



## **SANTA CRUZ COUNTY Civil Grand Jury**

701 Ocean Street, Room 318-I  
Santa Cruz, CA 95060  
(831) 454-2099  
grandjury@scgrandjury.org

# Santa Cruz County's Housing Crisis: Closing the Gap Between Planning and Production

## SUMMARY

The State of California is in the midst of a housing affordability crisis driven by a severe housing shortage and nowhere is that crisis more apparent than in Santa Cruz County. To address the shortage, the State requires each local jurisdiction to adopt a "Housing Element" every eight years that plans for a specified number of additional housing units. For the period from 2023-2031, the County of Santa Cruz (the "County") is responsible for accommodating 4,634 additional units in unincorporated Santa Cruz County across multiple income levels. The County's Housing Element plan, which outlines how to achieve this target, was certified in April 2024. Through this certification, the County achieved formal compliance with State law by demonstrating that it has zoned sufficient capacity to allow these units to be built.

Yet zoned capacity only establishes that housing has been planned for, not that it will actually be built. As of year-end 2025, the County has fallen significantly behind on its goals. It has permitted only 279 units, a mere 6% of its target yet it is more than 25% through the current eight-year housing cycle.

The central issue identified in this report is that the County's zoning and regulatory framework, while legally sufficient to satisfy State planning requirements, does not ensure that housing development is financially viable. High construction costs, combined with County-controlled factors such as density limits, development standards, impact fees and permitting timelines, significantly constrain the financial viability of housing projects, particularly multifamily developments, which are critical to achieving the County's housing goals.

To help bridge the gap between zoned capacity and actual construction, the 2025-2026 Santa Cruz County Grand Jury recommends that the County conduct and publish a comprehensive financial feasibility analysis. Such an analysis should: (i) determine how many housing units have a realistic likelihood of being built in the County between 2023-2031, (ii) identify key local regulatory barriers to building, (iii) provide policymakers with recommendations regarding which changes to local regulations would spur actual construction, and (iv) provide the public with reliable, measurable

information regarding the County’s progress towards, and commitment to, addressing the housing crisis.

This report concludes that, absent a more rigorous assessment of development feasibility and corresponding adjustments to local regulatory constraints, the County is unlikely to achieve housing production at the scale required to meet its State-assigned housing allocation and, more importantly, make a significant dent in the local crisis of housing affordability. Without such changes, the County risks continuing a pattern of “paper compliance” that satisfies statutory requirements while failing to make meaningful progress towards alleviating its housing crisis.

## BACKGROUND

Santa Cruz County is an expensive place to live. According to the U.S. Department of Housing and Urban Development (HUD), the cost to rent in Santa Cruz County is the [highest in the nation](#).<sup>1</sup> At [\\$4,214 a month](#), the 2026 “fair market rent” for a two-bedroom apartment is more than \$600 higher than in San Francisco, the second most expensive jurisdiction in the country.<sup>2</sup> If purchasing a home, the statistics are equally grim. The cost to buy a home has risen [76%](#) in the last ten years,<sup>3</sup> and Santa Cruz County has among the highest ratios of home prices to household income in the United States, with the average home costing at least [12 times the median income](#).<sup>4</sup>

The housing crisis in Santa Cruz County is a phenomenon shaped by both supply and demand. An attractive coastal climate, UC Santa Cruz, and proximity to the wealth of Silicon Valley continue to draw new people to the County, increasing competition for housing. At the same time, the County’s geography presents a challenge, with a thin strip of prime buildable land sandwiched between the ocean and the mountains. This supply constraint is accentuated by [policy choices](#).<sup>5</sup> For decades, a “[culture of no](#)” has dominated County government.<sup>6</sup> Reacting to anti-development community sentiments like those expressed by the passage of Measure J in 1978, unincorporated Santa Cruz County policymakers sought to [constrain development](#) by limiting building permits, tightening zoning rules, restricting new infrastructure investments, and imposing affordable housing requirements.<sup>7</sup> Steep impact fees (ostensibly collected to fund public services and infrastructure as a condition to receive permits) have further impeded development.

These growth management policies has had their desired effect: in recent decades, the population of Santa Cruz County has [plateaued and begun to fall](#) as lower- and middle-income households have been priced out of the County<sup>8</sup> and [only the richest](#) can afford to live here.<sup>9</sup> The population of Santa Cruz County has [fallen 4.7% since 2020](#), and declined faster in 2025 than in any other large county in the State, driven by housing costs that are out of reach for low-income households.<sup>10</sup> In 18 of the last 19 years, [fewer than 150 housing](#) units have been permitted annually in unincorporated Santa Cruz County (the “County”).<sup>11</sup> By contrast, to meet current housing targets, the County would have to permit almost 600 housing units per year.

The County now faces a stark choice: continue the policies of the past and watch the community become increasingly reserved for the wealthy, or chart a new course and invest in a future that provides opportunities for all. The answer is clear: Santa Cruz County must build more housing.

The path forward for building much-needed housing is not just a matter of local debate; it is a legal requirement dictated by the State. Every eight years, the California Department of Housing and Community Development (HCD) assesses current and future housing needs for each region in California, resulting in a Regional Housing Needs Allocation (RHNA). The RHNA is based on current housing needs and future population projections. In 2022, HCD identified a housing shortage of [2.5 million units](#) in California,<sup>12</sup> including [33,274 in the Monterey Bay Region](#).<sup>13</sup> This framework is designed to ensure every community carries its weight by constructing much needed housing. For the period covering the 2023-2031 RHNA cycle ("RHNA 6"), regional planners allocated [4,634 new housing units](#) to unincorporated Santa Cruz County.<sup>14</sup> This is approximately 3.5 times higher than the allocation for 2015-2023, the 5th RHNA Cycle.

