cover the incremental cost of serving each additional housing unit only and not the cost to correct problems caused by past development practices or aging infrastructure.

The 1996 Housing Element required the City to explore a number of options for correcting such deficiencies, including Community Development Block Grants, Clean Water Grants, and voter-approved assessment districts. Moreover, the City's efforts to attract more commercial and industrial development should provide an additional revenue source (through sales and property taxes) with which to correct infrastructure problems. The General Plan calls for a Capital Improvements Program that will prioritize City water, sewer, drainage and road projects; and identify a funding source for each project. Priority will be given to those projects that help the City achieve its affordable housing goals.

Amendments to other elements of the General Plan will not be required upon adoption of the Housing Element. New and revised policies contained in this Housing Element are consistent with other General Plan policies and programs. The City can meet its fair share housing needs within the existing General Plan framework.

### Zoning Ordinance

On some levels, the zoning ordinance might be considered as a constraint to affordable housing production. However, the real constraint is not the ordinance itself, but the fact that it is so outdated. With the exception of recent updates including a new Second Unit Ordinance and Mixed Use Ordinance, the majority of San Juan's zoning ordinance and map have not been comprehensively updated since 1971. With the exception of the Mixed Use District standards, adopted in 2004, the standards (for parking, lot size, setbacks, etc.) do not reflect trends of the last 25 years, such as small lot and zero-lot line subdivisions. The minimum lot size allowed in San Juan Bautista today is 7,000 square feet, and at least 8,000 square feet are required to build two units or more on a property, except for second units.

The zoning ordinance establishes three residential zones (R-1, R-2, and R-3) corresponding to single family, duplex, and multi-family designations. In the R-1 zone, only single family homes, manufactured homes, accessory buildings, and churches are permitted by right. In the R-2 zone, single family homes, manufactured homes, and duplexes are permitted by right. These uses, along with multiple dwellings and "dwelling groups" (clusters of small cottages) are permitted by right in the R-3 zone. Mobile home parks, hotels, and rest homes, are permitted in the R-3 zone with a conditional use permit.

In the R-1 and R-2 zones, the ordinance specifies a lot coverage limit (40 percent), a height limit (30'), and setback requirements. See Table 4-20. In the R-3 zone, the height limit is the same as in R-1/R-2, required setbacks are less and lot coverage allowances are higher (50 percent). The requirements are straightforward and do not pose constraints to affordability. They are predicated on the City's desire to maintain one and two-story buildings with ample yards, but are not so restrictive as to preclude higher density housing.

Two off-street parking spaces are required for each single family house in the R-1 zone; a third off-street space is required if there is an accessory unit. For duplexes (R-2), three off-street spaces are required and for apartments (R-3), two spaces per unit are required for the first four units, and one space per unit is required thereafter. The requirements result in a higher number of spaces per unit for triplexes and fourplexes than for duplexes. A different formula for parking is used if the project is a Planned Unit Development. This requires 1.5 covered spaces per unit for projects at medium and high densities, plus an additional one space per unit for visitors. Depending on the site

dimensions and location, these requirements could constitute a barrier to higher density housing production. Allowances for parking reductions and payment of in-lieu fees to provide off-site parking, are allowed for projects in the Downtown area. Program H-2 will extend these allowances to projects that serve seniors.

The Ordinance permits all types of residential uses, including mobile home parks, in commercial and manufacturing zones with a conditional use permit. It allows single family homes on legal, non-conforming lots, provided that the lots were created prior to 1971.

The Ordinance includes provisions for Planned Unit Developments (PUDs), which allow flexible application of dimensional standards, provided that overall densities are not increased. On the surface, the PUD provisions appear to offer a great deal of design flexibility. However, lot coverage and height may not exceed the underlying district, private streets must meet City standards, and 600 square feet of common open space per unit must be provided.

The City recently adopted a Mixed Use Zoning District, where housing is specifically encouraged (accessory to commercial uses) and where emergency shelter and transitional housing are conditionally permitted uses. The Mixed Use District standards also include incentives for providing affordable housing.

The zoning ordinance also includes provisions for home occupations that allow residents to maintain home businesses but prevent housing units in residential zones from being displaced entirely.

A second unit ordinance sets forth standards for the development of second units as a permitted use within residential districts. Second units may be granted up to two exceptions to the development standards of the zoning district in which they are proposed upon Planning Commission approval of a Use Permit. Application for a Use Permit would require a \$1,000 deposit, and would likely cost the applicant between \$500 and \$800 for processing. This cost would include costs related to the Design Review Permit process (see below).

One shortcoming of the Zoning Ordinance is that it establishes maximum densities but does not establish minimum densities in residential zones. In other words, there is nothing to prevent all of the City's higher density (R-2 and R-3) land supply from being developed with single family homes. Likewise, there is nothing to prevent the City's low density (R-1) land supply from being developed with large lots.

#### Efforts to Remove Zoning Constraints for Special Needs Housing.

Under Senate Bill (SB) 520, which became effective January 1, 2002, every jurisdiction

during its Housing Element update is required to analyze potential and actual constraints upon the development, maintenance and improvement of housing for persons with disabilities and to demonstrate local efforts to remove governmental constraints that hinder the locality from meeting the need for housing for persons with disabilities (California Government Code Section 65583(a)(4)).

In accordance with SB 520, City staff conducted a review of zoning and land use development procedures, policies, practices, and building codes in order to identify any potential constraints to the provision of housing accessible to persons with disabilities. The results of this analysis are summarized below.

