

ORDINANCE NO. 2025-05

AN ORDINANCE OF THE CITY OF SANTA CRUZ AMENDING SANTA CRUZ
MUNICIPAL CODE SECTION 18.48.050, CHILDCARE IMPACT FEES

WHEREAS, on April 27, 2021, the City passed Ordinance No. 2021-10, which created the Santa Cruz Municipal Code Chapter 18.48, “Childcare Impact Fees;” and

WHEREAS, the City Council provided direction to evaluate and update the Childcare Impact Fee charged to new residential and non-residential development; and

WHEREAS, the intent of this ordinance is to remove those exemptions.

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

Section 1. Santa Cruz Municipal Code Section 18.48.050 “Exemptions” is hereby amended as follows:

18.48.050 Exemptions.

A. The following exemptions from the requirements for fees and exactions are imposed:

- (a) Any type of project determined by the city council to have a reduced or insignificant childcare impact as per Section 18.48.070.
- (b) Childcare or School Facility. Childcare facilities and any school or day care facility for children including preschools and kindergarten through grade twelve.
- (c) Senior Housing Project. Senior housing projects, except for congregate care or nursing home care projects for which the fee or exaction shall be based upon the number of employment opportunities resulting from such a type of project.
- (d) Housing units constructed and operated by a Santa Cruz County school district to provide living accommodations for its employees.
- (e) Affordable Housing Projects. For purposes of this exemption, as further detailed below, Affordable Housing Projects are projects where one hundred percent of the units, excluding managers units, within the development are dedicated to lower income households. The affordable units within the development are subject to a recorded affordability restriction for a minimum of fifty-five years or per local inclusionary requirements, whichever is greater. The exemptions are as follows:
 - 1. Affordable Housing Projects that incorporate childcare facilities into the proposed project are fully exempt from the childcare impact fee. However, if a childcare facility remains unoccupied by a childcare facility for three years

following final inspection or final certificate of occupancy, then the remaining 50% of the fee is due.

2. Affordable Housing Projects without childcare facilities are eligible for a fifty percent (50%) reduction in fees.
- (f) Accessory dwelling units and junior accessory dwelling units of less than 750 square feet.
 - (g) Repairs or Replacement. The repair, remodel, modification, reconstruction or replacement of a residential or nonresidential building substantially equivalent to the preexisting building. Existing square footage beyond the preexisting amount is not exempt. This includes residential and nonresidential square footage being replaced due to natural disaster.
 - (h) Nonresidential Change of Use. Any change of use of an existing legally established nonresidential use, unless the change in use is determined by the city council to be so significant as to require a childcare impact fee.
 - (i) Public Project. Projects undertaken by a public agency except projects undertaken by a private developer on public property, and except property not used exclusively for a governmental purpose.
 - (j) Project with Complete Application on Effective Date of Ordinance. Project for which an application for permit was complete prior to the effective date of the ordinance codified in this section, except for any project which is required to comply with these measures pursuant to the provisions of a development agreement.

B. Change of use is entitled to an offset or a credit:

- (a) If a project is changing its use, a credit in the amount offsetting the impact of its prior use shall be applied. For example, a development project converting existing hotel square footage into residential multi-family will have the fee for the proposed (including any addition) multifamily calculated and the fee for the existing hotel space calculated, and the existing hotel space will be credited against the new multifamily fee use. In the event that the credit exceeds the new fee, the fee shall be zero and no refunds are applicable.

C. No credits or exemptions will be given to properties that have been vacant for more than three years by the time of applying for building permit.

(Ord. 2021-10 § 1, 2021; Ord. 2019-26 § 1 (part), 2020).

Section 2. 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 3. This ordinance shall take effect and be in full force thirty (30) days after final adoption.

PASSED FOR PUBLICATION this 25th day of February 2025, by the following vote:

AYES: Councilmembers Trigueiro, Brunner, Newsome, Golder, O'Hara; Vice Mayor Kalantari-Johnson; Mayor Keeley.

NOES: None.

ABSENT: None.

DISQUALIFIED: None.

APPROVED: _____
Fred Keeley, Mayor

ATTEST: _____
Bonnie Bush, City Clerk Administrator

PASSED FOR FINAL ADOPTION this 11th day March 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. 2025-05 and that it has been published or posted in accordance with the Charter of the City of Santa Cruz.

Bonnie Bush, City Clerk Administrator