The County's RHNA 6 allocation is broken down into income categories. Of the 4,634-unit target, roughly one-third falls into the "above moderate" or market-rate category. The remaining two-thirds are "affordable" or below market-rate units, intended for "very low", "low" and "moderate" income households. The price of affordable units is capped so that the cost does not exceed 30-35% of household income. In general, affordable units are either built by developers who rely on public and non-profit funding to maintain below-market rents or are built as required "inclusionary" units that are subsidized by the market rate units within the development.

To meet its State-mandated housing goal, the County produced a [Housing Element](#), a mandatory component of the General Plan that outlines community policies, programs, and capacity for housing production.<sup>15</sup> In the context of RHNA cycles, the Housing Element serves as the County's formal blueprint to demonstrate that it has zoned adequate land to accommodate its State-mandated share of regional housing needs across all income levels. For RHNA 6, the County's Housing Element contains [dozens of programs](#), committing the County to, among other things, increasing density along principal transportation corridors and creating a "Residential Flex" zone allowing multi-family development at a density of up to 45 dwelling units per acre.<sup>16</sup>

Interviews with developers and industry professionals indicate that many projects, particularly unsubsidized, multifamily developments, remain financially infeasible under current conditions due to a combination of high construction costs and local regulatory constraints. This suggests that although the County has met its RHNA 6 goals on paper, significant barriers remain to translating these goals into actual housing units.

Put another way, the central question is not whether the County has planned for housing, but whether it has created conditions under which housing is likely to be built.

# SCOPE & METHODOLOGY

The scope of the investigation by the 2025-2026 Santa Cruz County Civil Grand Jury (“Grand Jury”) is to explore: (i) the implementation of RHNA 6 in unincorporated Santa Cruz County (all parts of the County except for the cities of Santa Cruz, Capitola, Scotts Valley, and Watsonville), and (ii) whether the County’s policies and regulatory framework are effectively translating compliance with State planning requirements into actual housing production.

This investigation focuses primarily on multifamily housing development. This focus reflects the County’s strategy for the Housing Element, which relies heavily on increased residential density in designated areas. Multifamily housing represents the most significant opportunity to build the housing units required under RHNA 6 and to meaningfully affect the housing crisis while also preserving open space and farmland.

The investigation was conducted by interviewing local government officials responsible for zoning, permitting, and planning, as well as private developers and housing advocates. Key State laws and regulations were researched, as well as [several earlier](#) Santa Cruz County Civil Grand Jury [reports](#) on housing issues within the cities and County of Santa Cruz.<sup>17, 18, 19</sup>

## ANALYSIS

### RHNA 6: Planning Compliance vs Actual Housing Production

In 2024, the County successfully obtained State certification of its Housing Element. However, certification only answers a limited question: has the County created sufficient zoned capacity to make the required number of units possible on paper? A jurisdiction may fully comply with State requirements and still suffer from limited housing production if local regulatory conditions discourage developers from building. This distinction between zoned capacity and actual production is central to evaluating the County's performance.

Building permits issued are an important metric used by the State to assess progress towards housing goals. The County issues a permit to build when it is satisfied that the construction plans comply with all State and local regulatory requirements. Once a permit is issued, construction can legally proceed.

Analysis of the most recent [RHNA Annual Progress Report](#) (APR) reveals a significant gap in meeting housing goals.<sup>20</sup> Santa Cruz County is now more than a quarter of the way through the 2023–2031 RHNA cycle. To stay on track, the County should have issued more than 1,100 building permits or roughly a quarter of the assigned 4,634 housing units. As of year-end 2025, the County has permitted only 279 units—just 6 % percent of its total RHNA 6 target (see *Table 1*).

Table 1 - Progress towards meeting RHNA 6 housing goals by Income Level<sup>(a1)</sup>

Income Level	RHNA (Units)	Goal (2/3 of Total)	6 <sup>th</sup> Cycle Units Permitted	Percent of Goal	Percent of RHNA
Very Low	1,492	374	9	2%	1%
Low	976	244	128	52%	13%
Moderate	586	148	61	41%	10%
Above Moderate	1,580	390	81	21%	5%
<b>Total</b>	<b>4,634</b>	<b>1108</b>	<b>279</b>	<b>25%</b>	<b>6%</b>

The slow pace of permitting is concerning. Without significant intervention, the County is unlikely to meet its RHNA 6 goals or make significant strides towards combating the housing crisis. Continued underperformance may also expose the County to increased State oversight, loss of local land-use control, and other statutory consequences.

## The Potential Consequences of Insufficient Permitting

While the State’s primary focus during the certification phase is on zoned capacity, failing to actually permit sufficient units carries consequences for the County. Beyond the ongoing human cost of not building adequate housing for Santa Cruz County residents and workforce, the County faces a cascade of State mandates that erode local control. These include:

### State Imposition of Ministerial Streamlining

- Ministerial processes speed development but reduce citizen and local government control by allowing permits to be issued without public hearings. [State law](#) requires jurisdictions that have failed to meet permitting targets to provide a streamlined approval process for qualifying multifamily housing developments.<sup>21</sup> Ministerial processes eliminate discretionary review, public hearings, and subjective requirements. Qualifying projects must contain designated affordable units, meet objective development standards and follow certain union labor standards.
- Unincorporated Santa Cruz County is [currently subject to the SB 35/SB 423 ministerial approval process](#) because it failed to issue sufficient building permits for housing units during the County’s previous eight-year RHNA 5 cycle.<sup>22</sup> As a result, qualifying projects that contain at least 10% affordable units [must be](#) approved ministerially by the County.<sup>23</sup>

<sup>i1</sup>Table excerpted directly from the County’s 2025 Annual Progress Report (APR). The table contains some errors, but serves to illustrate the limited progress the County has made towards meeting its RHNA 6 targets.

