

Attachment 3

County of Santa Cruz Programs to Support ADUs

Limited Immunity Amnesty Program

The County of Santa Cruz has created a Limited Immunity Amnesty Program (LIAP) for property owners with unpermitted ADUs. The LIAP does not “legalize” unpermitted ADUs. Property owners who work with the County to have their property inspected for compliance with safety and habitability requirements are rewarded with a Certificate of Limited Immunity from code compliance actions. There is a four part, 64-point inspection checklist that is used to determine if a property is safe and habitable. The difference between the LIAP and fully legalizing a unit is that the LIAP inspection only looks at the surface issues of safety and habitability, i.e. the inspector checks to see if GFCI circuits/outlets are present where required by the building code but the internal wiring is not inspected for compliance. The County’s goal, according to their Housing Program Manager, is to get property owners to get units fully permitted and use the LIAP only in cases where that is not possible, such as when setback requirements cannot be met.

ADU Loan Programs

The County has capitalized two programs, the My House My Home and the Forgivable Loan Program. Funding for both programs came from the County’s Affordable Housing Impact Fees (AHIF). Staff costs for both programs are paid by either AHIF or the General Fund.

The goal of the My House My Home program is to build ADUs on the properties of qualifying low-income seniors to provide additional income and adjustable living situations to help seniors age in place.” supporting the development of a new income source. The financial assistance is in the form of \$80,000 loan at three percent simple interest, deferred for up to 30 years, or payable upon sale or transfer. Borrowers must live in either the primary residence or the ADU and rent to a household whose income is at or below 60% of area median income. Funding for one-unit per year in each of the next three years has been set-side. The initial capitalization is from the AHIF.

The purpose of the ADU Forgivable Loan program is to provide up a loan of up to \$40,000 at three percent interest, deferred for 20-years. During the term of the loan, the primary residence or the ADU must be rented to a household earning no more than 80% of the area median income. The loan is forgiven if one of the residences is rented to income qualified households for the 20-year term the loan.

Help Understanding the ADU Financing, Design, Permitting and Construction Processes

The County of Santa Cruz has invested heavily in its efforts to help the public understand issues related to ADU permitting and construction. In addition to creating a web presence for promoting ADUs, the County has prepared several materials to help would be ADU developers understand the challenges and opportunities associated with building an ADU. These resources include: the 12-page ADU Basics; the 62-page Cost and Financing Guide; and, a 12-page Design Guide.