ORDINANCE NO. 2024-23

AN ORDINANCE OF THE CITY OF SANTA CRUZ AMENDING SANTA CRUZ MUNICIPAL CODE SECTIONS: 23.04.050.1 - SUBDIVISION PRINCIPLES – GENERAL, 23.12.030.1 - DIVISION OF LAND – FEWER THAN FIVE PARCELS – MAPS REQUIRED, 23.37.020.1 - PROVISIONS FOR CONVERSIONS OF EXISTING STRUCTURES – VACANCY REQUIREMENTS – EXCEPTIONS, 23.37.050 - PROVISION FOR THE PROTECTION OF TENANTS, 24.08.810 - PROCEDURE FOR SLOPE DEVELOPMENT PERMIT (APPLIES OUTSIDE THE COASTAL ZONE), 24.10.4060 - NEW CONSTRUCTION ON SITES ABUTTING OVERLAY DISTRICT BOUNDARIES, AND 24.16.020 – BASIC ON-SITE INCLUSIONARY HOUSING REQUIREMENTS; CHAPTER 24.16, PART 2 – ACCESSORY DWELLING UNITS; AND ADDING NEW SECTION 24.16.165 - SEPARATE SALE OF ACCESSORY DWELLING UNITS TO MAINTAIN CONSISTENCY WITH STATE LAW, REMOVE OWNER OCCUPANCY REQUIREMENTS FOR ACCESSORY DWELLING UNITS CONSTRUCTED PRIOR TO 2020, AND ALLOW FOR THE SEPARATE SALE OF ACCESSORY DWELLING UNITS. (CEQA: EXEMPT PURSUANT TO CEQA GUIDELINES SECTION 15183 AS A PROJECT CONSISTENT WITH THE GENERAL PLAN FOR WHICH AN EIR WAS CERTIFIED.)

WHEREAS, accessory dwelling units contribute needed housing to the community's housing stock and provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others within existing neighborhoods, and homeowners who create accessory dwelling units may benefit from added income and an increased sense of security; and

WHEREAS, in 2023, AB 1033 (Ting) was signed into law, allowing local jurisdictions to create an ordinance to allow for the separate sale of accessory dwelling units and their associated primary dwellings as condominiums; and

WHEREAS, On October 22, 2024, City Council directed staff to return with a proposed AB 1033 implementing ordinance; and

WHEREAS, in 2023, existing law provided that the City could impose an owner occupancy requirement on an accessory dwelling unit, provided that the accessory dwelling unit was not permitted between January 1, 2020, and January 1, 2025. In 2023, AB 976 (Ting) was signed into law, removing owner-occupancy requirements for properties with accessory dwelling units for any accessory dwelling unit created in 2025 and in perpetuity thereafter; and

WHEREAS, On October 22, 2024, City Council approved an ordinance removing owner-occupancy requirements for accessory dwelling units created in 2025 and beyond and directed staff to return with a proposed ordinance to remove owner-occupancy requirements for accessory dwelling units created prior to January 1, 2020; and

WHEREAS, on September 19, 2024, SB 1211 (Skinner) was signed into law, making changes to requirements for parking associated with accessory dwelling unit development, increasing the number of statewide exemption accessory dwelling units allowed on sites with

multi-family buildings, and limiting the standards that can be applied to statewide exemption accessory dwelling units; and

WHEREAS, on September 28, 2024, AB 2533 (Carrillo) was signed into law, creating new limits on when a local jurisdiction could deny a permit to legalize an unpermitted accessory dwelling unit and extending those limitations to junior accessory dwelling units; and

WHEREAS, amendments to municipal code requirements related to accessory dwelling units are needed to maintain consistency with state law; and

WHEREAS, at its November 7, 2024 meeting, the Santa Cruz Planning Commission cancelled the meeting due to lack of a quorum and rescheduled review of the proposed modifications to the meeting of November 21, 2024; and

WHEREAS, at its November 21, 2024 meeting, the Santa Cruz Planning Commission reviewed the proposed additions and modifications to the Santa Cruz Municipal Code and found that the public necessity, and the general community welfare, and good zoning practice shall be served and furthered; and that the proposed amendments are in general conformance with the principles, policies and land use designations set forth in the General Plan, Local Coastal Plan and any adopted area or specific plan; and

WHEREAS, at its November 21, 2024 meeting, the Santa Cruz Planning Commission passed a motion that recommended the City Council approve the proposed amendments; and

WHEREAS, the proposed amendments to the Santa Cruz Municipal Code fall within the analyzed development potential in the City of Santa Cruz's existing 2030 General Plan Environmental Impact Report using the existing zoning and General Plan and, therefore, pursuant to California Code of Regulations, Title 14, section 15183 of the California Environmental Quality Act (CEQA) Guidelines, no further environmental review under the CEQA is required.

BE IT ORDAINED By the City of Santa Cruz as follows:

Section 1. Section 23.04.050.1 of Chapter 23.04 of the Santa Cruz Municipal Code regarding Subdivision Principles – General is hereby amended to read as follows:

23.04.050.1 SUBDIVISION PRINCIPLES – GENERAL.

The necessity for tentative parcel maps and tentative subdivision maps, parcel maps, and final maps shall be governed by the provisions of the Map Act and this title. A tentative and final map shall be required for all subdivisions creating five or more parcels, including community housing projects, except where expressly excluded by the Map Act. The city council shall have final jurisdiction in the approval of tentative and final subdivision maps. A tentative parcel map and a final parcel map shall be required for all subdivisions referred to herein as minor land divisions, including community housing projects creating four or fewer parcels, except for creation of no more than four condominium parcels for accessory dwelling units and their associated primary dwellings pursuant to Section 24.16.165, in which case a tentative parcel map shall not be required,

but a parcel map shall be required. The zoning administrator shall have final jurisdiction in the approval of such minor land divisions. A tentative subdivision map and a final map shall be required for all other subdivisions of land or other procedures provided in the Map Act, and the city council shall have final jurisdiction in the approval of such maps. Each subdivision or minor land division shall conform to the standards and principles set forth, or referred to, in this title unless modified for good cause by the city council, the zoning board, or the zoning administrator.

Section 2. Section 23.12.030.1 of Chapter 23.12 of the Santa Cruz Municipal Code regarding Division of Land – Fewer Than Five Parcels – Maps Required is hereby amended to read as follows:

23.12.030.1 DIVISION OF LAND – FEWER THAN FIVE PARCELS – MAPS REQUIRED

A tentative parcel map and a parcel map shall be required for all divisions of land which create fewer than five parcels, except for:

(a) Divisions of land created by short-term leases (terminable by either party on not more than a thirty-day notice in writing) of a portion of an operating right-of-way of a railroad corporation defined as such by Section 230 of the Public Utilities Code; provided, however, that upon a showing made to the city engineer, based upon substantial evidence that public policy necessitates such a map, this exception shall not apply;

(b) Lot-line adjustments, provided:

(1) The parcels resulting from the lot line adjustment will conform to the general plan, any applicable specific plan, any applicable coastal plan, zoning and building ordinances; and

(2) A greater number of parcels than originally existed are not created by the lot line adjustment.

