

INSIDE THE DIZZYING ISSUES OF GROWTH IN SANTA CRUZ.
ARE WE AFRAID OF HEIGHTS? BY CHRIS J. MAGYAR

VERTIGO

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Growth

WELCOME TO SANTA CRUZ.

It's 2028, and I suppose it's fair to say that things aren't the way they used to be. Downtown is an interesting place, with nightclubs and bars that attract students on the north end of Pacific Avenue, and a long strip mall in the middle running from Cathcart to Lincoln that caters mostly to seniors. South of that, it's sleazy motels and trinket shops until the Boardwalk, which still garners a number of tourists during the four-month vacation window, though the amusement park is a shell of its former self and the beaches are quite frankly running to ruin. Ocean Street is home to several gated retirement communities and low-income housing, with the occasional buffet diner and service station breaking the monotony. Seabright and the West Side still provide nice single-family homes, but only the richest can afford to occupy the whole of them, and several houses have been converted to apartments where service workers desperately cling on to studio spaces that rent for more than \$300,000 per year.

There's a mall, which had a brief flourish of activity in the 2010s, but has since fallen into disrepair. You can find it on Soquel Avenue just outside the city limits, in case you need a substandard drug store or a place to purchase used computer equipment. Most people with means live near Bonny Doon or in Scotts Valley, especially the retirees, since that's where you can find one-stop shopping in the form of Wal-Mart (just off Highway 17) and Target (near Grandview on Highway 1). UC Santa Cruz thrives, especially since its expansion and ascension to computer engineering prominence 10 years ago, but the students and faculty mostly keep themselves to the hill and the newly widened Mission Street corridor north of Bay Street.

Young people seeking their fortune here mostly flock toward the north end of old Watsonville, even though its downtown is eerily vacant. The Freedom corridor bustles with sprawling neighborhoods of multiunit dwellings on former farmland, which provides almost-affordable housing on the commute corridor into Monterey. There's still a nice beach near Seascapes, if you can afford to get there. And everyone agrees

that the weather is fantastic—just about 80 degrees and sunny year-round. Sure, there are burdensome water restrictions every fall, but that's just the price you pay for living in such a gorgeous area with so much open space and recreation. The parks all feature state-of-the-art playground equipment, even though there are hardly any children to play in them.



+13%

Median Family income
increase from 1998 - 2007

The schools in the northern part of the county have been mostly converted into community halls and retirement communities, with the bulk of the public schooled children attending class at the old high school, where kindergarten through 12th grade classes are crammed into its outdated walls. A lucky few make the lottery for their children to get schooling at charters in the San Lorenzo Valley, which have a reputation for feeding the many Cabrillo and UCSC campuses throughout Santa Cruz County. The big problem, by general consensus, is drug trafficking, which has gripped many of the coastal areas and attracts unwanted commerce from the Bay Area during summer months.

Next week, the city council will debate what to do about Church Street, where the old library and Civic Auditorium sit abandoned and in dire need of redevelopment. Many voices cry out for more affordable housing for our seniors, but a few wonder if perhaps a new industrial zone could be created to spur much-needed job growth. You can attend in the new council chambers nearby, where the former hulk of the *Sentinel* press has been converted into makeshift chambers for the city government after it outgrew city hall in 2021 but lacked the funds to build an addition.

Sound far-fetched? Like any prediction of the future, it probably is. After all, could anyone in 1988 have predicted today's Santa Cruz landscape given the Loma Prieta Earthquake and the dot-com boom? But there are legitimate reasons to worry about the apocalypse of Santa Cruz, and steps that must be addressed to forestall it. The facts are that the city and county are growing much more slowly than the surrounding areas, and that the demographics are aging in economically curious ways. As the city

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of Santa Cruz builds its general plan for 2030, it's time for the community to perhaps reassess its attitude toward growth; not wholly, as the cultural imperative to retain the area's charm and essence are well-placed, but with some flexibility, because it appears that yesterday's successful conservation efforts have led directly to today's dilemmas, and tomorrow's potential follies.