Much of the business community has recently been retrofitting the downtown structures to meet ADA standards. A recent mixed use development included a disabled persons unit. No municipal code standards inhibited these improvements. However, the Municipal Code currently does not provide specific exceptions to development standards that may constrain compliance with ADA standards.

As provided in Program H-2, the comprehensive zoning code update will provide flexibility in the form of variances, exceptions, and encroachment permits, where needed to ensure compliance with ADA standards and to remove any constraints that may otherwise surface through the strict application of the municipal code. The City's building inspector and planner are available to the public to analyze requests for such exceptions and determine whether the requests are to provide reasonable accommodations for disabled persons.

The City permits housing for special needs groups, including for individuals with disabilities, without regard to distance between such uses or the number of uses in any part of the City. No constraint exists in either the General Plan or Zoning Ordinance. The property owner or authorized agent may apply for planning and building permits. This rule applies to permits for all types of housing, whether special needs, affordable or market rate.

Mixed Use District standards offer a reduction in required parking. This provides incentive for developers to produce affordable and special needs housing within the Mixed Use District.

Transitional housing and emergency shelters are currently allowed in the Mixed Use Zoning District. Other special needs housing such as group homes, co-housing or shared housing are not specifically allowed nor disallowed in any zoning district. Program H-2 requires amendments to the Zoning Ordinance to define and allow such types of housing.

The City is currently undergoing a comprehensive revision of the zoning ordinance.

Specific changes to be made to the Ordinance are outlined in the Five-Year Action program of this Element and are also mentioned in other Elements, such as Land Use.

Program H-2 requires the following provisions in the revised Zoning Ordinance to ensure an adequate supply of sites for affordable and special needs housing:

- a. Allowances for small (4,500 square foot) single family units with a Planned Urban Development permit, "cottage clusters," duplexes, and townhomes in the R-2 district (or its successor) with appropriate floor area ratio to lessen the impact on the neighborhood.
- b. Allowances for the City Council to use discretionary authority to review and approve reduced lot sizes (6,000 square feet) for affordable housing projects in R-1 districts.
- c. Allowances for shared housing, "co-housing" transitional housing, and emergency shelter within the High Density Residential Districts.
- d. Minimum density requirements for projects on vacant land in the R-2 (Medium Density) and R-3 (High Density) zones.
- e. Exceptions to the Subdivision Ordinance standards to lower costs for construction of affordable housing projects.
- f. Incentives for housing development in the Mixed Use District that caters to all special needs groups, including disabled, seniors, and farmworkers.
- g. Exceptions to development standards in all zoning districts to facilitate compliance with ADA standards, such as variances and encroachment permits for qualifying projects.
- h. Allowance for exceptions to the Second Unit Ordinance development standards for units rented as low or very low-income units only.

This action describes a series of measures to be included in the new zoning ordinance. Provision (a) would modify the 8,000 square foot minimum lot requirement in the R-2 (duplex) zoning district to allow lots as small as 4,500 square feet. This would allow zero-lot line, patio, or townhomes in areas designated "Medium Density" on the Land Use Diagram. Developments composed of individual cottages on the same parcel ("cottage clusters") would also be allowed, provided that at least 4,000 square feet of land per cottage was provided. Provision (b) would give the City Council the authority to approve lot sizes that are smaller than the 7,000 square foot minimum in the R-1 district where certain conditions are met, such as provision of affordable units.

A maximum floor area ratio for these small lots would be determined in order to ensure that the lots would not be "over built" and ensure that the mass and bulk of the new residences would not negatively impact the surrounding neighborhood.

Provision (c) would ensure that permitted uses in the R-3 zone included alternative forms of housing which enable reduced living expenses through shared common areas, kitchen facilities, studio spaces, etc.

Provision (d) would ensure that the City's supply of land for medium and high density housing is efficiently used, and is kept available for future affordable housing development. Development at densities of less than 11 units per acre would be prohibited on vacant sites with Medium and High Density General Plan designations, respectively, making it more likely that the land will be used for affordable housing and new rental units.

Provision (e) would reduce the cost of infrastructure improvements to new affordable housing developments.

Provisions (f) and (g) would extend incentives such as parking reductions and provide exceptions to development standards in order to facilitate the construction of special needs housing and/or accommodations such as wheelchair ramps within a required setback.

Zoning map amendments are also required to ensure consistency between the General Plan and the zoning ordinance.

### Design Review

In May 2004, the City Council adopted a Site Plan and Design Review ordinance and Design Guidelines that require Planning Commission approval for all new construction within the City, except for within the Agricultural district. This applies to new single family and multi-family housing units as well as additions. The Historic Resources Board (HRB) reviews and makes recommendations to the Planning Commission on projects that are located within the Historic District and projects that otherwise may have an effect on an Historic Resource or the historic character of the City.

The Planning Commission meets on the first Tuesday of every month and the HRB meets on the second Wednesday of every month. Overall processing time, therefore, would require 2-6 weeks, depending on the timing of the submittal of a complete application package and whether Historic Review is required.

A \$1,000 deposit is required for (major) design review projects involving new construction that exceeds 1,000 square feet. A \$500 deposit is required for (minor) projects that are less than 1,000 square feet. The applicant is only charged for the City Planner's actual processing time, which is billed at \$85/hour. Typically, major design review processing costs range from \$500 - \$800 and minor project costs range from \$200 - \$500.