(c) Creation of no more than four condominium parcels for accessory dwelling units and their associated primary dwellings pursuant to Section 24.16.165, in which case a tentative parcel map shall not be required, but a parcel map shall be required.

The zoning administrator shall review the application for a lot line adjustment and shall not impose conditions or exactions on approval except to conform to the general plan, any applicable specific plan or area plan, any applicable coastal plan, zoning or building ordinances, and except to facilitate the relocation of existing utilities, infrastructure, or easements.

No tentative map, parcel map, or final map shall be required as a condition of approval of a lot line adjustment. The lot line adjustment shall be reflected in a deed, which shall be recorded. No record of survey shall be required for a lot line adjustment unless required by Section 8792 of the state Business and Professions Code.

Section 3. Section 23.37.020.1 of Chapter 23.37 of the Santa Cruz Municipal Code regarding Provisions for Conversions of Existing Structures – Vacancy Requirements - Exceptions is hereby amended to read as follows:

23.37.020.1 PROVISIONS FOR CONVERSIONS OF EXISTING STRUCTURES – VACANCY REQUIREMENTS – EXCEPTIONS.

(1) An existing residential structure may be converted to a community housing project and be exempt from Section 23.37.020(a) if the structure is converted and sold to at least sixty-seven percent of the existing tenants. In such cases, proposals containing five or more units shall provide at least twenty percent of the total units for purchase by households of below-average income pursuant to Section 24.16.050 of the Zoning Ordinance.

(2) An existing residential stock cooperative proposed for conversion to a condominium is exempt from Section 23.37.020.

(3) A building which is listed on the city historic building survey or which is a contributing building located in a city historic district.

(4) Creation of no more than four condominium parcels for existing accessory dwelling units and their associated primary dwellings pursuant to Section 24.16.165.

Section 4. Section 23.37.050 of Chapter 23.37 of the Santa Cruz Municipal Code regarding Provision for the Protection of Tenants is hereby amended to read as follows:

23.37.050 PROVISION FOR THE PROTECTION OF TENANTS.

Conversion of existing residential structures to community housing projects can be approved in accordance with Section 23.37.030 only if evidence is provided that the following provisions have been implemented:

(a) Each of the tenants of the proposed projects has or will have received all applicable notices and rights now or hereafter required by the State Subdivision Map Act, including written notice of intention to convert, at least sixty days prior to the filing of a tentative map, pursuant to Section 66452.9 of the Government Code; ten days' written notification that an application for a public report will be available upon request, pursuant to Section 66427.1(a) of the Government Code; written notice of public hearing and the tenant's right to appear and to be heard on the conversion, pursuant to Section 66451.3 of the Government Code; and copies of the staff report on the tentative map at least three days prior to any hearing or action on such map, pursuant to Section 66452.3 of the Government Code.

(b) Within ten days after the filing of the tentative subdivision map with the city, the subdivider shall cause the following notice to be delivered or mailed by certified or registered mail with return receipt requested to the occupant of each occupied apartment being converted to a condominium:

NOTICE TO PRESENT TENANT

This apartment is sought to be converted to a condominium unit and may be subject to future sale. The City of Santa Cruz will provide information about the City's regulations regarding conversions of apartments to condominiums.

(c) At the time of the issuance of the written notice of the intention to convert, the applicant has informed the tenants that a tenants' association has the right to negotiate for the purpose of converting the structure as a cooperative.

(d) Within ten days of approval of a final map for the proposed conversion, each of the tenants of the proposed project will be given written notification of the approval.

(e) Each of the tenants of the proposed project has been, or will be, given one hundred eighty days' written notice of intention to convert prior to termination of tenancy due to the conversion or proposed conversion. Tenants aged sixty-two or older or handicapped or with minor children have been, or will be given an additional one hundred twenty days in which to find suitable replacement housing. A list of available rental units of similar price shall be provided to each tenant. The provisions hereof shall not alter or abridge the rights or obligations of the parties in performance of their covenants including, but not limited to, the provision of services, payment of rent, or the obligations imposed by Sections 1941, 1941.1 and 1941.2 of the California Civil Code.

(f) Each of the tenants of the proposed project has, or will be given, the right to cancel any existing lease following receipt of the written notice of public hearing by providing thirty-day written notice to the landlord.

(g) Each of the tenants of the proposed project has been, or will be given, notice of an exclusive right to contract for the purchase of his or her respective unit or, in the case of a cooperative, the share controlling the dwelling unit then occupied by the tenant upon the same terms and conditions that such unit will be initially offered to the general public on terms more favorable to the tenant. The right shall run for a period of not less than ninety days from the date of issuance of the subdivision public report, pursuant to Section 11018.2 of the Business and Professions Code, or approval of the application by city if a subdivision public report is not required, unless the tenant has given prior written notice of his or her intention not to exercise the right.

(h) Each of the tenants of the proposed project who resided in the project at the time of the issuance of the notification of intention to convert has been, or will be, offered moving and relocation assistance amounting to one and one-half times the tenant's monthly rent, except when the tenant has given notice of his or her intention to move prior to issuance of intention to convert. However, if tenant relocation is required due to the conversion of no more than four units consisting of accessory dwelling units and their associated primary dwellings to condominiums pursuant to Section 24.16.165, relocation assistance shall be defined as four months' rent for a person or family of low or moderate income who currently occupies or

had occupied the dwelling unit within two years prior to the date of submission of the application for the conversion of the unit(s).

Rents will not be increased from the time of filing of the application for conversion until relocation takes place or until the application is denied or withdrawn.

(j) No apartment in a building to be converted shall be leased to any person after the filing of an application with the city for such conversion unless a written notice shall have been delivered to the prospective lessee or tenant in substantially the following form:

NOTICE TO PROSPECTIVE TENANT

This apartment unit is sought to be converted to a condominium unit and may be subject to future sale.

A permanent record of such required notices shall be kept for a period of one year thereafter, such record to include:

(1) A copy of each notice showing the date on which it was delivered or mailed; and

(2) Proof of the giving of the notice consisting of:

(A) If delivered, the signature of the person to whom it was delivered acknowledging such delivery; or

(B) If mailed, proof of mailing and return receipt if the receipt was returned to the recipient of the notice

Section 5. Section 24.08.810 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Procedure for Slope Development Permit (Applies Outside the Coastal Zone) is hereby amended to read as follows:

24.08.810 PROCEDURE.

Projects on or within twenty feet of a slope of thirty percent or greater must apply for a slope development permit unless the project is exempted from the need for such a permit under Section 24.14.030(1)(g) or unless the project is a statewide exemption accessory dwelling unit as defined in Part 2 of Chapter 24.16. This permit may be granted by the zoning administrator under Section 24.14.030(1)(c) without a hearing if the project is on or within twenty feet of a slope greater than or equal to thirty percent and less than fifty percent and is consistent with the findings in Section 24.08.820, unless the slope development permit is accompanied by an application that must be heard by a higher body. Projects on or within twenty feet of a slope of fifty percent or greater must be considered at a public hearing by the zoning administrator and must also be consistent with the findings in Section 24.08.820 unless the project is exempted from such a permit per Section 24.14.030(1)(g).