■ The Numbers Game

What do current population trends project for Santa Cruz in 2028? Nationwide, the aging and retirement of the Baby Boomer generation is creating interesting dilemmas. An article by Megan McArdle in the January issue of *The Atlantic* profiled Newark, New York, a town that has already passed into the retirement age of the Boomers—about 20 percent of the town's 10,000 residents are over the age of 65. The picture painted is not too different from the hypothetical situation above. The middle school has been converted into senior housing. Property taxes are through the roof in order to provide all the services necessary. Local stores close while Wal-Mart thrives, because the population isn't as mobile as it used to be. The local community college is bustling with students training for the health care industry. It's not a stretch to imagine Capitola like this.

Part of this is a national trend for the non-immigrant population is getting older. Even with immigration, the workforce in America is remaining steady as the population increases. One of the most eye-popping statistics McArdle cites is the fact that in 1945, every retiree had 42 workers to support them. By 2028, each retiree will be supported by just two.

Locally, the issue is even more acute. There are only three age groups who have actually increased in number since 1999: 15 to 24 (due largely to UC Santa Cruz), which has increased 28 percent; 45 to 65 (the Boomers), which has bloomed at a rate of 26 percent; and retirement age (65 and up), with a modest increase of 4 percent. Wage-wise, the first group is typically going to contribute economically in very minor ways (minimum wage, retail jobs) if employed at all. The second group represents the strongest wage earners, but is approaching retirement—envision that population growth shifting to the next bracket up. And that last bracket is the whopper: it's a cold reality that retirees represent an economic burden, unless of course they do not retire (in which case job growth is needed to offset the lack of employment turnover at management levels).

The age group of 25 to 44—which, in the crude but necessary parlance of demography, could be bluntly called the Breeding Years—has fled Santa Cruz County this millennium, with an 8 percent decrease since 1999, and they've taken their kids with them (all age groups below 15 have decreased by double-digit percentages). These two demographic groups happen to be the fastest growing ones in the rest of the state. It's almost as if the county put a sign up on either side of Highway 1 saying, "Bring us your tired, your poor, your downtrodden. You can have the families."

It's hard to chicken-and-egg this kind of stuff, but there's a concurrent job trend to match the population. The largest industries in Santa Cruz are tailored to a few wealthy, older owners and scads of cheap labor. This is not a middle management town. The largest industries are education (which has the distinct advantage of its customers being much of its workforce), agriculture, tourism, and retail that depends on tourism. Looking over the list of the county's top 20 employers, your best shot at raise-a-family money is in Scotts Valley or Watsonville. Taking those two cities off the list leaves exactly the following major employers: Cabrillo College, UC Santa Cruz, Dominican and Sutter Hospitals, city/county government, the Boardwalk, and

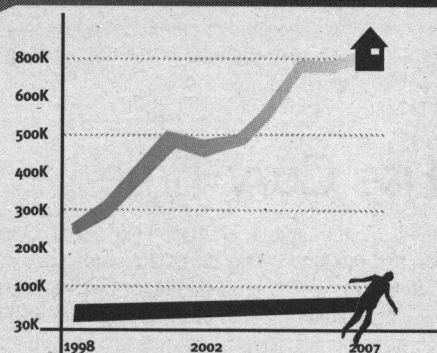
"The question we all ask ourselves, those of us lucky enough to buy homes a long time ago, is when I leave, will the person who gets my job be able to afford my house? The answer is no."—Tom Burns

Plantronics. You need a PhD or M.D. to make real money with the first four, an economy that relies on its government for employment quickly eats its own tail, and the Seaside Company—while by all accounts a loyal employer—creates the bulk of its jobs for lower wage-earners. Before everyone fills out a job application at Plantronics, it's important to ask the question: how does this economy work?

HOUSING VS. INCOME



A recent informal and non-scientific poll taken at gtweekly.com (see the results on page 5) show that most people in Santa Cruz believe the area doesn't need more of anything, though there was a slight push for jobs. It does appear, to the untrained eye, that Santa Cruz is much more heavy on homes than offices. But Ken Thomas, the city's principal planner in the



quaintly named Future Planning Division, says the reverse is true. "We have 1.27 jobs per housing unit. So we're importing workers. We're getting older, less families, whiter, richer, and you see the middle ages of 25 to 45 are leaving. City institutions rely on that cohort. We've got college-age adults and senior citizens, with not much in between, and that's not the recipe for a healthy community. Senior citizens demand a lot of services, but with a shrinking tax base, it will be hard to provide those services. And the expectation in Santa Cruz is to have a high level of services from the government."