- In 2027, the halfway point of RHNA 6, the State will re-evaluate the County’s permitting progress. If the County has failed to permit at least 50% of its market-rate or affordable housing units, the County will continue to be subject to streamlining under SB 423. If housing production is on pace to hit RHNA 6 targets, the County will regain greater control over local housing policy.
- In addition, the County is [subject to ministerial streamlining](#) requirements for a limited number of parcels previously identified for lower-income housing but not developed in prior housing cycles.<sup>24</sup> For these sites, State law requires ministerial processing for qualifying housing developments that provide at least 20% affordable units.

### **The "Builder's Remedy"**

- If a jurisdiction fails to implement its Housing Element programs or actively creates barriers to development, the State can decertify the Housing Element. Decertification triggers the "[Builder's Remedy](#)," a provision that allows developers to bypass local zoning and general plan regulations.<sup>25</sup> When the Builder's Remedy is invoked, local jurisdictions lose their authority to deny projects on the basis of local development standards like height or density, dramatically eroding local control.
- The County already faces significant public backlash and ongoing litigation related to three Builder’s Remedy projects proposed in 2024 when the County had not yet achieved certification of its Housing Element, demonstrating that this is not an idle threat.

### **Financial Penalties and Loss of Funding**

- Local jurisdictions that fail to comply with State housing law can be sued for their failures, and courts are required to impose stiff financial penalties when these failures are not addressed. [SB1037](#) allows for fines ranging between \$10,000 and \$50,000 per violation.<sup>26</sup> These violations include the failure to implement ministerial streamlining and the failure to perform legally mandated housing element revisions.
- SB1037 also strengthens existing penalties for jurisdictions that deny permits or use obstructive conditions to reduce density for projects involving affordable units. Under the [new standards](#), willful denial of qualifying housing projects can result in a fine of up to \$50,000 per unit, plus any legal fees.<sup>27</sup> The effects of this policy are [already being felt in the County](#), where the Board of Supervisors reluctantly approved a controversial builder’s remedy project largely out of concern about State-imposed fines.<sup>28</sup>
- Many grant programs require a certified housing element, and the failure to implement Housing Element programs can put housing, transportation, and infrastructure [funding at](#)

[risk](#).<sup>29</sup>

- [The Pro-housing Designation Program](#) is an important source of funding tied to local housing policy.<sup>30</sup> It rewards jurisdictions that take active steps to increase housing development. “Pro-Housing” jurisdictions are eligible for grants and other incentives that can help to facilitate affordable housing development. In February of 2026, the County submitted an [application](#) for a Pro-Housing designation to the State, and resubmitted the application based on feedback from HCD in June 2026.<sup>31</sup>

### **Failure to Address the Housing Crisis**

- More important than any consequences imposed by State law, continued underproduction of housing means that the housing needs of County residents and workforce will go unmet. The housing crisis imposes significant financial consequences on the people of Santa Cruz County every single day. Even those who can afford the high cost of housing pay a price when essential workers cannot live in the community they serve and schools are starved for funding because families leave for more affordable areas.

## **The Need for a Comprehensive Feasibility Analysis**

Santa Cruz County does not build housing units directly. Housing construction is carried out by private developers, based on whether a project is financially feasible given prevailing market conditions and local regulatory requirements. Rezoning alone does not ensure housing will actually be built. For development to occur, projects must be economically viable based on expected costs, revenues and anticipated returns on investment.

Currently, the County lacks a comprehensive framework for evaluating how local regulatory requirements and market conditions interact to affect the likelihood of actual housing production. Instead, the County largely relies on generalized declarations in the [Housing Element](#) such as: “The Zoning Code does not pose an unnecessary constraint to the development of affordable housing,” and “multi-family densities [...] are high enough to facilitate affordable housing projects.”<sup>32</sup> Such statements are not grounded in a rigorous analysis of regulatory constraints, nor do they provide evidence of whether actual development is economically viable. The County [consulted](#) with local market rate and affordable housing developers when revising development standards,<sup>33</sup> but lack of progress towards housing targets demonstrates the shortcomings of the current framework.

The County’s Housing Element includes a “[Quantified Objectives](#)” section, which states that, using its best efforts, the County believes only 2,541 of the 4,634 units will be built during the RHNA 6 cycle.<sup>34</sup> This represents a rough estimate based on broad assumptions regarding past performance and other factors, rather than a comprehensive examination of the current market and regulatory forces impacting housing production. As of June 2026, the County is not on pace to hit even this modest estimate.

The County has [committed](#) to annually evaluate and address known barriers to housing development.<sup>35</sup> The County cannot realistically address barriers if it does not actually measure them. A comprehensive feasibility analysis would examine the underlying construction economics of available sites. Standard developer pro forma models or similar tools test whether typical multifamily projects are financially viable under current zoning and regulatory conditions. These models incorporate:

- Market factors like construction costs, interest rates, and rents.
- County-controlled variables like allowable density, height limits, parking requirements, permit costs, impact fees, and permitting timelines.

By testing these inputs, a feasibility analysis can identify whether, and under what conditions, development is likely to occur. A feasibility analysis would also provide an invaluable tool for policymakers to consider targeted adjustments to development standards or processes to increase the likelihood of actual development.

For example, the County already plans to update “multi-family development standards such as minimum parking requirements, floor area ratio (FAR) limits, lot coverage, height, and story limits” as a part of [Program H-1F](#) in the Housing Element, with a goal to “accommodate more housing near transit and services [...] within the Urban Services Line.”<sup>36</sup> A comprehensive feasibility analysis would align seamlessly with this goal. Without such an analysis, the County would be limited in its ability to objectively gauge the relative contribution of various regulatory factors and identify the most impactful adjustments.