While the Design Review process may appear lengthy and costly, compared to projects in the past that required multiple visits to Planning Commission, the Design Review

process has been operating smoothly. The new Design Guidelines provide the developer with a road map for developing conceptual designs that are consistent with the community character. The guidelines are objective and allow prospective applicants to determine what is required. The HRB and Planning Commission are required to limit their design review consideration to those guidelines provided in the document. The Site Plan and Design Review ordinance and Historic Preservation ordinance outline specific findings required for design review approval. This provides both the developer and the decisionmakers with a common level of understanding of the scope of the project review. Typical conditions of approval require the applicant to acquire any necessary building permits and detail any changes to the design that results from the design review process.

The Design Review process does not constitute a significant impact on the cost and supply of housing. Applicants typically appreciate the input and feedback received from the decisionmaking bodies. The process does not result in costly conditions of approval or delays in the project.

### Growth Management

Probably the most often debated regulatory constraint in San Juan Bautista is the City's Growth Management Ordinance. In 1979 the City adopted a Residential Development Control System in response to a wave of applications for new subdivisions totaling 220 units (the City only had 432 units existing at the time). The ordinance limited the total housing stock to 852 units by the year 2000 and allocated development approvals based on the merits of each project rather than chance. The original ordinance was extended in December 1984 and then replaced by an ordinance that extended the growth control provisions indefinitely. The Growth Management Ordinance replaced the Residential Development Control System in 2000. In 2002, an initiative to further amend the Growth Management Ordinance qualified for the ballot and was adopted by the City Council without change pursuant to state Elections Code §§ 9214, 9215. The Ordinance may not be amended without voter approval.

The effective impact of the ordinance is to limit additions to San Juan's housing stock to one percent a year. In January of each year, City staff updates the total number of housing units in the City. One percent of the total number of housing units constitutes the number of building permits that will be issued for new housing units during that year. Any single development exceeding four units requires a voter approval. The City Council may not increase the rate of growth beyond the one percent without voter approval. Any amendment to the Ordinance would also require voter approval.

Housing units that were issued allocations under the prior Growth Management Ordinance and have vested development rights are exempt from the Ordinance. Housing opportunities for seniors, disabled, and very low/low income may be counted as

50 percent of the actual number of units for the purposes of the growth management ordinance. Rollover of expired or unused allocations is not permitted.

Since the adoption of the first ordinance in 1979, housing construction has moved at a much slower pace than anticipated. While the original ordinance set an 852-unit cap by Year 2000 horizon, the City's actual 2000 housing unit count was 618. Whether the slowdown has been due to the Ordinance or other factors is debatable. Sewer constraints and the recession probably have had a greater impact on growth, at least since the late 1980s. Some members of the community have argued that the ordinance had a psychological impact by sending a message that San Juan was less "growth-friendly" than Hollister and other cities nearby.

To date, there is no evidence that the Growth Management Ordinance has affected the cost or time associated with permit processing. No project has ever been denied as a result of the ordinance. Typically, an applicant will discuss the project with the City Planner during a pre-application meeting. The applicant would then submit an application package for design review. If the project involves four or more housing units, environmental review is required. Typically, this would be accomplished through the preparation of an initial study and adoption of a negative declaration by the decisionmaking body. A minimum 20-day public review period is required for the adoption of a negative declaration. If the project involved a subdivision map, approval by the City Council with a recommendation from the Planning Commission is required.

Because no applicant has proposed a project involving four or more housing units, the City has not developed or adopted policies requiring cost sharing for an election or mitigation of impacts on the supply of housing and affordability.

The Ordinance would continue to be based on an average growth rate of one percent a year over the remainder of the 2001-2009 planning period. Because very low and low income units count as a half of an allocation unit under the Growth Management Ordinance, conceivably the City could still permit the construction of the required 38 very low and low income units by July 2009 in order to meet its fair share target (See Quantified Objectives Analysis below).

In order to ensure that the Growth Management Ordinance does not constrain the development of affordable and special needs housing, Program H-24 requires the City to submit for voter approval an amendment to the Ordinance to allow exceptions for the development of those sites listed as "Infill Sites" and "Underdeveloped Sites" in Table 4-19 and discussed in the Housing Opportunities section of this element. Program H-24 also requires that the Ordinance provide exception for projects that fulfill an identified special housing need, such as senior, disabled or farmworker housing.

Program H-24 also requires that the Ordinance specify when a project is subject to

election and ensure that once a project has been approved by popular vote, subsequent changes in the project would not require a subsequent election, provided the number of units do not increase. For example, if the owner/applicant of a 20-unit apartment project that received voter approval decides to convert the apartments to 20 condominiums, a subsequent election would not be required. Similarly, if the owner of the same project decides to change the design of the project where no increase in the number of units result, Design Review approval by Planning Commission may be required but no further voter approval would be required.

Such was the case of the “Pace” project, a 12-unit development located on the corner of Third and North Streets. A six-lot subdivision with six duplex units received City Council approval before the current Growth Management Ordinance was adopted in 2002. In 2005, the City Council approved a 12-lot subdivision, with 12 attached single-family homes. No design changes were proposed. The subdivision merely created 12 ownership units from the six duplex units. No additional units resulted and no election was required.

Finally, Program H-24 requires ongoing monitoring of developer inquiries to detect whether interest in the development of affordable housing is affected by the Growth Management Ordinance. As required by the state, the City will submit annual reports to HCD that provide an analysis of the effectiveness of the Housing Element programs.

#### Site Improvement and Building Requirements

Housing construction in San Juan Bautista is subject to a variety of site improvement and development standards that add to the cost of development. The City only imposes requirements that it has deemed necessary to maintain public health, safety, and welfare. Residential developers are required to provide a full complement of on-site improvements, such as streets, curbs, gutters, water, and sewer lines. San Juan Bautista has not historically required developers to pay for off-site improvements like parks and roads until recently.