Section 6. Section 24.10.4060 of Chapter 24.10 of the Santa Cruz Municipal Code regarding New Construction on Sites Abutting Overlay District Boundaries is hereby amended to read as follows:

24.10.4060 NEW CONSTRUCTION ON SITES ABUTTING OVERLAY DISTRICT BOUNDARIES.

The purpose of the following provisions is to ensure that new development which occurs on the boundaries of a designated Neighborhood Overlay District is compatible and supportive of the public policy goals established for these districts. These provisions apply to all sites abutting a Neighborhood Conservation Overlay District.

In addition to the regulations of the underlying zoning districts, all development, redevelopment, and building expansions, except accessory dwelling units, on sites abutting Neighborhood Conservation Overlay Districts shall comply with the following:

1. Siting: All development shall be designed in a manner that is compatible, to the extent possible, with the existing residential structures in the abutting Neighborhood Conservation Overlay District.

2. Design: All development shall be subject to a Design Permit and must be in compliance with adopted Design Guidelines.

3. Height: While the regulations of the underlying zoning district will control height, all development, redevelopment and building expansions on sites abutting the Neighborhood Conservation District and within 30 feet of existing adjacent Conservation District residential structures, shall transition in height and bulk to create a visually compatible relationship with existing structures. Distinctive architectural features may be allowed additional height if permitted by the underlying district, and if compatible with the neighboring district.

4. Parking: All parking must be screened from view from the first floor of existing residential structures in the Conservation District. This screening may be accomplished by walls, trellises, fencing, and/or landscaping. All development must submit a parking/ landscaping plan.

5. All lighting must be designed so that the light source is not visible from the adjacent residential properties nor are the light rays directed or reflected into or on adjacent residential properties.

Section 7. Section 24.16.020 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Basic On-Site Inclusionary Housing Requirements is hereby amended to read as follows:

24.16.020 BASIC ON-SITE INCLUSIONARY HOUSING REQUIREMENTS.

1. Applicability.

    a. The inclusionary housing requirements defined in this chapter are applicable to all residential developments that create two or more new and/or additional dwelling units

or FDU or SRO units at one location by construction or alteration of structures, or would create two or more lots through approval of a parcel map or tentative map, except for exempt residential developments under subsection (2).

b. Additional rent above and beyond affordable rent or affordable ownership cost may be permitted for the commercial/work space in a live/work unit at a rent that is determined to be affordable to qualifying households and is proportionate to the amount of commercial space provided. The amount of rent for the commercial portion of the live/work unit shall be agreed upon by the developer, the economic development director, and the planning and community development director. If no agreement can be reached, the city will retain an outside financial consultant to evaluate and determine the allowable affordable rent and establish a methodology for determining future commercial rent levels. The methodology for determining future commercial rent levels shall be defined in every affordable housing development agreement for residential developments that include at least one live/work unit.

2. The following residential developments are exempt from the requirements of this chapter:

a. Residential developments developed pursuant to the terms of a development agreement executed prior to the effective date of the ordinance codified in this chapter; provided, that such residential developments comply with any affordable housing requirements included in the development agreement or any predecessor inclusionary housing requirements in effect on the date the development agreement was executed.

b. Residential developments for which a complete application was filed with the city prior to the effective date of the ordinance codified in this chapter; provided, that such residential developments comply with any predecessor inclusionary housing requirements in effect on the date the application for the residential development was deemed complete.

c. Residential developments if exempted by California Government Code Section 66474.2 or 66498.1; provided, that such residential developments comply with any predecessor inclusionary housing requirements in effect on the date the application for the residential development was deemed complete.

d. Residential developments replacing dwelling units that have been destroyed by fire, flood, earthquake, or other acts of nature, so long as no additional dwelling units are created by the residential development; and provided, that such residential developments comply with any inclusionary housing requirements previously applied to the dwelling units being replaced.

e. Accessory dwelling units.

f. Rental residential developments with two to four dwelling units.

3. Ownership Residential Developments with Two to Four Dwelling Units. For ownership residential developments that would create at least two but not more than four new or additional dwelling units and/or live/work units at one location, the applicant shall either: (a) make one inclusionary unit available for sale at an affordable ownership cost; (b) make one inclusionary unit available at an affordable rent for low income households; or (c) pay an in-lieu fee calculated pursuant to Section 24.16.030(6).

4. Ownership Residential Developments with Five or More Dwelling Units. For ownership residential developments that would create five or more new or additional dwelling units and/or live/work units at one location, the applicant shall provide inclusionary units as follows:

    a. Affordable Housing Requirement for Ownership Residential Developments. In an ownership residential or live/work development, twenty percent of the dwelling units shall be made available for sale to low and moderate income households at an affordable ownership cost.

    b. Fractional Affordable Housing Requirement for Ownership Residential Developments – 0.7 Units or Less. If the number of dwelling units required under subsection (4)(a) results in a fractional requirement of 0.7 or less, then the applicant shall either: (i) make one inclusionary unit available for sale at an affordable ownership cost; (ii) make one inclusionary unit available at an affordable rent for low income households; or (iii) pay an in-lieu fee calculated pursuant to Section 24.16.030(6). This subsection (4)(b) applies to the fractional unit only, and whole units shall be provided as required by subsection (4)(a).

    c. Fractional Affordable Housing Requirement for Ownership Residential Developments – More Than 0.7 Units. If the number of dwelling units required under subsection (4)(a) results in a fractional requirement of greater than 0.7, then the applicant shall either: (i) make one inclusionary unit available for sale at an affordable ownership cost; or (ii) make one inclusionary unit available at an affordable rent for low income households. This subsection (4)(c) applies to the fractional unit only, and whole units shall be provided as required by subsection (4)(a).

    d. Rental Units in an Ownership Residential Development.

        i. In an ownership residential development where all dwelling units are initially offered for rent, an applicant may satisfy the inclusionary requirements by providing rental units as provided in subsection (5).

        ii. The rent regulatory agreement required by Section 24.16.045 shall include provisions for sale of the inclusionary units at an affordable ownership cost to eligible households within ninety days from the issuance of the public report by the California Department of Real Estate permitting sale of the units or at termination of the tenant's lease whichever is later and otherwise in compliance with state law; provided, however, that the sale of the entire ownership residential development from one entity to another shall not trigger the

obligation to sell individual inclusionary units. To the extent relocation payments are required by law the applicant shall be wholly responsible for the cost of preparing a relocation plan and making required payments. Any tenant of an inclusionary unit at the time units are offered for sale that qualifies to purchase an inclusionary unit at an affordable ownership cost shall be offered a right of first refusal to purchase the inclusionary unit. At sale appropriate documents shall be recorded to ensure the continued affordability of the inclusionary units at an affordable ownership cost as required by Section 24.16.045.

5. Rental Residential Developments with Five or More Dwelling Units. For rental residential developments that would create five or more new or additional dwelling units and/or live/work units at one location, the applicant shall provide inclusionary units as follows:

    a. Rental residential developments that would create five or more new or additional dwelling units or live/work units at one location shall provide twenty percent of the dwelling units as inclusionary units, which shall be made available for rent to low income households at an affordable rent.

    b. SRO Developments. In a rental residential development comprised of SRO units, twenty percent of the single-room occupancy units shall be made available for rent to very low income households at an affordable rent.

    c. Fractional Affordable Housing Requirement for Rental Residential Developments with More Than Five Dwelling Units. If the number of dwelling units required results in a fractional requirement of 0.7 or less, then there will be no inclusionary requirement for the fractional unit. If the number of dwelling units required results in a fractional requirement of greater than 0.7, then the applicant shall make one inclusionary unit available at an affordable rent. This subsection (5)(c) applies to the fractional unit only, and whole units shall be provided as required by subsections (5)(a) and (b).

