Recommended Action(s):
Adopt the resolution authorizing application for, and receipt of, Senate Bill (SB) 2 Planning Grants Program (PGP) funds administered by the California Department of Housing and Community Development (HCD) in order to seek funding for preparation of the Draft Environmental Impact Report (EIR) and costs of the Sustainability Policy and Regulatory Update (Sustainability Update).

Executive Summary
HCD has recently requested submittal of proposals to the SB 2 PGP. Year 1 of the PGP is intended to support the update of planning documents and other planning activities that accelerate housing production and streamline housing approvals. Staff recommends that the County pursue funding under this program to finance consultant fees and costs associated with the preparation of the Draft EIR for the Sustainability Update. Staff further recommends that the Board adopt the attached resolution authorizing application for, and receipt of, PGP funds, as required by the HCD grant application.

Background
On March 29, 2019, HCD issued a Notice of Funding Availability (NOFA) under the Senate Bill 2 Planning Grants Program (see Attachment A: NOFA). SB 2 was part of a 15-bill housing package signed by Governor Brown in 2017 to address the state’s housing shortage and high housing costs. The bill created a recording fee for certain real estate transaction documents, and directs 50 percent of the revenues in the first year to be used to establish a noncompetitive grant program that provides financial and technical assistance to local governments to update planning documents and zoning ordinances in order to streamline housing approvals and accelerate housing production.

Santa Cruz County qualifies for this grant as a medium locality, defined as 60,000 to 200,000 people, based on 2018 population estimates from the State Department of Finance. The County is eligible for a maximum award of $310,000 and may use grant funds for the costs of preparing and adopting a variety of planning documents and planning activities that demonstrate a nexus to accelerating housing production. These documents and activities include updates to the County’s General Plan/Local Coastal Plan and zoning ordinances, local planning related to implementation of sustainable communities strategies, environmental analyses that eliminate the need for project-specific review, and improvements that simplify and expedite the local planning process.
HCD requires a resolution from the County’s governing body to apply for and receive SB 2 PGP funds (see Attachment B: Resolution). The grant is administered on a reimbursement basis and does not require a match. Applications must be submitted to HCD by November 30, 2019.

**Analysis**

Planning staff proposes that the County apply for the 2019 SB 2 Planning Grants Program for up to $310,000 in State funds to finance the preparation of the Draft EIR required for the Santa Cruz County Sustainability Update.

The Sustainability Update will implement the 2014 Sustainable Santa Cruz County Plan (SSCC) through revisions to the County’s General Plan/Local Coastal Program and development regulations in the County Code. The update will incorporate a new planning horizon of 2040 for population and employment growth, reflect the sustainability goals and policies of the SSCC and other local plans, address recent changes in state law, and ensure compatibility with regional land use and transportation planning efforts.

The grant funds would be used to support work performed by the County’s consultant to prepare the Draft EIR for the Sustainability Update. The Draft EIR will include analysis of reasonably foreseeable potential impacts from the adoption of the General Plan and County Code amendments. Impacts designated as significant or less than significant pursuant to the criteria of CEQA and the State CEQA Guidelines, any thresholds or criteria used by the County or appropriate regulatory agency, and any indirect impacts of the Sustainability Update will be thoroughly analyzed and discussed within the document.

The Draft EIR is an ideal project for the SB 2 grant because it will support the preparation of the Sustainability Update. This update will modernize County policies to encourage more efficient development patterns in order to reduce greenhouse gas emissions and increase housing stock and affordability. The project funded by this grant is consistent with the Board’s efforts to address the housing crisis facing residents of Santa Cruz County and can also help bring the County closer to meeting its share of the Regional Housing Needs Allocation.

If awarded, the Planning Department will return to your Board to accept and appropriate the funds. Attachment C contains the Grant Application Worksheet for this application.

**Financial Impact**

This grant application is for $310,000 and does not require a local match.

**Strategic Plan Element(s)**

SB 2 PGP funds will help finance environmental analysis for the Sustainability Policy and Regulatory Update. The Sustainability Update will further the County’s ability to support diversified housing options, small businesses, transportation options, healthier and walkable communities, protection of rural lands and environmentally sensitive areas, and jobs/housing balance. Therefore, authorizing application for this grant will help toward implementing amendments that are consistent with several of the Strategic Plan goals, including: Health Equity, Affordable Housing, Local (Housing) Inventory,
Community Development, Regional Mobility, Community Mobility, Natural Resources, Climate Change, Regional Workforce, Local Businesses, and Community Vitality.

**Submitted by:**
Kathleen Molloy, Planning Director

**Recommended by:**
Carlos J. Palacios, County Administrative Officer

**Attachments:**
a  Notice of Funding Availability - Attachment A  
b  Resolution - Attachment B  
c  Grant worksheet, OneSource PR000061 SB2 - Attachment C