City subdivision and street standards specify minimum right-of-way widths for new subdivisions (40'), diameters for water and sewer lines, and storm drainage requirements. These requirements are comparable to those adopted in nearby communities. On the surface, they do not appear to constrain affordable housing construction. However, they tend to result in “suburban” scale development, with lower density housing and wider streets than the existing town. Higher housing costs could result from new requirements for amenities like street trees and bike lanes. Program H-2 recommends that provisions be established to waive certain subdivision standards to accommodate more traditional forms of development, including those with affordable housing.

The City uses the Uniform Building Code (UBC) to ensure that all new homes or home remodeling jobs are built to specified standards. In addition, San Juan Bautista requires single-family homes to have sprinkler systems, fire-resistant roofing and stucco, wood, adobe, or masonry siding. Metal siding is prohibited. The City Council has the authority to issue waivers from the UBC for the purpose of maintaining the integrity of historic buildings and encouraging their rehabilitation rather than their demolition.

Enforcement of building codes has not been a constraint to the production or maintenance of affordable housing in San Juan. Buildings are typically inspected only when a building permit is obtained. The Fire Chief/Public Works Supervisor also serves as the Code Enforcement officer. The City lacks the resources to monitor violations of building codes and instead relies on public complaints of alleged violations. These are investigated on a case by case basis. From time to time, cases of housing units that are perceived to impose a code, health, or safety violation are reported. The building official will follow up on building code violations and the code enforcement officer will follow up on any other code violations. If such cases involve affordable housing, resulting repairs or improvements would prolong the life of the structure and help to preserve the City's affordable housing stock.

#### Development Fees

Development fees present both a constraint and an opportunity for housing production. On the one hand, they facilitate construction by providing revenue for public facilities and services that would otherwise not be built. On the other hand, they tend to be passed along to the consumer in the form of higher housing prices and rents. There is no doubt that fees increase the cost of housing; however, they tend to have a much lesser impact in San Juan Bautista than they do in nearby cities like Hollister and Gilroy. San Juan Bautista is one of the few cities in the region that has not adopted impact fees, which ensure that development "pays its own way." At this point, the only impact fee collected is a state-mandated school impact fee equal to \$2.24 a square foot. The City has no authority to waive or reduce this fee.

In 2004, permitting fees for a 2,500 square foot single family home totaled \$7,000, 80 percent of which is the school impact fee.

The City retains a part-time contract building inspector that handles permitting and inspection. A part-time planner is contracted for one day a week to handle applications requiring city planning review. The current arrangement may add one or two days to the time required for permit processing, but generally has not resulted in increased costs for applicants.

Planning applications (use permits, variances, tentative maps, planned unit developments, rezones, zoning and general plan amendments, design review, etc.)

require either a \$500 or \$1,000 deposit, depending on the size of a project. The applicant then receives a monthly bill for the planner's time spent processing the application(s). The full deposit is returned upon final approval by the final decisionmaking body and upon payment of all processing costs incurred by the City. Planning Commission design review approval is required for all new construction, which includes review and recommendation by the Historic Resources Board (HRB) for projects that may affect an historic resource. City Council approval is required for tentative maps and planned unit developments. Each of the three bodies meet once a month. An application may take up to two months before receiving final planning approval.

For example, the construction of a new single-family residence would require a Design Review Permit approval by Planning Commission. The applicant would submit a \$1,000 deposit for the permit processing. Planner time would include analysis of the plans (2 hours), drafting of the Planning Commission hearing notice, staff report, resolution, and agenda (3 hours), presentation of the project to the Planning Commission (1 hour), and final correspondence and filing (1 hour). The City would bill the applicant for a total of 7 hours of Planner time at \$85 per hour, or \$595. Once the City receives the \$595 from the applicant, the \$1,000 deposit is returned to the applicant.

If the project involved both a subdivision and design review, an additional hearing at the City Council would be required. The City would collect a total deposit of \$2,000. Applicant bills would include City Engineer time at \$100 per hour as well as Planner time. Such a project would therefore cost approximately \$1,500 for Planning approval.

The average turnaround time for issuing building permits for a new home may be as quick as 10 days during low volume periods but may be substantially longer during busy periods. In the past, subdivision applications that involved utility connection agreements, annexation agreements, and environmental review have taken considerably longer to process.

The City typically does not require full environmental impact reports for small residential projects that are consistent with the General Plan. Mitigated negative declarations that identify specific road and drainage improvements have been required for a number of projects. Such projects typically take up to six months to process.

#### Inclusionary Housing Requirements

On January 16, 2001, the City Council adopted an Inclusionary Housing Ordinance that applies to all residential projects of six or more units including without limitation, condominium conversions and time extensions for previously approved residential projects.

According to the ordinance, no for-sale residential project of six or more units shall be approved in any area of the city unless at least one such housing unit is reserved for sale to very low or low income households or reserved as rental units for very low or low income households for each five units of market-rate housing. The reserved units shall be constructed either prior to or simultaneously with the non-reserved units within the development. If the development is being constructed in phases, the percentage of reserved units to be constructed in each phase shall be equivalent to one reserved unit for every five market rate units being constructed in that phase.

The ordinance limits the initial sales price and the resale sales price of reserved units to ensure that the price is affordable to very low, low or moderate income households. Reserved units shall only be sold or resold only to eligible very low or low income households. A deed restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney, limiting the resale of such units to eligible very low, low, or moderate-income households shall be recorded against the title of all reserved units at affordable prices. The duration of such resale restrictions shall be a minimum of fifty-five years.