The County is not unfamiliar with feasibility studies. It is currently working on a limited feasibility study specifically examining the inclusionary housing requirements on housing development oriented towards increasing the level of inclusionary housing required. While the Grand Jury commends the County for undertaking this analysis, the scope is too narrowly focused to fully capture the range of factors that influence housing construction. As a result, it is unlikely to adequately identify the key constraints that must be addressed in order to meet the County’s overall housing needs.

## Feasibility Analyses Precedents

Many jurisdictions in California have used economic feasibility analyses to assess the extent to which housing will actually be built and to guide policymakers in revising regulatory constraints to maximize housing production. These studies have indicated a wide divergence between zoned capacity and the likelihood of actual development. The following examples illustrate how other jurisdictions have used feasibility analyses to refine their understanding of their own housing shortfalls:

- **San Diego County** conducted a [Development Feasibility Analysis](#), published in 2025, to identify barriers to housing production in its unincorporated areas.<sup>37</sup> Based on this evaluation, San Diego County identified specific actions to improve housing outcomes. These include refining development standards, prioritizing infrastructure investments, focusing growth in areas with existing services, and aligning zoning with economically viable building types.

The report makes clear that zoned capacity alone is insufficient: jurisdictions must evaluate whether development is financially and physically feasible and adjust local regulations and investment priorities accordingly. This approach provides a practical, data-driven framework for linking housing policy decisions to actual production.

- **The City of Los Angeles** integrated a [data-driven model](#) directly into its Housing Element.<sup>38</sup> The model explicitly distinguishes between zoned capacity and expected housing production, recognizing that not all sites designated for housing are likely to be developed under existing conditions. This analysis showed that [only about 10%](#) of Los Angeles’s RHNA allocation was actually expected to be developed during the planning period.<sup>39</sup>

The Turner Center for Housing Innovation at the University of California, Berkeley, which helped to build LA’s model, has [found](#) that no single regulatory change is sufficient to drive substantial increases in housing production, but that coordinated adjustments across multiple policy areas can materially improve development feasibility and expected output.<sup>40</sup>

- **The City and County of San Francisco** issued a data-driven economic analysis of its proposed “[Family Zoning Plan](#)” in 2025.<sup>41</sup> The analysis modeled expected housing production under both existing zoning and proposed rezoning scenarios, rather than assuming that additional zoned capacity would result in development.

The analysis found that the proposed changes would materially improve development feasibility and housing outcomes. However, it also revealed that the proposed rezoning would likely yield only 25-40% of the 36,000 units required to meet housing targets and would do so over a 20-year period rather than the 8-year RHNA cycle. San Francisco’s approach illustrates the value of testing whether policy decisions will drive real-world housing production, while also showing that feasibility analyses must be paired with additional policy adjustments to actual meet housing goals.

- **The City of Oakland** commissioned a comprehensive [economic feasibility study](#) in 2020 to evaluate whether existing and proposed zoning regulations would support financially viable housing development.<sup>42</sup> Rather than assuming that increased zoned capacity would lead to

new housing, Oakland evaluated whether projects would pencil out under real-world market conditions.

The study found that many development scenarios were not feasible under existing regulations and that certain changes, particularly increased allowable density, could improve feasibility in many cases. The analysis concluded that regulatory adjustments must be carefully calibrated and, in many cases, combined with other policy changes to meaningfully improve development outcomes.

## Infrastructure, Density, and Permitting Realities

The Grand Jury acknowledges that the County faces substantial infrastructure constraints. By directing new housing development into existing urban corridors, the County has sought to reduce the demand for new infrastructure investments, protect open space and farmland, and limit urban sprawl. However, even within these urban areas, existing infrastructure - such as sewer capacity and transportation resources - may already be at or beyond capacity or be strained by the demands of new development. To address this reality, the proposed feasibility study would identify areas with existing infrastructure capacity and build on ongoing efforts to prioritize the most critical areas to invest in infrastructure improvements. A study would not only help the County integrate housing development with public works projects, but would also inform developers of infrastructure constraints and opportunities.

The Grand Jury also acknowledges the complexity surrounding the question of density. Some private developers cite the County's base density caps, such as the 45 units per acre limit in the Residential Flex zone, as a specific obstacle to achieving financial viability. The County counters that these local zoning limits are merely a baseline, noting that developers have access to powerful density levers through State legislation, such as the State Density Bonus Law, which can dramatically increase density above baseline zoning when affordable units are included. The County's base density limits are not outliers compared to those in similar jurisdictions. However, comparing Santa Cruz County to other jurisdictions that are also struggling to build sufficient housing does not absolve the County of its responsibility to act. A comprehensive financial feasibility analysis would help to bridge the gap between developers and County planners.

The County is falling significantly behind on housing development and has permitted less than a quarter of the units necessary to stay on track with RHNA 6 targets. The County needs to proactively accelerate permitting and ensure its zoning plans translate into real housing. By explicitly evaluating local constraints on building new housing, a comprehensive financial feasibility analysis would provide the data necessary to determine which local adjustments would result in much needed home construction in the County.

The County's failure to act would constitute an implicit acknowledgement that it is content to avoid taking the actions necessary to address the housing crisis in a meaningful way.

## The Need for Visibility

Understanding the County's progress towards meeting its housing goals is a difficult task, made more challenging by the lack of an easily accessible public dashboard that collects information about housing development and progress towards RHNA compliance all in one place. The County tracks permitted units by income category in its State-mandated APR, but the data is buried in a complex report that is not directly accessible on the County's website. The County hosts a [Major Projects Applications](#) tracker,<sup>43</sup> but this resource does not clearly link projects in the development pipeline to progress towards RHNA 6 compliance. The County also tracks 100% affordable housing developments via a [separate website](#) which does not appear to be regularly updated.<sup>44</sup>

Rather than navigating the County's confusing and disconnected tracking resources, the public is currently better served by local non-profits and news organizations. The non-profit news site *Santa Cruz Local* is a leader in housing policy reporting. The organization maintains a dedicated [housing tracker](#) to piece together what housing projects are actually being proposed and built in Santa Cruz County.<sup>45</sup> In addition, Housing Santa Cruz, a local housing non-profit, also [tracks affordable housing](#) under construction.<sup>46</sup>

Housing development in the County and California more broadly is already impacted by the accumulation of bureaucratic requirements, and the Grand Jury does not wish to add to this load. However, it is also important that the public have accessible and transparent information by which to understand how government works. At a minimum, the APR should be easily accessible online as a stand-alone document, and the major projects and affordable housing tracker should be updated regularly. Ideally, the County website would feature a single, regularly updated dashboard for all new housing units being developed in the County linking the newly permitted units to RHNA targets.