6. The requirements of subsections (3) through (5) are minimum requirements and shall not preclude a residential development from providing additional affordable units or affordable units with lower rents or sales prices than required.

    a. By mutual agreement by the developer, the planning and community development director, and the economic development director, the percentage of inclusionary units may be increased in exchange for reduced parking and/or other development requirements.

    b. If the developer agrees to make at least forty percent of the residential project available for rent to low income households at a rental cost affordable to low income households, in addition to reduction of development requirements, by mutual agreement by the developer, the planning and community development director, and the economic development director, the city may also provide financial incentives to increase the number of inclusionary units in a project.

7. For purposes of calculating the number of inclusionary units required by this section, any dwelling units authorized as a density bonus pursuant to Part 3 of this chapter shall not be counted as part of the residential development. However, if a developer receives a city rental housing bonus as authorized by Section 24.16.035(4), then all of the dwelling units in the project, including the dwelling units authorized as a density bonus, shall be counted as part of the residential development for purposes of calculating the inclusionary units required by this section.

Section 8. Section 24.16.125 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Definitions of Accessory Dwelling Units is hereby amended to read as follows:

24.16.125 DEFINITIONS

The following definitions shall apply to accessory dwelling units throughout the municipal code:

1. "Attached accessory dwelling unit" shall mean an accessory dwelling unit that is attached to the primary dwelling, including to an attached garage.

2. "Conversion accessory dwelling unit" shall mean any accessory dwelling unit created by the conversion of any one permitted, entitled, or legal nonconforming building, or portion of such a building. The conversion accessory dwelling unit may either be converted utilizing the existing structural components of the building or reconstructed within the existing three-dimensional physical space occupied by the building. On property developed with multi-unit buildings, only areas that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, shall be eligible to become conversion accessory dwelling units. The limitation on converting non-livable space shall not apply to a nonconforming duplex on a single-family zoned lot where one unit is converted to an accessory dwelling unit to result in a single-family home and accessory dwelling unit on the site. Consistent with zoning standards, conversion accessory dwelling units shall be permitted to expand the existing footprint of the building by up to one hundred fifty square feet, and the existing height by up to two feet.

3. "Detached accessory dwelling unit" shall mean an accessory dwelling unit that is separated from any single- or multi-unit building.

4. "Multi-unit building" shall mean a building with two or more attached dwellings on a single lot, including apartment or condominium buildings that contain at least two units. Accessory dwelling units do not count toward the number of units in this calculation.

5. "New construction accessory dwelling unit" shall mean any accessory dwelling unit that includes new construction and that does not meet the definition and requirements for a conversion accessory dwelling unit.

6. "Non-exempt accessory dwelling unit" shall mean an accessory dwelling unit that does not meet the definition of a statewide exemption accessory dwelling unit.

7. “Primary dwelling” shall mean the dwelling unit with which the accessory dwelling unit or junior accessory dwelling unit is associated.

8. “Single-unit building” shall mean a structurally independent building that contains one dwelling unit. A single-unit building may be the only building on the lot, such as a single-family home or a townhome, or it may be a detached residential condominium or apartment unit on a lot with one or more other dwellings that are not attached to the single-unit building. Accessory dwelling units do not count toward the number of units in this calculation.

9. “Statewide exemption accessory dwelling unit” shall mean an accessory dwelling unit that conforms to any of the following subsections a-e below. None of the standards in Sections 24.16.141 or 24.16.142 shall apply to a statewide exemption accessory dwelling unit.

    a. One accessory dwelling unit per lot with a proposed or existing single-unit building, including a single-family dwelling, townhome, or a detached residential condominium or apartment unit on a lot with multiple single-unit buildings, if all of the following apply:

        i. The accessory dwelling unit is within the proposed space of a single-unit building or it is within the existing space of a single-unit building or detached accessory building. This type of statewide exemption accessory dwelling unit does not include a building reconstructed within the three-dimensional space of an existing building to be demolished.

        ii. If the accessory dwelling unit is within the space of an existing detached accessory building, the accessory dwelling unit may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory building. An expansion beyond the physical dimensions of the existing building shall be limited to accommodating ingress and egress.

        iii. The accessory dwelling unit has an exterior entrance separate from that of the primary dwelling unit.

        iv. If the unit is converted within a building with legal nonconforming setbacks, the side and rear setbacks are sufficient for fire and safety.

    b. One detached, new construction accessory dwelling unit that meets the following standards:

        i. The accessory dwelling unit shall be located on a lot with a proposed or existing single-unit building, including a single-family dwelling, townhome, or a detached residential condominium or apartment unit on a site with multiple single-unit buildings.

        ii. The accessory dwelling unit size shall not exceed 800 square feet in floor area.

iii. Interior side yard and rear yard setbacks shall be at least four feet.

iv. The accessory dwelling unit shall meet one of the following height limitations as measured to the roof peak:

1. A height of 16 feet; or

2. A height of 18 feet if the accessory dwelling unit is on a lot within one-half of one mile walking distance of a major transit stop or a high-quality transit corridor, as those terms are defined in Section 21155 of the Public Resources Code. This height can be increased an additional two feet to twenty feet to accommodate a roof pitch on the accessory dwelling unit that is aligned with the roof pitch of the primary dwelling unit.

c. Multiple accessory dwelling units within the portions of existing multi-unit buildings, including a residential condominium or apartment building with two or more attached units, that are not used as livable space, including but not limited to storage rooms, boiler rooms, passageways, attics, basements, or garages, if each unit complies with state building standards for dwellings. The number of accessory dwelling units permitted is equivalent to up to twenty-five percent of the number of existing, legally permitted units in the multi-unit building, or one, whichever is greater. When the twenty-five percent limit results in a fraction of a unit, the total number of accessory dwelling units that may be added shall be determined by rounding the fraction up to the next whole number.

d. Multiple detached accessory dwelling units that are located on a lot with a multi-unit building, including a residential condominium or apartment building with two or more attached units. Accessory dwelling units shall meet the following standards:

i. The number of permitted detached accessory dwelling units equals:

1. On a lot with an existing multi-unit building, not more than eight detached accessory dwelling units. However, the number of accessory dwelling units allowable pursuant to this clause shall not exceed the number of existing units on the lot.