Both the city and county are now seeking to shake an anti-business perception in order to attract more industry to the area. Tom Burns, the director of Santa Cruz County's Planning Department, says, "It's only been in the last five to 10 years that the city has been pro-business. And the unincorporated area, fairly or not, still has a reputation for being not pro-business."

"It's not like we've been inviting big retailers and box stores," he adds. "We've done just the opposite. What saved us was back in the '80s and '90s when the box stores got going, they all ignored Santa Cruz for being small potatoes, and they went into the bigger markets and it took them 10 years to realize their competition was too great. Costco had some of the best per-square-foot sales in the state because nobody else had that niche here. A store like Circuit City probably had that same experience."

Without advocating an ocean of boxes, he indicates that the area must become more receptive to retail. "The delicate challenge is how to attract enough business to meet the needs of local folks, stop the leakage of retail sales to San Jose, but not overbuild," he says.

Of course, retail jobs aren't exactly raise-a-family money for the majority of the employees, either. And the area already has one of the highest concentrations of small-scale

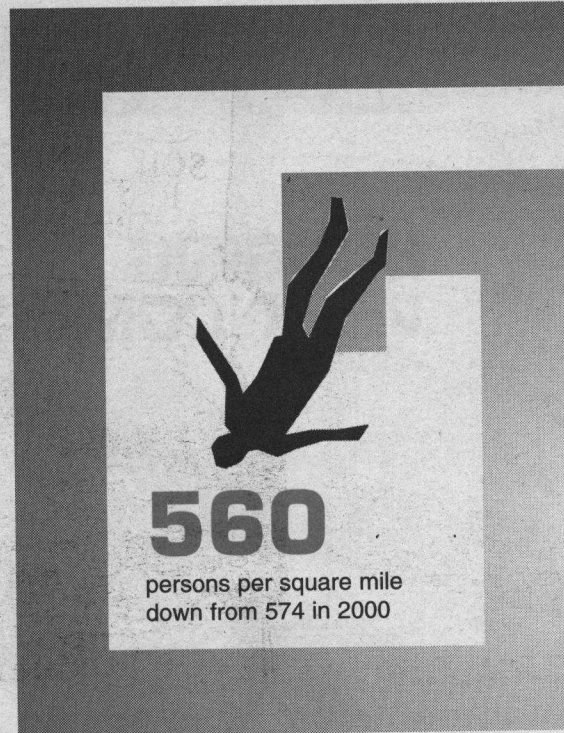
entrepreneurial businesses in the nation, and it makes no sense to undermine that with national competitors. It should be possible to preserve the Santa Cruz lifestyle without selling its soul to Wal-Mart. What's in the way isn't necessarily jobs—it's housing.

Speaking about the impending demographic shift, Burns says, "If you could take housing out of the equation, there'd be no big deal, because you'd fill that void of people maturing in their careers, but the question we all ask ourselves, those of us lucky enough to buy homes a long time ago, is when I leave, will the person who gets my job be able to afford my house? The answer is no. There are all us dinosaurs roaming around who've been able to stay here, but the next generation of people taking our jobs won't be able to."

■ It's Cozy Time

Santa Cruz and Capitola are both built out. Only about 3 percent of the land within those city borders is vacant, and those lots are all problematic for development. The green belt system in Santa Cruz—a ring of land the city purchased and set aside as open space in perpetuity to prevent sprawl, particularly in the northerly direction—avoids the temptation of building outward. But now, it seems, there's nowhere to go but up.

Alex Khoury, the acting director of the city Planning Department whose business card reads "Preserving Our Place, Shaping Our Space," says the movement skyward has already begun. "We've gone up to five-, six-, and now a seven-story building. As we work out the plan, there may be some growth. I don't think you'll see high rises throughout the city, but maybe in specific areas where we can center growth and accommodate the potential for more units.



"It will never be downtown San Jose, or even a Pasadena," he adds. "We're dealing with infill, and there are limited lots left, and the choice is whether or not to go up."