## CONCLUSION

While the County of Santa Cruz has satisfied the State's planning requirements for RHNA 6 in unincorporated Santa Cruz County, it is not on a path to meet its housing goals.

The County's Housing Element demonstrates that sufficient land has been zoned to accommodate the State-mandated 4,364 additional housing units. But RHNA zoned capacity only represents potential housing, not housing that will actually be built.

The County has fallen far behind its RHNA 6 target. More than one-quarter of the current housing cycle has elapsed, yet only six percent of the required housing units has been permitted. This gap is not the result of a lack of planning, but a failure to ensure that planned housing is economically viable under real-world conditions. When projects do not pencil out, they do not get built.

Yet the County has not undertaken the analysis necessary to determine the extent to which its zoning and regulatory framework support economically feasible development. Without it, the County is foregoing an invaluable tool for its housing policy decisions. Such a study would reliably identify:

- regulatory constraints that are most limiting to construction
- adjustments that would materially increase the number of units being built
- the extent to which the County’s current approach can actually achieve its housing targets

The risks of inaction are substantial. Continued underperformance will expose the County to increasing State intervention, including further loss of discretionary control over land use decisions. More importantly, it will perpetuate the ongoing housing shortage which is already pricing out large segments of the County’s workforce and risks fundamentally altering the character of the community.

The County faces a clear choice: it can continue to rely on a framework that achieves compliance on paper while falling short in practice, or it can take bold action to align its policies with economic reality and enable housing to be built at scale. The tools to do so are available. What is required is the willingness to act.

Absent strong leadership willing to use the tools at their disposal, Santa Cruz County will continue to merely satisfy statutory requirements while failing to address the housing crisis confronting its residents and workers.

## FINDINGS

- **F1.** Over the past 40 years, the County of Santa Cruz has adopted land-use and growth-management policies designed to limit the pace and location of development. These policies have limited housing production, exacerbating severe housing affordability challenges for residents and workers who are increasingly priced out of living in the County.
- **F2.** Despite adopting a State-certified Housing Element, the County of Santa Cruz has fallen significantly behind on progress toward permitting sufficient housing production to meet its Regional Housing Needs Allocation targets. As a result, the County is unlikely to adequately address the housing needs of County residents and workers increasingly priced out of living in the County.
- **F3.** The County of Santa Cruz has failed to create a housing plan likely to generate sufficient housing production to meet its Regional Housing Needs Allocation targets. As a result, the County faces an increased risk of State-imposed consequences.

- **F4.** The County of Santa Cruz has not conducted and published a comprehensive financial feasibility analysis of housing development in the County. As a result, the extent to which zoned capacity will ultimately be converted into new housing units is not reliably known.
- **F5.** Because the County of Santa Cruz has not performed a comprehensive financial feasibility analysis, the County lacks an important tool to identify and remedy regulatory constraints impeding its ability to achieve its housing goals.
- **F6.** The failure of the County of Santa Cruz to publish a comprehensive financial feasibility analysis means that the public is deprived of a concrete way to judge the County's use of its regulatory power to address the housing crisis.
- **F7.** The County of Santa Cruz has not created an easily accessible public dashboard for tracking progress towards meeting its Regional Housing Need Allocation. As a result, the public must piece together data from multiple sources to understand what progress is being made to meet the County's housing goals.

## RECOMMENDATIONS

- **R1.** The Grand Jury recommends that the Board of Supervisors direct the Department of Community Development and Infrastructure to take all steps necessary or appropriate to increase the likelihood that the number of housing units identified in the 6<sup>th</sup> Cycle Regional Housing Needs Allocation will actually be built.
- **R2.** The Grand Jury recommends that the Board of Supervisors direct the Department of Community Development and Infrastructure to conduct and publish a comprehensive financial feasibility analysis. We recommend the analysis: (i) determine how many housing units are likely to be built in the County of Santa Cruz during the 6<sup>th</sup> Regional Housing Needs Allocation cycle; (ii) identify key local regulatory barriers to building; (iii) provide policymakers with recommendations regarding which changes to local regulations would spur actual construction; (iv) provide the public with reliable measurable information regarding the County's progress toward, and commitment to, addressing the housing crisis. The analyses should be initiated no later than February 1, 2027, and completed and published by September 30, 2027.
- **R3.** The Grand Jury recommends that the Board of Supervisors (i) formally identify the recommendations it wishes to adopt from the comprehensive financial feasibility analysis, (ii) adopt those recommendations, and (iii) direct the Department of Community Development and Infrastructure to implement the adopted recommendations. The Board of

Supervisors should do so no later than 90 days following completion of the analysis.