2. On a lot with a proposed multi-unit building, not more than two detached accessory dwelling units.

ii. Rear and interior side yard setbacks shall be at least four feet. If the existing multi-unit building has a rear or interior side yard setback of less than four feet, the existing multi-unit building will not be required to be modified to meet this setback.

iii. The accessory dwelling units shall meet one of the following height limitations as measured to the roof peak:

1. A height of 16 feet; or

2. A height of 18 feet if the accessory dwelling unit is on a lot within one-half of one mile walking distance of a major transit stop or a high-quality transit corridor, as those terms are defined in Section 21155 of the Public Resources Code. This height can be increased an additional two feet to 20 feet to accommodate a roof pitch on the accessory dwelling unit that is aligned with the roof pitch of the primary dwelling unit; or

3. A height of 18 feet for a detached accessory dwelling unit on a lot with an existing or proposed multi-unit, multistory building.

e. One junior accessory dwelling unit per lot zoned to allow single-family dwellings and with a proposed or existing single-unit building, including a single-family dwelling, townhome, or detached residential condominium or apartment unit on a lot with multiple detached single-unit dwellings. The junior accessory dwelling unit shall comply with the requirements of 24.16.170.

Section 9. Section 21.16.130 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Permit Procedures is hereby amended to read as follows:

24.16.130 PERMIT PROCEDURES.

1. Accessory dwelling units shall be principally permitted uses within the zoning districts specified in Section 24.16.120 and subject to the development standards in Section 24.16.140 et seq., except that statewide exemption accessory dwelling units shall not be subject to the standards in 24.16.141 and 24.16.142.

2. City shall issue a ministerial building permit for an accessory dwelling unit or junior accessory dwelling unit without discretionary review or a hearing, consistent with the provisions of this chapter and state law, within sixty days of submittal of a complete building permit application, unless provided otherwise. The sixty-day review period shall not apply when:

a. The permit application to create an accessory dwelling unit or junior accessory dwelling unit requires simultaneous approval of a discretionary or building permit associated with creating a new single-unit or multi-unit building on the same lot or parcel. The City may delay approving or denying the building permit application for the accessory dwelling unit or the junior accessory dwelling unit until the City approves or denies the permit application to create the new single-unit or multi-unit building; or

b. When the applicant seeks a delay for any reason, including but not limited to pursuit of a discretionary permit pursuant to Section 24.16.130.8. The period of the delay shall not count toward the sixty-day time period.

3. If the City denies an application to create an ADU or JADU, the City must provide the applicant with comments that include, among other things, a list of all defective or deficient items and a description of how the application may be remedied by the applicant. Notice of the denial and corresponding comments must be provided to the applicant in accordance with the 60-day time period set forth in Section 24.16.130.2 above.

4. Construction of an accessory dwelling unit shall not constitute a Group R occupancy change under the local building code, except as specified under state law. Construction of an accessory dwelling unit shall not trigger a requirement for fire sprinklers to be installed in the existing single-unit or multi-unit building.

5. The City shall not require, as a condition for ministerial approval of a permit application for the creation of an accessory dwelling unit or a junior accessory dwelling unit, the correction of nonconforming zoning conditions, building code violations, or unpermitted structures unless they present a threat to public health and safety and are affected by the construction of the accessory dwelling unit.

6. The City shall not deny a building permit for an unpermitted accessory dwelling unit or unpermitted junior accessory dwelling unit that was constructed before January 1, 2020, due to noncompliance with any requirement of this Part.

7. The City shall not require, and the applicant shall not be otherwise required, to provide written notice or post a placard for the demolition of a detached garage that is to be replaced with an accessory dwelling unit, unless the property is located within an architecturally and historically significant historic district.

8. An accessory dwelling unit replacing a detached garage shall receive review and issuance of a demolition permit concurrently with the review and issuance of the permit for the accessory dwelling unit.

9. To promote flexibility in siting of accessory dwelling units, nothing in this Part shall prohibit an applicant from pursuing a discretionary permit to construct an accessory dwelling unit on a lot that has a buildable area of at least eight hundred square feet with at least four foot side and rear yard setbacks for an attached or detached accessory dwelling unit with application of all site development standards or waivers as provided in Section 24.16.141 but where the applicant chooses to place the accessory dwelling unit in a location that does not meet such standards or waivers.

Section 10. Section 21.16.140 of Chapter 24.16 of the Santa Cruz Municipal Code regarding General Development Standards is amended to read as follows:

24.16.140 GENERAL DEVELOPMENT STANDARDS.

All accessory dwelling units, both new construction and conversion, shall conform to the following requirements:

1. Number of Accessory Dwelling Units per Parcel.

    a. For parcels including a proposed or existing single-unit building, including a single-family home, townhome, or multiple detached dwellings, but not including any multifamily structures: One non-exempt accessory dwelling unit shall be allowed on each lot in addition to any statewide exemption accessory dwelling units. Each lot may also include a junior accessory dwelling unit conforming to the standards set forth in Section 24.16.170.

    b. For lots developed with one or more multi-unit buildings, including an apartment or condominium building with two or more dwelling units: no non-exempt accessory dwelling units shall be allowed. The number of statewide exemption accessory dwelling units allowed on each lot equals:

        i. For units converted from existing non-habitable space, as defined in Section 24.16.129.9.c: at least one conversion accessory dwelling unit. Up to twenty-five percent of the number of existing dwellings in the multi-unit building may be added as conversion accessory dwelling units. When the twenty-five percent limit results in a fraction of a unit, the total number of accessory dwelling units that may be added shall be determined by rounding the fraction up to the next whole number.

        ii. For newly constructed units, as defined in Section 24.16.129.9.d:

            1. On a lot with an existing multi-unit building, not more than eight detached accessory dwelling units. However, the number of accessory dwelling units allowable pursuant to this clause shall not exceed the number of existing units on the lot.

            2. On a lot with a proposed multi-unit building, not more than two detached accessory dwelling units.

2. Existing Development on Lot. One of the following conditions must be present in order to approve an application to create an accessory dwelling unit:

    a. One or more single-unit buildings, as defined in Section 24.16.125.8, exists on the lot or will be constructed concurrently and in conjunction with the accessory dwelling unit;

    b. Consistent with the provisions of Sections 24.16.125.9.c and 24.16.125.9.d, the lot contains an existing multi-unit building, as defined in Section 24.16.125.4, or a proposed multi-unit building that will be constructed concurrently and in conjunction with the accessory dwelling unit.

3. Building Code Requirements. The accessory dwelling unit shall meet the requirements of the California Building Standards Code, including the alternative means and methods section as prescribed therein.

4. Large Home Design Permit. The square footage of an accessory dwelling unit shall not be counted with the square footage of the single-family home in determining whether a large home design permit is required. The square footage of a junior accessory dwelling unit shall be counted with the square footage of the single-family home in determining whether a large home design permit is required.

5. Accessory dwelling units that require approval of a coastal permit shall conform to the standards in Section 24.12.140.2.

Section 11. Section 21.16.141 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Site Development Standards is hereby renamed Site Development Standards For Non-Exempt Accessory Dwelling Units and amended to read as follows:

24.16.141 SITE DEVELOPMENT STANDARDS FOR NON-EXEMPT ACCESSORY DWELLING UNITS.

Despite any directly conflicting zone district site development standards, all non-exempt accessory dwelling units shall comply with the following site development standards. All other zone district site development standards not listed here shall apply to non-exempt accessory dwelling units. Neither the standards in this section nor any zone district site development standards shall apply to statewide exemption accessory dwelling units.