The plan he alludes to is the city's 2030 General Plan, which is currently under consideration and open for community comment. The last plan was cobbled together in the wake of the Loma Prieta Earthquake, and as such

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wasn't necessarily focused on environmental issues that are so urgent in this new millennium.

"The process is citizen participatory," says Thomas. "The role of this office is to provide expertise and look at alternatives. That's one quality about this community, is you don't have a lack of citizen participation. People are very willing to spend their time graciously and put in their input." He adds that looking at the big

picture of the next few decades doesn't involve setting things in stone. "We can't sit here in 2008 and understand the technological changes that will occur in the next 20 years. Changes in lifestyle, community values ... it's not meant to be what we see now is how it will be in 2030."

At the county level, however, Burns is not feeling the same connection with the citizenry, and he worries that locals are not ready to have a serious conversation about the changes that are coming. "There's a community conversation that needs to happen and everyone's afraid to have," he says. "There's a feeling that how to plan for tomorrow is to turn it into what yesterday was. People came here to get away and come to this sacred place and put up the wall behind them. But it is a dynamic thing. The community's changing one way or another, and the question is do we grab onto it and make changes that work best for the community?"

His point reminds of the word "preserving" on Khoury's business card. Could it be that such a fundamentally progressive area has, in its planning, become conservative?

"Nobody can build their way out of this housing crisis." —Ken Thomas

Burns says, "Historically, we've been resisting change. No surprise that we have congestion on Highway 1 south of Santa Cruz. That's a direct link to our housing affordability. It shocked me to find out five years ago that hardly anyone saw the connection between those two. Seems pretty obvious, doesn't it?"

"Everybody fixated on the 17 commute, this other one started slowly creeping up," he adds. "We've created, in a sense, without consciously doing it, a major con-



gestion problem on Highway 1 because people weren't willing to look at the future and create affordable housing near our job centers. Look at the whole push from the state to reduce greenhouse gases, it's all about reducing vehicle miles. Are we willing to come together and say, we claim to be an environmental community, are we really willing to sit down and grapple with the trade-offs that those issues involve? It could force us to challenge some things we've held sacred over the years."

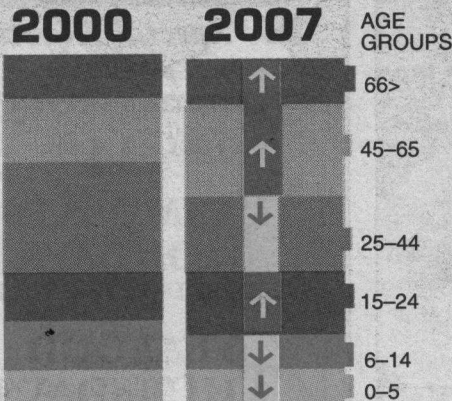
At both the city and county, the mantra seems to be transportation. While the Regional Transportation Commission has wrestled with the problems of today's congestion, the planning departments have been looking for ways to make alternative transportation a more viable option. And the current thinking is that density is the way to go.

"Nobody can build their way out of this housing crisis," says Thomas, as a caveat. "What we can do is interfere with the market by trying to provide subsidized housing. We anticipate in the next 30 years that underutilized properties will be redeveloped."

Hopefully, he says, that could happen along the corridors of Mission, Soquel, Ocean, and to use locations where it makes sense to build higher, like major intersections.

"You'll have a type of housing product that hasn't been developed as much as it should be: smaller units," Thomas notes. "We can't step in and tell people what to do with their property. But as these properties pass on, we can provide incentives to get property owners working together to combine a large site and zone it for higher density. Especially where we can build a transit corridor, to support non-automotive transportation."

DEMOGRAPHICS



↑ INCREASED POULATION
↓ DECREASED POULATION



-7.7%
Decreased population
in age group 25-44

He adds that converting existing commercial areas for housing would be counterproductive. "The market is still pounding at the door to put housing on the industrial areas, because it's easier to do that, but the city so far has refused in order to preserve the industrial area for firms. If you take existing single-family areas out, and the industrial areas out, it really only leaves the corridors. We'll probably look at mixed-use with office space on the ground floor and residential on the upper floors." The current priority in the city is the Ocean Street corridor, and meetings have already begun with the citizens in that area to envision how that might be developed for better

use. Khoury says it's too early in the process to make a firm prediction about how Ocean Street will shape up. Another area under examination is Seabright. "The challenge for us is going to allow the infill and having the citizens agreeing with that," says Khoury. "What we see now is some of our multi-family zoned areas that haven't been touched in the past, as they evolve into that higher density, people are now concerned that the flavor of their neighborhood is changing."

