



Santa Cruz ADU Program – Lessons Learned

Since the City of Santa Cruz started their ADU program, their rate of ADU applications has tripled; an average of 40 to 50 ADU permits have been approved every year since the start of the program.

Primary Reasons for Success

- Number 1 reason attributed to increase in ADUs in Santa Cruz was changing zoning to make it easier to construct ADUs.
 - *Opportunity:* Since the new State Law requires relaxing of building code requirements, we may not need to take this step. However, we should explore zoning to see if some of the current zoning in residential areas is restrictive regarding second dwellings. We would need some assistance from each Jurisdiction's Planning staff about zoning.
 - *Opportunity:* MHC's role could be to work with the HOAs to allow ADUs and advocate to the TRPA to remove their restrictive requirement that second dwellings are only allowed on lot sizes greater than 1 acre.
- City of Santa Cruz educated the public about the benefits of ADUs as a way to house elders and families and address local housing concerns in order to combat "Not in my Backyard" attitude.
- To avoid VRBO/Airbnb rentals, City of Santa Cruz requires all ADU owners to submit an annual report regarding who they rented the ADU to. Staff said they have pretty good compliance and follow up when they don't receive a report or something looks out of compliance in the report.
- City of Santa Cruz requires owner occupancy of at least 1 of the 2 units.
- Coordination between various departments within each local jurisdiction has helped with encouraging ADUs. For example, ensure Planning and Building Departments understand ADU approval process.

Noteworthy Information

- Not many people take advantage of fee waivers because whenever a local jurisdiction waives fees, prevailing "fair market" wages (Davis Bacon law) are required, which increases construction labor costs by about 20%. This law would apply for any fee waivers that the Town or Counties offered in our jurisdiction as well.
- Most ADU applicants don't actually use the prototypes from Santa Cruz's manual because they are not one size fits all. However, Santa Cruz staff think the prototypes are helpful as a conversation starter with an architect. For example, a homeowner picks a prototype they like and then the architect uses it as a starting point for a customized design. The design of the prototypes was paid for by a Sustainable Communities Grant through the CA Pollution Control Financing Authority. If grant funding is not available, it sounds like the staff do not think it is worth it to design prototypes.
 - Unfortunately, the Sustainable Communities Grant Program sunset in 2012.

Follow-Up

Requested if a staff person from the City of Santa Cruz could come to the North Tahoe Truckee area to speak to staff from local jurisdictions and MHC partners about lessons learned. Waiting to find out if this is an option.