1. General.

Development Standard	**Attached**	**Conversion[1,2]**	**Detached**
Maximum Floor Area (square feet) [3,4]	Greatest of: • 850 for a studio or one bedroom • 1,000 for a unit with two or more bedrooms. • 50% of the habitable area of the primary dwelling to which the unit is attached	Footprint of existing building. Can expand footprint by 150.[5,6]	Greatest of: • 850 for a studio or one bedroom • 1,000 for a unit with two or more bedrooms • 10% net lot area and no more than 1,200 habitable square feet.
Maximum Height (feet)[7]	Zone district standard that applies to primary dwelling.	Maintain existing, or expand up to lesser of 2’ or standard for new construction ADU.[8]	• 16’ to roof peak if less than 4’ from side/rear property line

			• 22’ to roof peak if 4’ or more from side/rear property line
Minimum Front Setback (feet)	Zone district standard that applies to primary dwelling.	Maintain existing. Any expansion shall meet new construction standard.	Lesser of: • Front wall line of primary building, excluding any projections from that line. • Zone district standard.
Minimum Rear Setback (feet)	4’	Maintain existing. Any expansion shall meet new construction standard.	3’ for up to 16’ height. 4’ above 16’ height.
Minimum Exterior Side Yard Setback	Zone district standard that applies to primary dwelling.	Maintain existing. Any expansion shall meet new construction standard.	Zone district standard.
Minimum Interior Side Yard Setback	4’[9]	Maintain existing. Any expansion shall meet new construction standard.	3’ for up to 16’ height 4’ above 16’ height
Minimum Distance Between Buildings	6’	Maintain existing. 6’ for any expansion	6’

1. Conversion accessory dwelling units may occupy the three-dimensional space, including setbacks, lot coverage, and height, of the building to be converted or reconstructed, regardless of conformance to current zoning standards.
2. A conversion accessory dwelling unit with any expansion in excess of the above thresholds shall be reviewed as a new construction accessory dwelling unit, including assessment of any required fees.
3. Accessory dwelling units that utilize alternative green construction methods that cause the exterior wall thickness to be greater than normal shall be accommodated by calculating the unit square footage size in a manner that accounts for the difference between the square footage of the proposed building and the square footage of a traditional frame house.
4. Stairways that provide access to accessory dwelling units do not count toward the floor area of an accessory dwelling unit when the stairs are not part of the conditioned space, the stairs do not include any other rooms or room-like areas that would function as habitable floor area for the ADU, and there is a fire-rated entry door at the top of the stairs at the entrance to the accessory dwelling unit.
5. An expansion of up to 150 square feet shall not enlarge the accessory dwelling unit beyond one thousand two hundred square feet unless necessary to accommodate ingress and egress to the accessory dwelling unit.

6. Expansions detached from the primary dwelling shall meet height and setback requirements for a new construction detached accessory dwelling unit. Expansions attached to the primary dwelling shall meet height and setback requirements for new construction attached dwelling units. Expansions of either type on a substandard lot shall be consistent with substandard lot development standards described in Section 24.16.161.7.
7. If the design of the building in which the primary dwelling is located has special roof features that should be matched on the detached accessory dwelling unit to enhance design compatibility, the maximum allowed building height of the accessory dwelling unit may be exceeded in order to include such similar special roof features, subject to review and approval of the zoning administrator as part of the review of the building permit application.
8. Existing and resulting roof height are measured to the roof peak. Other portions of the roof may expand more than two feet if their resulting height is the same or lower than the resulting roof peak.
9. Any zone development standard for an additional setback based on building height or stories shall not apply to the portion of the building that contains the accessory dwelling unit.

2. Parking. No off-street parking shall be required for any accessory dwelling unit outside of the Coastal Zone. Any parking spaces, covered or uncovered, removed in order to create an accessory dwelling unit shall not be required to be replaced outside the Coastal Zone. For properties within the Coastal Zone, parking requirements are contained in Section 24.12.240.1.

3. Rear Yard Lot Coverage. In no case shall any accessory dwelling unit be limited in size based on rear yard lot coverage requirements contained in Section 24.12.140.1.f. In the application of Section 24.12.140.1.f., the footprint of accessory dwelling units shall not count toward the maximum allowable lot coverage by accessory buildings in yard setback areas.

4. Projections. An accessory dwelling unit that meets the standard zone district setbacks shall be permitted to include projections as described in Section 24.12.120.1. An accessory dwelling unit, or portion thereof, that does not meet standard zone district setbacks but meets standard setbacks for new construction accessory dwelling units shall be permitted to include architectural features such as cornices, canopies, eaves, and sills that project into the setback two and one-half feet. A conversion accessory dwelling unit, or portion thereof, that does not meet standard setbacks for new construction accessory dwelling units shall not contain any new projections beyond any already present on the existing wall.

5. If a new construction detached accessory dwelling unit is attached to a non-habitable accessory use within the same building, then the portion of the building containing the non-habitable use shall meet the site development standards for non-habitable accessory buildings as described in Section 24.12.140. A garage may have interior access to an accessory dwelling unit, but no other non-habitable accessory use within the same building shall have interior access to the accessory dwelling unit.

6. Clear corner triangle and clear vision area. Any new construction accessory dwelling unit or expansion of a conversion accessory dwelling unit shall be located outside of the clear corner triangle, as defined in Section 24.22.202, and the clear vision area, as defined in Section 24.22.206.

7. Substandard Lots. When a new construction accessory dwelling unit is proposed on a substandard residential lot, as defined in Section 24.22.520, that contains a single-family residential use, the following design standards shall apply:

    a. The maximum allowable lot coverage for all structures shall be forty-five percent, except that lot coverage shall be waived to the extent that it physically precludes the construction of the accessory dwelling unit up to eight hundred square feet in floor area. The lot coverage of the accessory dwelling unit shall not be included in the calculation of all other structures' maximum allowable lot coverage. Lot coverage shall include the footprints of the first floor, garage and other accessory buildings (attached and detached), decks and porches (greater than thirty inches in height and not cantilevered), and any second-story cantilevered projection (enclosed or open) beyond two and one-half feet. Decks under thirty inches in height or fully cantilevered with no vertical support posts do not count toward lot coverage for this purpose. Second-story enclosed cantilevered areas that project less than thirty inches from the building wall do not count toward lot coverage. For such areas that project more than thirty inches from the building wall, only the floor area that projects more than thirty inches shall be counted toward lot coverage.

    b. The floor area of a building's second story shall be limited to one hundred percent of the floor area of the building's first floor if the floor area of the building's first story constitutes thirty percent or less of the net lot area.

    c. The floor area of a building's second story shall not exceed fifty percent of the floor area of the building's first story if the building's first story has greater than thirty percent lot coverage up to a maximum of forty-five percent lot coverage.

    d. The floor area of a building's second story shall be limited to fifty percent of forty-five percent lot coverage if the building's first story has greater than forty-five percent lot coverage.

8. Archaeological Resources. The application shall be consistent with all objective standards relating to the preservation of archaeological resources pursuant to Section 24.12.430.

