

Attachment 2

City of Santa Cruz ADU Programs

The City of Santa Cruz has allowed ADUs since 1986 and established what has been considered a model Accessory Dwelling Unit program in 2003. The city received grants from the California Pollution Control Financing Authority and the Sustainable Communities Grant and Loan Program to design the program and many of the supporting materials. At the time the program was implemented in 2003, the city could implement several specific activities, including production of an ADU Design Book, ADU Manual and ADU loan program. The ADU Manual provided guidance on how to make their ADU architecturally compatible with their neighborhood, zoning regulations and the permitting process. Property owners who selected designs out of the ADU Design Book qualified for expedited permitting. While the ADU Manual and Design Book are still available, property owners no longer qualify for expedited permitting for choosing a design from the Design Book. The loan program has been discontinued.

Between 1986 and 2017, a total of 443 ADUs have been permitted in the city with 78% of them being detached units. The city's extensive outreach around the 2003 revisions have had a noticeable impact on the construction of legal ADUs. Prior to 2003, the city permitted an average of 5 ADUs annually. In the 14-years since the city overhauled its ordinance, an average of 24.6 ADUs have been permitted annually. The city's ADU policies and incentives have resulted in 45 affordable units since 1986.

Incentives

The City offers two types of incentives to encourage ADU development. All ADU projects are eligible for the five zoning incentives identified in the Municipal Code. Four of the zoning incentives deal with parking and one deals with rear yard coverage. The fifth allows development fees to be waived for ADUs that are proposed to be rented at affordable rents. The Municipal Code identifies six development fees that may be waived based on the proposed affordability level that the ADU will rent at.

City staff reports that the Fee Waiver Program has pretty much ended because of state requirements that impose prevailing wage requirements on projects that received public funding. The waiver of fees was determined to be public funding.