- **R4.** The Grand Jury recommends that the Board of Supervisors direct the Department of Community Development and Infrastructure (CDI) to publish online the County’s Annual Progress Report (APR) once it has been submitted to the State. The Board of Supervisors should direct CDI to do so by December 31, 2026, and complete such publication for subsequent years no later than April 15th, 2 weeks after the APR is due to the State.
- **R5.** The Grand Jury recommends that the Board of Supervisors direct the Department of Community Development and Infrastructure (CDI) to ensure that the existing affordable housing and major projects dashboards are updated quarterly. The Board of Supervisors should direct CDI to begin doing so no later than December 31, 2026.
- **R6.** The Grand Jury recommends that the Board of Supervisors direct the Department of Community Development and Infrastructure (CDI) to explore options for creating a single, regularly updated dashboard for all new housing units being developed in the County of Santa Cruz linking the newly permitted units to Regional Housing Needs Allocation targets that can utilize existing and future planning workflows. The Board of Supervisors should direct CDI to do so no later than December 31, 2026, and CDI should report back to the board on these options no later than April 1st, 2027.

**Required Respondent (R1-R6): Santa Cruz County Board of Supervisors**

## Endnotes

<sup>1</sup>Tovar, R. (2025, July 17). *Santa Cruz County tops U.S. for rental costs, with Monterey County not far behind*. KSBW. Retrieved June 1, 2026, from <https://www.ksbw.com/article/santa-cruz-county-tops-us-rental-costs-monterey/65441188>

<sup>2</sup>*Most Expensive Counties by Rent*. (2026). Rentindex. Retrieved June 1, 2026, from <https://www.rentindex.org/ranking/most-expensive>

<sup>3</sup>Ludden, J., & Wood, D. (2024, June 20). *U.S. home prices have far outpaced paychecks. See what it looks like where you live*. NPR. Retrieved June 1, 2026, from <https://www.npr.org/2024/06/20/nx-s1-5005972/home-prices-wages-paychecks-rent-housing-harvard-report>

<sup>4</sup>*Home Price-to-Income Ratios Soaring*. (2025). Harvard University Joint Center for Housing Studies. Retrieved June 1, 2026, from <https://www.jchs.harvard.edu/son-2025-price-to-income-map>

<sup>5</sup>*County of Santa Cruz Housing Dashboard*. (2021). County of Santa Cruz. Retrieved June 1, 2026, from <https://www.santacruzcountyca.gov/Departments/CountyExecutiveOffice/HousingProgress.aspx/>

<sup>6</sup>Hattis, P. (2025, May 19). *Addressing a culture of “no”: Santa Cruz County rolls out permitting reforms*. Santa Cruz Sentinel. Retrieved June 1, 2026, from <https://www.santacruzsentinel.com/2025/05/19/addressing-a-culture-of-no-santa-cruz-county-rolls-out-permitting-reforms/>

<sup>7</sup>*How did we arrive at Santa Cruz County’s housing shortage?* (n.d.). Santa Cruz Local. Retrieved June 1, 2026, from <https://santacruzlocal.org/how-did-we-arrive-at-santa-cruz-countys-housing-shortage/>

<sup>8</sup>U.S. Census Bureau, Resident Population in Santa Cruz County, CA [CASANT3POP]. (n.d.). FRED, Federal Reserve Bank of St. Louis; Retrieved June 1, 2026, from <https://fred.stlouisfed.org/series/CASANT3POP>

<sup>9</sup>U.S. Census Bureau, Estimate of Median Household Income for Santa Cruz County, CA [MHICA06087A052NCEN]. (n.d.). FRED, Federal Reserve Bank of St. Louis; Retrieved June 1, 2026, from <https://fred.stlouisfed.org/series/MHICA06087A052NCEN>

<sup>10</sup> Holger, D. (2026, May 21). *Santa Cruz's population decline has widened. Low-wage jobs and high housing costs are reasons why.* Lookout Santa Cruz. Retrieved June 1, 2026, from <https://lookout.co/santa-cruzs-population-decline-has-widened-low-wage-jobs-and-high-housing-costs-are-reasons-why/story>

<sup>11</sup> County of Santa Cruz Community Development and Infrastructure Department - Planning Division. (2025). *Report on Year 2026 Growth Goal for Santa Cruz County's Unincorporated Area* (p. 20). County of Santa Cruz. Retrieved June 1, 2026, from <https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/2026%20Growth%20Goal%20Report.pdf?ver=uZs9fdXGdQH0EucdPudwhg%3D%3D%20%20>

<sup>12</sup> *A Home for Every Californian.* (2022, March). California Department of Housing and Community Development. Retrieved June 1, 2026, from <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>13</sup> Buckley, T. (2021, August). *Letter from HCD RE: Final Regional Housing Need Determination.* California Department of Housing and Community Development. Retrieved June 1, 2026, from "<https://www.hcd.ca.gov/community-development/docs/AMBAG-RHNA-6th.pdf>

<sup>14</sup> AMBAG Staff. (2022). *Final 6th Cycle Regional Housing Needs Allocation Plan Association of Monterey Bay Area Governments.* Association of Monterey Bay Area Governments. Retrieved June 1, 2026, from "[https://www.ambag.org/sites/default/files/2022-09/PDFA\\_AMBAG%20RHNA%202023-2031\\_Final%20Plan\\_091522V4.pdf#page=34](https://www.ambag.org/sites/default/files/2022-09/PDFA_AMBAG%20RHNA%202023-2031_Final%20Plan_091522V4.pdf#page=34)"

<sup>15</sup> *2023 Housing Element: Chapter 4 of the Santa Cruz County General Plan.* (2024). Santa Cruz County Government. Retrieved June 1, 2026, from [https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/GeneralPlanTownPlans/General%20Plan%20Chapters/2023%20Housing%20Element\\_Final\\_10-16-24%20New%20Date.pdf?ver=RmuioueNcjRq2th9g6kStg%3d%3d](https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/GeneralPlanTownPlans/General%20Plan%20Chapters/2023%20Housing%20Element_Final_10-16-24%20New%20Date.pdf?ver=RmuioueNcjRq2th9g6kStg%3d%3d)