9. Distance from Natural Features. Any new construction accessory dwelling unit or expansion of a conversion accessory dwelling unit shall be consistent with the following standards for distance from natural features.

    a. The accessory dwelling unit shall not be constructed within any watercourse setback designated within the City-Wide Creeks and Wetlands Management Plan that does not allow for construction of an accessory dwelling unit by right, as implemented by Section 24.08.2100 et seq.

    b. If the site or an adjacent lot contains a wetland or potential wetland as shown in the Citywide Creeks and Wetlands Management Plan, the accessory dwelling unit shall be

located at a distance from the wetland as recommend in a report prepared by a professional biologist with a background in wetland biology.

c. The accessory dwelling unit shall not be constructed within 20 feet of a 30 percent or greater slope.

d. The accessory dwelling unit and any related construction and site work shall be located away from a heritage tree, or any street tree growing in the public right of way protected under municipal code chapter 13.30, the greatest distance of: 10 feet, or three times the diameter of the tree's largest trunk at 54 inches above grade, or the dripline of the tree.

e. When the project site includes an area mapped for sensitive habitat or vegetation under the general plan, the accessory dwelling unit and related site work shall be located at a distance from such habitat or vegetation area as determined in a report prepared pursuant to Section 24.14.080 by a professional biologist with a background in sensitive habitat biology.

10. If the application of all site development standards results in a buildable area that physically precludes the creation of any attached or detached accessory dwelling unit of up to 800 square feet with at least four foot interior side and rear yard setbacks, then the applicant may waive any one or more of the following site development standards only to the extent that it increases the buildable area to allow such an accessory dwelling unit:

    a. Percentage of primary dwelling, and/or
    b. Lot coverage, and/or
    c. Floor area ratio, and/or
    d. Open space, and/or
    e. Front setbacks.

Section 12. Section 21.16.142 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Accessory Dwelling Unit Design Standards is hereby renamed Non-Exempt Accessory Dwelling Unit Design Standards and amended to read as follows:

24.16.142 NON-EXEMPT ACCESSORY DWELLING UNIT DESIGN STANDARDS

Non-exempt accessory dwelling units shall comply with the following design standards. These standards shall not apply to statewide exemption accessory dwelling units.

1. Municipal Code Requirements. All non-exempt accessory dwelling units shall meet the objective design standards set forth in this Code, including landscape and tree removal and/or replacement requirements.

2. The following standards apply to non-exempt accessory dwelling units that that do not meet one or more of the standard setbacks for the zone district in which they are proposed:

a. The entrance to the accessory dwelling unit, access stairs, and second story decks shall face the interior of the lot unless the accessory dwelling unit is adjacent to an alley or a public street.

b. When an accessory dwelling unit is adjacent to an alley or a public street, the accessory dwelling unit shall be oriented toward the alley or street with the front access door and windows facing the alley or street. The entry facing the alley or street shall include a minimum of 12 square feet of flat, unenclosed, covered area, which may be a projection from the building, or inset, or a combination of the two.

c. Windows that do not meet the standard zone district side or rear setback and that face an adjoining residential property shall be designed to obscure views of that property by ADU occupants, including transom windows, translucent glass, or other methods; alternatively, fencing or landscaping shall be required to provide screening.

3. Connections Between Units. Non-exempt accessory dwelling units shall not create access between units except a connection between the accessory dwelling unit and the primary dwelling via common access to a shared garage, laundry room, or storage area; provided, that each unit meets the definition of dwelling unit found in Section 24.22.320.

4. The application to construct a non-exempt_accessory dwelling unit on a property that is designated as a historic resource by the National Register of Historic Places, the State of California, or by the City, including any property that has been determined to be eligible for the City's historic building survey list but the property owner has elected to not list the property (opt-out), shall show substantial compliance with the guidelines of the Secretary of the Interior for development on such properties as confirmed in a report prepared by a professional historic consultant who is listed on the Department of Planning and Community Development's approved consultant list.

Section 13. Section 21.16.150 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Use Standards is hereby amended to read as follows:

24.16.150 USE STANDARDS.

1. For any unit that is not approved for separate sale under Section 24.16.165: the accessory dwelling unit shall not be sold separately.

2. The unit shall not be altered from the approved size except by approval of a subsequent building permit where the resulting unit meets the accessory dwelling unit development standards described in this Part.

3. Neither an accessory dwelling unit nor an associated primary dwelling shall be used on a transient occupancy basis or for short-term/vacation rental purposes with a term of 30 or fewer days.

a. Exception. A legal accessory dwelling unit property that had legal status prior to November 10, 2015, and was in use as a short-term/vacation rental prior to that date, and for which the owner remits transient occupancy tax in compliance with Chapter 3.28 in full in a timely manner for the use of the property as short-term/vacation rental purposes, may continue the use.

4. For properties developed with attached accessory dwelling units, any portion of the accessory dwelling unit that in the future is remodeled to become part of the primary dwelling shall meet the zone district development standards that apply to the primary dwelling.

Section 14. Section 21.16.160 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Zoning Incentives is hereby amended to read as follows:

24.16.160 ZONING INCENTIVES.

The following incentives are to encourage construction of accessory dwelling units:

1. Affordability Requirements for Fee Waivers. Accessory dwelling units proposed to be rented at affordable rents, as established by the city, may have development fees waived per Part 4 of this chapter. Existing dwelling units shall be relieved of the affordability requirement upon payment of fees in the amount previously waived plus the difference between that amount and the fees in effect at the time of repayment.

2. Front or Exterior Yard Parking. Three parking spaces may be provided in the front or exterior yard setback under this incentive with the parking design subject to approval of the zoning administrator. The maximum impervious surfaces devoted to the parking area shall be no greater than the existing driveway surfaces at time of application. Not more than fifty percent of the front yard width shall be allowed to be parking area.

3. Tandem Parking. For a parcel with a permitted accessory dwelling unit, required parking spaces for the primary single-family dwelling and the accessory dwelling unit may be provided in tandem on a driveway. A tandem arrangement consists of one car behind the other. No more than three total cars in tandem may be counted towards meeting the parking requirement.

Section 15. Section 21.16.165 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Separate Sale of Accessory Dwelling Units is hereby added to read as follows:

24.16.165 SEPARATE SALE OF ACCESSORY DWELLING UNITS

1. This section implements Government Code Section 66342, enacted by Assembly Bill 1033 (Ting). The purpose of this section is to apply objective local development standards for subdivisions covered by Government Code Section 66342 and is applicable only so long as Government Code Section 66342 is operative. Where this section or Government Code Section 66342 conflict with any other provisions of the municipal code, this section and Government Code Section 66342 shall control. Any development standard or requirement not specifically addressed by this section or Government Code Section 66342 must conform to all other

provisions of the municipal code and all other objective policies and requirements governing subdivisions.

2. Condominium parcels for the separate conveyance of one or more accessory dwelling unit(s) and their associated primary dwelling unit may be created on lots with single-unit buildings, and condominium parcels for the separate conveyance of one or more accessory dwelling unit(s) may be created on lots with multi-unit buildings, and such condominium parcels shall be approved only as provided by this section.

3. Creation of condominium parcels for five or more accessory dwelling units shall require approval of a tentative map and final map consistent with the requirements of Title 23 of the Municipal Code.

4. Creation of four or fewer condominium parcels for accessory dwelling units and associated primary dwellings shall require approval of a parcel map consistent with the requirements of Title 23 of the Municipal Code.

5. The applicant shall obtain a parcel map or final map to establish the condominium parcels. A tentative map shall not be required.