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Both city planners encourage people to think outside their neighborhood, and consider the common good, when discussions of higher density take place. "Changes in one area affect another," Khoury says. "By putting more density on the corridors or downtown, perhaps we can relieve Seabright. And maybe we can control for a higher quality of design product, but I think people mostly are concerned about more traffic."

Thomas adds, "People don't understand the benefit of density on corridors could relieve the houses that are designed for a four-person family being occupied by 10 students, because the students can't find affordable housing. Get these students into housing that's more appropriate for them, and you won't have party houses and six cars parked on the sidewalk all the time."

While it's difficult to simultaneously argue that Santa Cruz needs more families and fewer single-family homes, that seems to be the special dilemma for this and most other coastal areas in the state. "This isn't a negative com-

ment, but a person's self interest is their house," Thomas says, "and they become rightfully concerned about that and their immediate neighborhood. But we have to look at the common good. How do we as a community respond to the needs of various groups who perhaps don't have a strong economic interest in a house? That's why there's been a shift of thinking in terms of density on the corridors, out of acknowledgment that single-family home neighborhoods are not interested in seeing change happen."

■ Rent Sweet Rent

The mental shift that's the most difficult to make is the one that runs counter to a longstanding American dream: home ownership. Most people, when conjuring up the mental image of someone unable to afford a home, still subconsciously think of the very lowest income brackets. But here, that's not the case.

"When I have Dominican Hospital calling to ask if we have housing assistance programs for surgeons, that tells you how bad it's getting," Burns says. For the foreseeable future, we are all renters. "If I sit down with a large group and say, when we talk about affordable housing, we're talking about your kids, teachers, firefighters, nurses, postal workers, the service workers who make a community function. Those workers aren't able to come here anymore. Everyone says, we have to do something about that. But then you put forth the contribution, and you hear how they

can't handle the traffic or water." Right now, almost all the growth in the county is being absorbed by Watsonville and the unincorporated sections of mid-county like Aptos, Soquel, and Live Oak. (Santa Cruz is unique in that, far from being sleepy and rural, the unincorporated parts of the county have 60 percent of the population, and 36 percent of the jobs.) In the south, the fight is shaping up along the lines of sprawl,

and how much agricultural land should be converted to housing, particularly in the northern part of the city's jurisdiction around Freedom. There has been some sentiment brewing that agriculture's day is done, and that the industry is doing more harm than good to our community's environment.

Burns doesn't agree, but he is interested to find out how the community really feels about our farmers. "The assumption for now is that ag is going to continue to be a primary industry," he says. "We had some really versatile farmers who have continued to adapt to changing economics, more so than in other places, and have kept the industry viable."

He notes that Santa Cruz has had the luxury of supporting farming because it's also been open space.

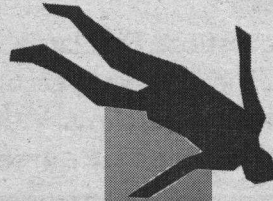
"Let's talk about turning farmland into greenhouses, because that new crop might be the only economically viable one left, and we'll find out how supportive people really are of agriculture in this community," he adds. "We've had a few early skirmishes in that direction. The support for agriculture is only strong as long as it's open space land."

If preserving open space continues to be the goal, and land premiums in California are going to continue to put home ownership out of reach, and neighborhoods continue to oppose increases in density, then what? "Where is this workforce coming from?" Burns asks. "We are importing it from somewhere." He mentions the hopscotch trend of Santa Cruz workers only being able to afford to live in Salinas, and Salinas workers only being able to afford to live in Prunedale, etc. "We're all worried about global warming issues, and creating those commutes is so antithetical to what we're doing."

A truism of growth is that if you prevent it in one area, it

-2.3%

Decrease in Santa Cruz
County's population
density since '04.



will occur doubly somewhere else, usually nearby. Ladies and gentlemen, meet Monterey County. While its General Plan has been so contentious that the legal issues have lasted nearly as long as its 20-year scope, Burns believes that in the end, Monterey's politics are more amenable to rapid growth than ours, and that could have a major effect on both Highway 1 and Watsonville.