<sup>16</sup> County of Santa Cruz Community Development and Infrastructure Department. (2026). *2025 General Plan Annual Report for Santa Cruz County - Unincorporated: Reporting Calendar Year 2025.* (p. 28) Santa Cruz County Government. Retrieved June 1, 2026, from <https://www2.santacruzcountyca.gov/planning/plnmeetings/PLNSupMaterial/PC/agendas/2026/20260211/008.pdf#page=28>

<sup>17</sup> 2024-2025 Santa Cruz County Civil Grand Jury. (2025). *Navigating the Building Permit Process AGAIN: "Site Plans, Septics, and Plan Checks, oh my!"* Santa Cruz County Civil Grand Jury. Retrieved June 1, 2026, from [https://www.santacruzcountyca.gov/Portals/0/County/GrandJury/GJ2025\\_final/2025-3\\_Permitting\\_Report.pdf](https://www.santacruzcountyca.gov/Portals/0/County/GrandJury/GJ2025_final/2025-3_Permitting_Report.pdf)

<sup>18</sup> 2022-2023 Santa Cruz County Civil Grand Jury. (2023). *Housing Our Workers: Essential Workers Need Affordable Housing!* Santa Cruz County Civil Grand Jury. Retrieved June 1,

2026, from

[https://www.santacruzcountyca.gov/Portals/0/County/GrandJury/GJ2023\\_final/2023-4\\_Housing\\_Report.pdf](https://www.santacruzcountyca.gov/Portals/0/County/GrandJury/GJ2023_final/2023-4_Housing_Report.pdf)

<sup>19</sup> 2023-2024 Santa Cruz County Civil Grand Jury. (2024). *Housing for Whom? An Investigation of Inclusionary Housing in the City of Santa Cruz*. Santa Cruz County Civil Grand Jury. Retrieved June 1, 2026, from [https://www.santacruzcountyca.gov/Portals/0/County/GrandJury/GJ2024\\_final/2024-8\\_Housing\\_Report\\_with\\_Responses.pdf](https://www.santacruzcountyca.gov/Portals/0/County/GrandJury/GJ2024_final/2024-8_Housing_Report_with_Responses.pdf)

<sup>20</sup> County of Santa Cruz Community Development and Infrastructure Department. (2026). *2025 General Plan Annual Report for Santa Cruz County - Unincorporated: Reporting Calendar Year 2025*. (p. 20) Santa Cruz County Government. Retrieved June 1, 2026, from <https://www2.santacruzcountyca.gov/planning/plnmeetings/PLNSupMaterial/PC/agendas/2026/20260211/008.pdf#page=20>

<sup>21</sup> California Department of Housing and Community Development. (2026). *Housing Law Fact Sheet: Streamlined Ministerial Approval Process: Government Code § 65913.4*. California Department of Housing and Community Development. Retrieved June 1, 2026, from <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/smap-sb-35-sb-423.pdf>

<sup>22</sup> *Streamlined Ministerial Approval Process (SMAP) Dashboard*. (n.d.). California Department of Housing and Community Development. Retrieved June 1, 2026, from <https://www.hcd.ca.gov/planning-and-community-development/streamlined-ministerial-approval-process-dashboard>

<sup>23</sup> California Department of Housing and Community Development - Division of Housing Policy Development. (2021). *Updated Streamlined Ministerial Approval Process Governemnt Code Section 65913.4 Guidelines*. California Department of Housing and Community Development. Retrieved June 1, 2026, from <https://www.hcd.ca.gov/policy-research/docs/SB-35-Guidelines-Update-Final.pdf#page=9>

<sup>24</sup> *2023 Housing Element: Chapter 4 of the Santa Cruz County General Plan (p. 4-31)*. (2024). Santa Cruz County Government. Retrieved June 1, 2026, from [https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/GeneralPlanTownPlans/General%20Plan%20Chapters/2023%20Housing%20Element\\_Final\\_10-16-24%20New%20Date.pdf?ver=RmuioueNcjRq2th9g6kStg%3d%3d](https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/GeneralPlanTownPlans/General%20Plan%20Chapters/2023%20Housing%20Element_Final_10-16-24%20New%20Date.pdf?ver=RmuioueNcjRq2th9g6kStg%3d%3d)

<sup>25</sup> *Builder's Remedy*. (n.d.). Santa Cruz County Department of Community Development and Infrastructure. Retrieved June 1, 2026, from <https://cdi.santacruzcountyca.gov/UPC/GetInvolved/MajorProjectApplications/BuildersRemedy.aspx>

<sup>26</sup> Office of the Attorney General. (2025). *Legal Alert: Senate Bill 1037 (Wiener, 2024) - Housing Element: Enforcement*. California Department of Justice. Retrieved June 1, 2026, from <https://oag.ca.gov/system/files/media/legal-alert-oag-2025-02.pdf>