6. Units mapped under the provisions of this section shall not be required to comply with the Community Housing Project Requirements under Section 24.12.180, except:

    a. Each new construction accessory dwelling unit or new construction primary dwelling unit shall meet the open space requirement pursuant to Section 24.12.280.3 unless waived pursuant to Section 24.16.141.10.d, and

    b. Each new construction accessory dwelling unit or new construction primary dwelling unit shall provide a minimum of two hundred cubic feet of enclosed storage space within the project capable of being secured by lock or other means for each unit, in addition to kitchen cupboards or clothes and linen closets, consistent with Section 24.12.180.4.

7. No off-street parking beyond that required by Section 24.16.141.2 shall be required for any accessory dwelling unit mapped as a condominium.

8. Accessory dwelling units and associated primary dwelling units mapped as condominiums pursuant to this section shall meet the inclusionary dwelling unit requirements under Section 24.16.020.

9. When no more than four condominium units are created from the conversion of existing accessory dwelling units and associated primary dwellings, the following shall apply:

    a. The units may be converted to condominiums regardless of the multi-family housing vacancy rate consistent with Municipal Code Section 23.37.020.1.

b. Tenants displaced shall retain a first right of refusal if the unit is offered to sale to the general public consistent with Municipal Code Section 23.37.050.g.

c. Relocation assistance in the amount of four months' rent shall be provided to tenants of low or moderate income who have resided in the unit within two years prior to the date of submission of the application for the conversion of the unit(s) consistent with Section 23.37.050.h.

10. Consistent with Government Code Section 66341, an accessory dwelling unit shall be approved with a condominium lot for separate conveyance pursuant to the following:

a. The condominiums shall be created pursuant to the Davis-Stirling Common Interest Development Act (Part 5 (commencing with Section 4000) of Division 4 of the Civil Code).

b. The condominiums shall be created in conformance with all applicable objective requirements of the Subdivision Map Act (Division 2 (commencing with Section 66410)) and all applicable objective requirements of Title 23, the Subdivision Ordinance.

c. Before recordation of the condominium plan, a safety inspection of the accessory dwelling unit shall be conducted as evidenced either through a certificate of occupancy from the City or a housing quality standards report from a building inspector certified by the United States Department of Housing and Urban Development.

d. Neither a subdivision map nor a condominium plan shall be recorded with the county recorder in the county where the real property is located without each lienholder's consent. The following shall apply to the consent of a lienholder:

i. A lienholder may refuse to give consent.

ii. A lienholder may consent provided that any terms and conditions required by the lienholder are satisfied.

e. Prior to recordation of the initial or any subsequent modifications to the condominium plan, written evidence of the lienholder's consent shall be provided to the county recorder along with a signed statement from each lienholder that states as follows: "(Name of lienholder) hereby consents to the recording of this condominium plan in their sole and absolute discretion and the borrower has or will satisfy any additional terms and conditions the lienholder may have."

f. The lienholder's consent shall be included on the condominium plan or a separate form attached to the condominium plan that includes the following information:

i. The lienholder's signature.

ii. The name of the record owner or ground lessee.

iii. The legal description of the real property.

iv. The identities of all parties with an interest in the real property as reflected in the real property records.

v. The lienholder's consent shall be recorded in the office of the county recorder of the county in which the real property is located.

g. The City shall include the following notice to consumers on any accessory dwelling or junior accessory dwelling unit submittal checklist or public information issued describing requirements and permitting for accessory dwelling units, including as standard condition of any accessory dwelling unit building permit or condominium plan approval:

"NOTICE: If you are considering establishing your primary dwelling unit and accessory dwelling unit as a condominium, please ensure that your building permitting agency allows this practice. If you decide to establish your primary dwelling unit and accessory dwelling unit as a condominium, your condominium plan or any future modifications to the condominium plan must be recorded with the County Recorder. Prior to recordation or modification of your subdivision map and condominium plan, any lienholder with a lien on your title must provide a form of written consent either on the condominium plan, or on the lienholder's consent form attached to the condominium plan, with text that clearly states that the lender approves recordation of the condominium plan and that you have satisfied their terms and conditions, if any.

In order to secure lender consent, you may be required to follow additional lender requirements, which may include, but are not limited to, one or more of the following:

(a) Paying off your current lender. You may pay off your mortgage and any liens through a refinance or a new loan. Be aware that refinancing or using a new loan may result in changes to your interest rate or tax basis. Also, be aware that any subsequent modification to your subdivision map or condominium plan must also be consented to by your lender, which consent may be denied.

(b) Securing your lender's approval of a modification to their loan collateral due to the change of your current property legal description into one or more condominium parcels.

(c) Securing your lender's consent to the details of any construction loan or ground lease. This may include a copy of the improvement contract entered in good faith with a licensed contractor, evidence that the record owner or ground lessee has the funds to complete the work, and a signed statement

made by the record owner or ground lessor that the information in the consent above is true and correct."

h. If an accessory dwelling unit is established as a condominium, the homeowner shall notify providers of utilities, including water, sewer, gas, and electricity, of the condominium creation and separate conveyance.

i. The owner of a property or a separate interest within an existing planned development that has an existing association, as defined in Section 4080 of the Civil Code, shall not record a condominium plan to create a common interest development under Section 4100 of the Civil Code without the express written authorization by the existing association. For purposes of this section, written authorization by the existing association means approval by the board at a duly noticed board meeting, as defined in Section 4090 of the Civil Code, and if needed pursuant to the existing association's governing documents, membership approval of the existing association.

11. Nothing in this section shall prohibit approval of an accessory dwelling with a condominium lot for separate conveyance pursuant to Government Code Section 66340-66341.

Section 16. The City Council finds and determines that the adoption of this ordinance is considered a "project" under California Code of Regulations, Title 14, section 15378(a)(1) of the California Environmental Quality Act (CEQA) Guidelines, typically subject to environmental review. The City Council finds that these amendments fall within the analyzed development potential in the City's existing 2030 General Plan EIR using the existing zoning and General Plan and, therefore, pursuant to Section 15183 of the CEQA Guidelines, no further environmental review under CEQA is required.

Section 17. If any section or portion of this ordinance is found to be invalid by a court of competent jurisdiction, such finding shall not affect the validity of the remainder of the ordinance, which shall continue in full force and effect.

Section 18. This ordinance shall take effect and be in full force thirty (30) days after final adoption.

PASSED FOR PUBLICATION this 10th day of December 2024, by the following vote:

AYES: Councilmembers Newsome, Brunner, Kalantari-Johnson; Vice Mayor Golder; Mayor Keeley.

NOES: Councilmember Brown.

ABSENT: Councilmember Watkins.

DISQUALIFIED: None.

APPROVED: _____
Fred Keeley, Mayor

ATTEST: _____
Bonnie Bush, City Clerk Administrator

PASSED FOR FINAL ADOPTION this 14th day of January 2025 by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Fred Keeley, Mayor

ATTEST: _____
Bonnie Bush, City Clerk Administrator

This is to certify that the above and foregoing document is the original of Ordinance No. 2024-23 and that it has been published or posted in accordance with the Charter of the City of Santa Cruz.

_____
Bonnie Bush, City Clerk Administrator