Regarding rental residential projects, the ordinance requires the reservation of at least one affordable unit for very low or low households for each five units of market rate housing. The rent to be charged for a reserved housing unit shall be so limited as to be affordable to very low or low-income households. A deed of restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney is required to be recorded against the title of the property within which the reserved units are located limiting the rental of the reserved units as described immediately above. This rent restriction must be in effect for a minimum of fifty-five (55) years. Additionally, the property must be so restricted as to prohibit the conversion of the restricted units for the term of the rent restriction to a condominium, stock cooperative, community apartment, or such other form of ownership which would eliminate the restricted units as rental units.

The design and exterior appearance of the reserved units must be compatible with and substantially the same as the non-reserved units within the development and shall contain proportionately the same or a larger number of bedrooms and square footage per reserved unit as the non-reserved units.

The ordinance also specifies that as an alternative to reserving units, the City Council, after consideration of the recommendation of the Planning Commission, may, in its sole discretion, allow the developer to pay a fee in-lieu of reservation in an amount established by the City Council resolution, sufficient to subsidize the price of a median sales price home in San Juan Bautista to the extent that it brings the sales price of such a home into the affordable range for a low income household. Payment of the in-lieu fee for each required inclusionary unit as specified in the City Council's resolution is required

at the time of issuance of building permits for the first residential units in a residential project subject to this Chapter.

In-lieu fees must be used by the city exclusively to provide housing opportunities for very low or low -income households anywhere within the city. All in-lieu fees are held in a separate account with interest accruing to said account. All funds in the account must be spent in any manner authorized by law as the City Council deems appropriate solely to provide housing opportunities for very-low or low households.

If the required number of reserved units are provided on the site of the subject development, the design and exterior appearance of the reserved units must be compatible with and substantially the same as the non-reserved units within the development and shall contain proportionately the same or a larger number of bedrooms and square footage per reserved unit as the non-reserved units.

If an applicant can provide evidence to demonstrate that on-site provision of reserved units is not feasible, with such evidence being deemed reasonable, accurate, and sufficient at the sole discretion of the City Council, then the reserved units may be provided as for-sale units or rental units at another site within the city limits of San Juan Bautista

### **Infrastructure Constraints**

The City's ability to provide water, sewer, drainage, police, fire, streets, and other services is limited by its budget. These limitations could restrict housing development. Residential growth has been constrained by sewer problems for most of the last 20 years. During the late 1980s, the City was under a Cease and Desist Order from the Regional Water Quality Control Board that resulted in a full growth moratorium until 1991. The plant is now in compliance and provides tertiary treatment.

The following paragraphs provide an overview of infrastructure constraints. Additional information, including action programs addressing deficiencies, can be found in the Public Services Element of the General Plan.

#### Sewer

San Juan Bautista operates its own sewage treatment plant, located at the west end of Third Street. The Plant is designed to have an average dry weather flow of 273,000 gallons per day (gpd). Average daily flow in 2004 was 205,000 gpd, down from 215,000 in 1998. This reduction of daily flow is due to the City's promotion of water saving devices such as low-flow toilets. The City has also replaced many larger mains that had allowed water from saturated ground to seep into the system. During storm events, the plant exceeds capacity for a short period of time. The City engineers suspect inflow of stormwater due to cross connections. The City has installed new storm drain and flood control systems within the City.

The sewer mains are currently accessible to the potential growth areas within the City limits. The plant can handle the addition of 200-300 more housing units before reaching capacity, which does not account for commercial or industrial growth. Therefore, the City's capacity to provide sewer services would not deter future housing development within the planning period.

### Water

Water is a development constraint throughout California. San Juan Bautista is in a better position than many other cities in the State, as it has rights to a plentiful supply of good quality groundwater. The completion of a pipeline carrying water from San Luis Reservoir to farms in the San Juan Valley has reversed decades of subsidence and allowed groundwater levels to begin rising again. The City might further reduce its demand for potable water in the future by using treated effluent from the wastewater plant for irrigation of parks and landscaped areas. Newer developments within the City have installed "purple pipes" that will readily accommodate this resource when it becomes available.

A potential constraint to the development of new housing units during the planning period is the condition of water distribution lines. Some of the lines are 60 or 70 years old and are deteriorating. The lines are too small to handle peak fire flow requirements, which increases the potential for loss of housing units in the event of a major fire or earthquake.

The City recently received a grant to upgrade the City's water system. These improvements will occur over the next five years, concurrent with the Housing Element planning period. While the availability of water does not constitute a constraint to housing unit development within the planning period, infrastructure replacement on a project by project basis prior to completion of the system upgrade may be required during the next few years.

### Roads

The Transportation Element of the General Plan indicates that all roads in San Juan Bautista currently operate at Level of Service "C" or better, but identifies a number of potential future trouble spots. These trouble spots are projected to occur because of growth in "background traffic" on Highway 156 and a general increase in tourism in the region rather than because of development within the San Juan Bautista Planning Area. As a result of development elsewhere in San Benito County and the Monterey Bay region, volumes on Highway 156 are projected to double in the next 20 years. The Transportation Element identifies a number of specific capital improvements that will be required to keep San Juan Bautista's roads and intersections operating at acceptable

levels. However, it is likely that some City streets, namely Third Street and The Alameda, would be operating at LOS "D" during summer weekend days.

A Specific Plan is recommended for the development area south of San Juan Hollister Road. That Plan would include more specific provisions for road, water, sewer, and drainage improvements in the new development areas, including the approximate cost of road improvements and a means of financing those improvements.