- <sup>27</sup> Legislaide. (2025). *SB 1037: Strengthened Housing Accountability Act Penalties - A Compliance Guide for California Cities*. Legislaide. Retrieved June 1, 2026, from <https://www.legislaide.com/legislativeguide/SB1037>
- <sup>28</sup> Hattis, P. (2026, February 11). Capitola Road housing project gets final reluctant nod of approval from Santa Cruz County supervisors. *Santa Cruz Sentinel*. Retrieved June 1, 2026, from <https://www.santacruzsentinel.com/2026/02/11/capitola-road-housing-project-gets-final-reluctant-nod-of-approval-from-santa-cruz-county-supervisors/>
- <sup>29</sup> *What happens if we don't rezone?* (n.d.). San Francisco Planning. Retrieved June 1, 2026, from <https://sfplanning.org/sites/default/files/documents/citywide/housing-choice/what-happens-if-we-dont-rezone.pdf>
- <sup>30</sup> *Prohousing Designation Program: Frequently Asked Questions*. (2024). San Diego Association of Governments (SANDAG). Retrieved June 1, 2026, from <https://www.sandag.org/projects-and-programs/regional-initiatives/housing-and-land-use/housing-acceleration-program/-/media/684670313C4F40029611A2965AF52DC9.ashx>
- <sup>31</sup> *Prohousing Designation*. (n.d.). Santa Cruz County Department of Community Development and Infrastructure. Retrieved June 1, 2026, from <https://cdi.santacruzcountyca.gov/Planning/PolicyPlanning/2023HousingElement/ProhousingDesignation.aspx>
- <sup>32</sup> *2023 Housing Element: Chapter 4 of the Santa Cruz County General Plan (p. 4-84)*. (2024). Santa Cruz County Government. Retrieved June 1, 2026, from [https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/GeneralPlanTownPlans/General%20Plan%20Chapters/2023%20Housing%20Element\\_Final\\_10-16-24%20New%20Date.pdf?ver=RmuioueNcjRq2th9g6kStg%3d%3d](https://cdi.santacruzcountyca.gov/Portals/35/CDI/Planning/Policy/GeneralPlanTownPlans/General%20Plan%20Chapters/2023%20Housing%20Element_Final_10-16-24%20New%20Date.pdf?ver=RmuioueNcjRq2th9g6kStg%3d%3d)
- <sup>33</sup> Ibid. (p. 4-92)
- <sup>34</sup> Ibid. (p. 4-28)
- <sup>35</sup> County of Santa Cruz Community Development and Infrastructure Department. (2026). *2025 General Plan Annual Report for Santa Cruz County - Unincorporated: Reporting Calendar Year 2025*. (p. 28) Santa Cruz County Government. Retrieved June 1, 2026, from <https://www2.santacruzcountyca.gov/planning/plnmeetings/PLNSupMaterial/PC/agendas/2026/20260211/008.pdf#page=28>
- <sup>36</sup> Ibid. (p. 29)
- <sup>37</sup> MIG, Inc., Keyser Marston Associates, Bowman, and Intersecting Metrics for San Diego County Planning & Development Services. (2025). *Development Feasibility Analysis: Examining Constraints and Opportunities to Housing Development in Four Unincorporated San Diego County Communities: Buena Creek, Valle de Oro/Casa de Oro, Lakeside, and Spring Valley*. San Diego County Planning & Development Services. Retrieved June 1, 2026, from

<https://www.sandiegocounty.gov/content/dam/sdc/pds/advance/dfa/DFA%20Report%20-%202025.pdf>

<sup>38</sup> Romen, I., & UC Berkeley Turner Center for Housing Innovation. (n.d.). *City of Los Angeles Housing Element 2021-2029 Appendix 4.6: Technical Summary of Econometric Approach to Estimating Housing Element Site Capacity in the City of Los Angeles*. Los Angeles City Planning. Retrieved June 1, 2026, from [https://planning.lacity.gov/odocument/b4c79bae-5c3c-4564-b083-5cac5c35880e/Appendix\\_4.6\\_-\\_Technical\\_Appendix-Regression\\_Methodology%28Adopted%29.pdf](https://planning.lacity.gov/odocument/b4c79bae-5c3c-4564-b083-5cac5c35880e/Appendix_4.6_-_Technical_Appendix-Regression_Methodology%28Adopted%29.pdf)

<sup>39</sup> Romem, I., & Wilkinson, S. (2021). *Creating a Stronger Housing Element: The Example of Los Angeles*. UC Berkeley Turner Center for Housing Innovation. Retrieved June 1, 2026, from <https://turnercenter.berkeley.edu/research-and-policy/stronger-housing-element-los-angeles/>

<sup>40</sup> Garcia, D., Carlton, I., Patterson, L., & Strawn, J. (2023). *Making It Pencil: The Math Behind Housing Development (2023 Update)*. UC Berkeley Turner Center for Housing Innovation. Retrieved June 1, 2026, from <https://turnercenter.berkeley.edu/wp-content/uploads/2023/12/Making-It-Pencil-December-2023.pdf>

<sup>41</sup> Office of Economic Analysis. (2025). *Family Zoning Plan: Economic Impact Report*. City and County of San Francisco Office of the Controller. Retrieved June 1, 2026, from [https://media.api.sf.gov/documents/250700\\_economic\\_impact\\_final.pdf](https://media.api.sf.gov/documents/250700_economic_impact_final.pdf)

<sup>42</sup> Economic & Planning Systems, Inc. for City of Oakland Planning and Building Department. (2020). *Downtown Oakland Specific Plan: Incentive Program Feasibility Study*. City of Oakland Planning and Building Department. Retrieved June 1, 2026, from [https://cao-94612.s3.amazonaws.com/documents/191033\\_DOSP\\_CB\\_Final-Report-2020-07-10.pdf](https://cao-94612.s3.amazonaws.com/documents/191033_DOSP_CB_Final-Report-2020-07-10.pdf)

<sup>43</sup> *Major Project Applications*. (n.d.). Santa Cruz County Department of Community Development and Infrastructure. Retrieved June 1, 2026, from <https://cdi.santacruzcountyca.gov/UPC/GetInvolved/MajorProjectApplications.aspx>

<sup>44</sup> *Santa Cruz County Affordable Rental Housing Projects*. (n.d.). Santa Cruz County Department of Community Development and Infrastructure. Retrieved June 1, 2026, from <https://cdi.santacruzcountyca.gov/Planning/Housing/CountyHousingProjects.aspx>

<sup>45</sup> Santa Cruz Local. (n.d.). *Housing and construction project tracker, Santa Cruz County*. Santa Cruz Local. Retrieved June 1, 2026, from <https://santacruzlocal.org/housing-and-construction/>

<sup>46</sup> *Housing Project Tracker*. (n.d.). Housing Santa Cruz County. Retrieved June 1, 2026, from <https://www.housingsantacruzcounty.com/affordable-housing>