He says, "Imagine sitting in Watsonville's shoes and saying, 'We've resisted a Wal-Mart because we know they're category killers and hurt our other stores and we don't want to do that. But we surely don't want them to be five miles away and we get none of the benefits and all the problems.' Monterey County has a site right over the border where Wal-Mart would love to go."

Santa Cruz County, like a gated community writ large thanks to its geographic borders, has done a great job of remaining insulated from the growth issues that have plagued the rest of the state and the nation. However, you can insulate, but never isolate. Not only are growth issues beginning to take on the feeling of inevitability, the alternative of staying the course is too problematic to ignore.

"What happens to the quality of schools?" Burns asks. "As the price of housing goes up, the number of students per household goes down. It's no surprise we're having an enrollment crisis in the schools. And when you've got a commuting workforce, it's not invested in the community, and all these intangibles of community involvement suffer. We don't have to look far to see communities with identity problems. They become monocultures of blah people other than the remaining dinosaurs who own their houses from way back. It's not a pretty picture down the road.

"It would be nice to think we could have a different kind of approach to the future options and how we might mindfully select a new path," he adds. "We don't need to grow faster, necessarily, but perhaps in a different way."

The alternative to jumping into this conversation together, as a community, is having it taken away. The state of California looks at the housing mess as a byproduct of too much local control. While Burns says the county still has a tremendous amount of flexibility, the push is toward more regional, and eventually state control. "The state thinks we're too close to the electorate and bow to political pressure instead of doing the right thing. It's basically saying a higher-level entity needs to decide where growth happens. To some degree I wouldn't disagree with that. It's not a popular concept locally, but it is

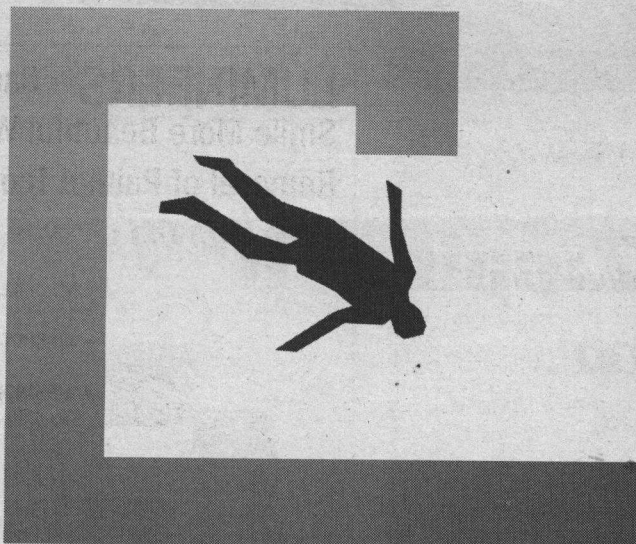
better for big picture decisions to get made with a long-term view."

Now is not the time for Santa Cruz to rest on its laurels. "Twenty-five years ago, we did this cutting-edge growth management stuff," Burns says. "We stopped development in rural areas, and created urban service lines to protect agricultural lands, all this forward-thinking stuff. But that was supposed to be dynamic, and change with the times, and it froze. I'm not saying we should throw that stuff out the door, but shouldn't we have a conversation about whether all those pieces make sense in today's world?"

In that spirit, these pages are yours, Santa Cruz. Your government is practically begging for dialogue. We will continue to do our best to focus on all the issues that surround growth in this area, to give you the best information we can on the

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—Tom Burns



subject. In return, what are your thoughts? What can you contribute? What can your neighborhood do to keep Santa Cruz viable?

Perhaps for too long, this area, this city in particular, has fixated on preserving its aesthetic beauty. And it is beautiful. But will it age well, or, like a movie star with too much plastic surgery, will it be stretched to a hideous conclusion? Instead of focusing on aesthetics, are there underlying, healthy, progressive changes we can make to the character of our community that will keep it alive, and exciting, and weird? Let's talk. ■

Send your ideas on growth and the future of Santa Cruz to letters@gtweekly.com.