### Drainage

Drainage improvements are typically required when a new project is developed. In the past, this has constrained the development of the 7-acre vacant site at the end of Lang Street, since the first floor of residences would need to be raised above the 100-year flood elevation. This could either be accomplished through fill or through channel improvements. The former would be too expensive and the latter would have off-site impacts that would require additional mitigation.

Similar problems may exist in the planned urban growth area south of San Juan-Hollister Road. The Plan for this area avoids residential development in the 100-year flood plain. However, the increase in impervious surfaces would affect runoff rates and volumes and could have downstream impacts. A master drainage plan, which includes capital improvements and a financing program, will be needed before this area can be developed.

It is likely that stormwater detention ponds will be required on some of the larger development sites in the Planning Area. This could reduce the amount of area actually available for housing.

### Schools

The City's Planning Area is served by the Aromas-San Juan Unified School District (ASJUSD). The ASJUSD operates the K-8 San Juan School in San Juan Bautista and the K-8 Aromas School in Aromas. Since 1997, the District has also operated Anzar High School, serving Grades 9-12. The High School is located about 3 miles north of San Juan Bautista. Although San Juan School is operating just below capacity, Aromas School -- and the District as a whole --are over capacity at the K-8 level. School capacity is not yet a constraint to affordable housing production but could become more serious if developers are asked to pay more to mitigate public service impacts. Full mitigation would require fees far beyond the \$2.24 square foot impact fee that is currently collected. Such payments have been required for several large-scale subdivisions in unincorporated San Benito County but have yet to be required for development within San Juan Bautista's City limits.

Police, fire, library, and solid waste services are currently adequate and are not expected to be a constraint to affordable housing development in the future. Although service levels are limited due to San Juan Bautista's small size, the City's emphasis on volunteer and contract services is the most cost-effective approach. This makes it easier to provide affordable housing because it reduces the need for hefty impact fees and special assessments.

### **Availability of Water, Sewer, and Drainage at Identified Housing Opportunity Sites**

Development of most of the available sites identified in Table 4-19 and shown on Figure 1 with subdivision potential will require at least on-site upgrading of water and sewer lines and on-site drainage improvements.

Infill sites with no subdivision potential are identified in Table 4-19. Under current City requirements, these sites could be developed immediately without improvements to water, sewer, or drainage systems. About 30 additional units could be developed in this manner.

### **Land and Construction Costs**

High land and construction costs make it difficult to build affordable housing in California. These problems are less serious in San Juan Bautista than they are in the Silicon Valley, but they are still a factor.

As a result of the City's unique qualities, desirable location, and limited land supply, the cost of land in San Juan Bautista is high compared to similar property in Hollister and other comparably sized towns. Depending on location, vacant single family lots sell for \$100,000 to \$175,000. Construction costs in San Benito County are estimated to be about \$100 a square foot. Consequently, a new 1,500 square foot house on an infill lot would probably sell for \$515,000 to \$550,000.

In fact, most of the houses built in San Juan since 2000 have been considerably larger than 1,500 square feet, and more expensive as well. Recently completed single family detached homes have been much larger and more expensive than existing homes, sometimes exceeding \$750,000. This is partially a reflection of high land values, which tend to result in more expensive homes. It is also a function of the fact the City's "small town charm" commands a premium in the real estate market. Construction costs have also escalated during the past decade.

### **Availability of Financing**

Interest rates have a critical effect on the affordability of housing. The decline of interest rates since 1990 has actually made housing more affordable in San Juan Bautista,

despite rising prices. Mortgage rates currently vary from 5 to 7 percent. The down payment itself is an obstacle to home ownership for many low and moderate income households. Even a relatively low cost home would require a down payment equal to more than a third of a low income household's annual income. For renters, the total move in cost for a house or an apartment may exceed \$2,000--an onerous burden for a very low income household.

While mortgage rates have declined, construction financing for development has become increasingly tight. Tougher lending requirements, coupled with declining state and federal housing finance programs, have made it more difficult to produce affordable housing. Because San Juan Bautista is too small to have its own housing finance programs, the 2004 Housing Element recommends working with the Santa Cruz Housing Authority to establish low-interest construction loan programs that benefit San Juan residents. Based on the data for San Juan Bautista, the most beneficial use of public funds would be aimed at rental housing rather than owner-occupied housing.

### **Environmental Constraints**

Housing production is also constrained by natural factors, such as the presence of the San Andreas Fault and San Juan Creek flood plain to the north and east, and the presence of steep, unstable slopes to the south and west. Outside of these hazard areas, most of the land in the Planning Area is prime agricultural land. Strong City and County policies to protect the public from natural hazards, and to protect prime soils, have limited the supply of buildable land. While the General Plan designates sufficient land to accommodate the City's fair share of the region's housing need, these constraints mean that the range of sites will always be limited, and that the City's overall geographic area will remain small.

### **Public Opinion Constraints**

One of the most significant constraints to housing growth in San Juan, and one of the most difficult to quantify, is public opinion. The City is overwhelmingly in favor of maintaining the City's small population. Based on a 1995 resident survey, about 90 percent of all San Juan residents would prefer that the community grow no larger than 2,500 people (or about 300 additional housing units) over the next 20 years. With this sentiment so strong, it is not surprising that most proposals for large-scale development (especially those in the unincorporated area outside the City's sphere of influence) are met with vocal opposition. This is a disincentive to prospective developers, particularly small developers without the financial resources to conduct the costly studies that accompany development proposals, or to fight the legal battles that sometimes erupt.

The General Plan somewhat alleviates this problem by identifying the location of growth and type of housing allowed. The Plan clearly states the types of projects that are-- and are not-- acceptable. By establishing a well-defined urban growth boundary, discussion

of new housing within that boundary will focus on the merits of each project rather than whether or not development in general is desirable.

**QUANTIFIED OBJECTIVES**

As stated above, from January 1, 2001 to January 1, 2004, there were 41 single family homes, one mobile home, and five second units built in San Juan Bautista, reducing the City's housing need allocation for the remainder of the planning period to 69 units. While four of the second units are deed-restricted to provide low-income rental housing, it is presumed that the mobile home and the other second unit were affordable to low income households and the single-family homes were affordable to above moderate-income households. This reduces the housing needs numbers for low and above moderate-income households to 16 and 4 respectively.

The City should come close to meeting its targets for moderate and above moderate housing by 2009 through the following approved market-rate developments and single-family infill housing:

	Zoning	Density (units/acre)	VL	Low	Mod	A.M.
<b>Housing Units Needed (from Table 4-18)</b>			<b>22</b>	<b>16</b>	<b>27</b>	<b>4</b>
Pace- 12 attached units at Third and North	R2	12			12	
Thoeny – 2 attached units at Third and Muckelemi	MU				2	
Glad Tidings - apartment	MU				1	
Churchill – 3 detached units on Fifth Street	R1	5				3
<b>Total</b>					<b>15</b>	<b>3</b>
<b>Remaining Housing Units Needed</b>			<b>22</b>	<b>16</b>	<b>12</b>	<b>1</b>

Within this planning period, 43 townhomes will be approved for constructed at a density of 20-units per acre under a development agreement. The development agreement for this project exempts this development from the Growth Management Ordinance. Another six units a year each are likely to be built as high density or mixed use apartments, second units and detached infill units. The single-family homes will generally be affordable only to moderate or above moderate-income families. The second units, mixed use units and multi-family units would be affordable to moderate and low-income families.

Table 4-19 identifies housing development potential as infill units, second units, and underdeveloped sites in the R-1, R-2, R-3, and Mixed Use zoning districts. These sites

are shown in Figure 1 and summarized in Table 4-22 below.

Table 4-22: Quantified Objectives for Meeting Moderate Income Unit Targets by 2009

<b>Infill Sites</b>	<b>General Plan</b>	<b>Zoning</b>	<b>Units/Acre</b>	<b>Acres</b>	<b>Development Potential</b>
6	MU	MU	15	1	15
2	HDR	R3	11-21	.52	11
<b>Underdeveloped Sites</b>					
Second Units	All R	All R	NA	NA	20
Mixed Use	MU	MU	15	1	15
<b>Total</b>					<b>61</b>

With the exception of the 43-units townhome project, which will be approved with a development agreement, due to development standards, allowed densities, and the size of each project site, each target project would consist of four units or less and therefore would be allowed under the Growth Control Ordinance without requiring a ballot measure.

The City's Quantified Objectives relative to the maintenance, improvement and development of housing by income level (VL= Very Low, L= Low, M= Moderate, and AM= Above Moderate) include the following:

New Construction

- Continue to process permits for new construction of single-family detached structures. (AM – 62 units, subject to Growth Management Ordinance)
- Continue to process permits for single-family infill projects in the R1 district (AM, M - 9 units, not subject to Growth Management Ordinance per Program H-24)
- Continue to process permits for high density infill projects of three or less units per project in the R2 and R3 zoning districts (L or VL – 16 units not subject to Growth Management Ordinance per Program H-24)
- Continue with permit approvals for a 43-unit multi-family project (20-units per acre) on a two-acre site on Muckelemi Street. (M – Predates Growth Management Ordinance and Inclusionary Housing Ordinance)
- As required by Program H-23, encourage and continue to process permits for second units (20 L or VL) and mixed use units (45 L or M) on underdeveloped sites as supported by Program H-23. (Not subject to Growth Management Ordinance per Program H-24)

Rehabilitation

- Support the rehabilitation of substandard housing units in San Juan Bautista rather than their demolition and replacement. (VL, L, M)
- Explore the feasibility of a housing rehabilitation program funded by state or federal

grants, including Community Development Block Grants (CDBG) and historic preservation grants. (VL, L, M)

- Pursue state, federal, and non-profit funding for the rehabilitation and weatherization of existing housing units. (VL, L, M, AM)
- Pursue state and federal funding for Certified Local Governments for the rehabilitation of historic structures.
- The City has set a target of providing public rehabilitation assistance to at least 20 low and moderate-income homeowners by 2007, with a priority given to lower income seniors. Following adoption of the Housing Element, the City will pursue CDBG funds to reach this target. (L, M)
- Exercise authority provided by Historic Building Code to issue waivers from the UBC for the purpose of maintaining the integrity of historic buildings and encouraging their rehabilitation rather than their demolition. (VL, L, M, AM)

#### Preservation

- Include zoning provisions that prohibit the conversion of housing to commercial uses except in designated "Mixed Use" areas.
- Require all new housing construction to be designed to encourage energy efficiency (Program H-12)
- Encourage local participation in PG%E weatherization programs (Program H-13).

**GOAL H-6: FAIR HOUSING**

**Promote a community in which all people, regardless of their ethnicity, race, religion, income, sex, age, or physical limitations will have an equal opportunity to secure housing.**

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**POLICY H-31:**

**Support Regional programs which ensure that all persons have equal access to housing.**

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**POLICY H-32:**

**Promote public education and awareness of fair housing requirements, and reduce public misconceptions about low income housing.**

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*Program H-24*

*In order to ensure that the Growth Control Ordinance does not constrain the development of affordable housing, the City shall submit for voter approval an amendment to the Ordinance to allow exceptions for special needs housing and for the development of "Infill Sites" and "Underdeveloped Sites" and to clarify what type of permit application would trigger application of the Ordinance. The City shall also monitor developer inquiries to detect whether interest in the development of affordable housing is affected.*

"Infill Sites" and "Underdeveloped Sites" are listed in Table 4-19 and described in the Housing Opportunities section of this element. Exceptions would also be granted for projects that fulfill an identified special housing need, such as senior, disabled or farmworker housing.

A new section of the Ordinance would be required to clarify the exact trigger of the application of the Ordinance in order to ensure that once a project has been approved by popular vote, subsequent changes in the project that would require additional planning permits such as design review, variance, or subdivision, would not be subject to subsequent elections, so long as the changes do not increase the number of units.

City staff will document inquiries from developers regarding projects that exceed four housing units. Staff will also track any further activity that results from such inquiries. As required by the state, the City will submit annual reports to HCD that provide an analysis of the effectiveness of the Housing Element programs and the constraint to the development of affordable housing that results from the implementation of the Growth Control Ordinance, as amended.

Responsible Agency: City Manager, City Attorney, City Planner  
Timing: Ordinance Amendment to go to vote in FY 07/08,





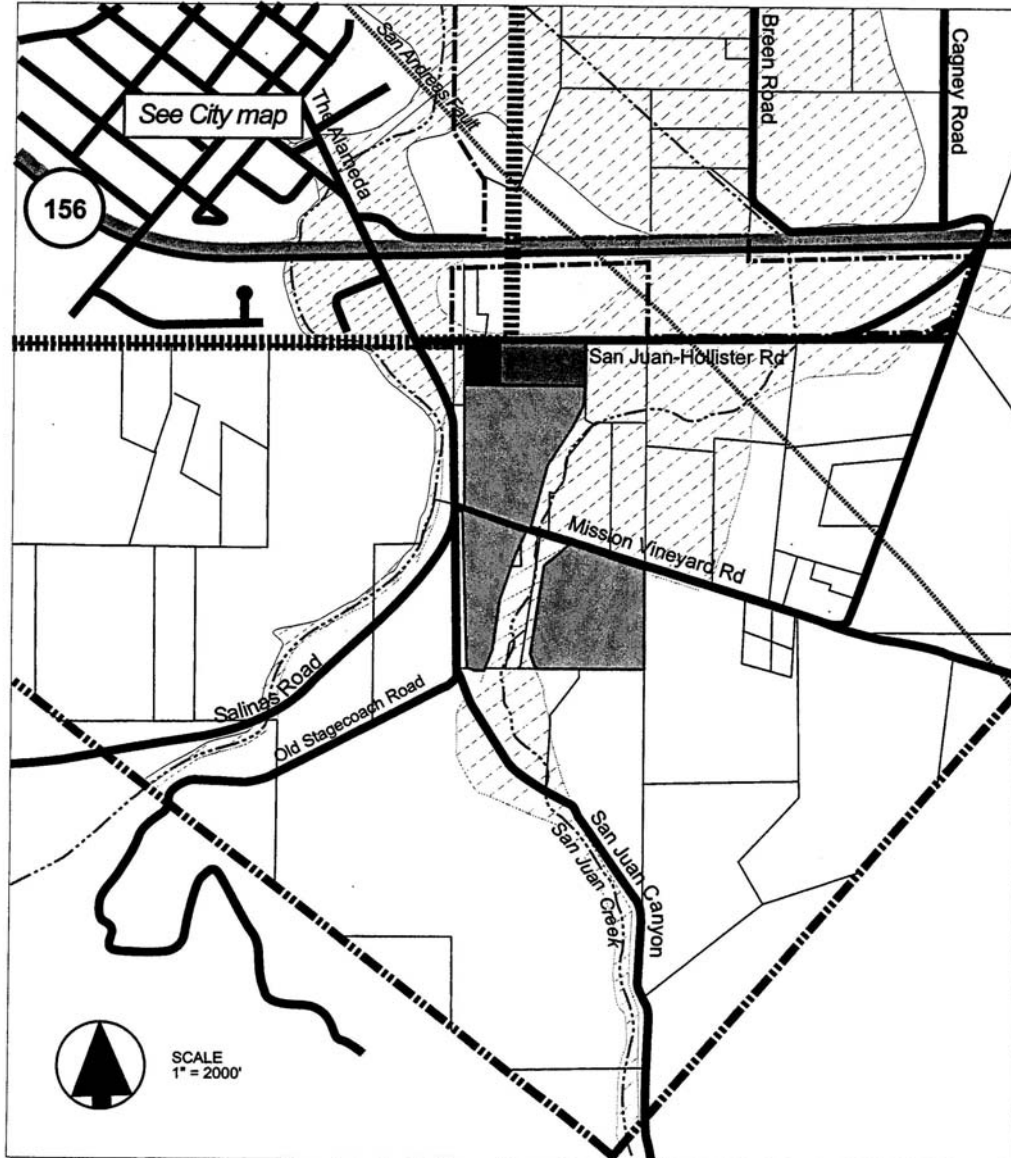





Figure 4-2:  
**Housing Opportunity Sites  
Within Urban Growth Area**

San Juan Bautista

**Legend**

-  Low Density Residential
-  Medium Density Residential
-  High Density Residential

*Cross-hatched area indicates 100-yr flood plain*