ORDINANCE NO. 2026-21

AN ORDINANCE OF THE CITY OF SANTA CRUZ AMENDING SANTA CRUZ MUNICIPAL CODE SECTION 23.12.030.1 – DIVISION OF LAND – FEWER THAN FIVE PARCELS – MAPS REQUIRED, ADDING NEW SECTION 23.12.030.3 – LOT-LINE ADJUSTMENTS, AMENDING CHAPTER 24.08 PART 8 – PLANNED DEVELOPMENT PERMIT, CHAPTER 24.10 – LAND USE DISTRICTS, CHAPTER 24.16 PART 1 – INCLUSIONARY HOUSING REQUIREMENTS, AND CHAPTER 24.22 – DEFINITIONS, IN ORDER TO ELIMINATE BOUNDARY ADJUSTMENT FEES TO INCENTIVIZE LOT CONSOLIDATION FOR CERTAIN DEVELOPMENT PROJECTS, ALLOW PLANNED DEVELOPMENT PERMITS ON SITES LESS THAN 20,000 SQUARE FEET, ALIGN WITH STATE LAW REQUIREMENTS RELATED TO ZONING FOR AGRICULTURAL HOUSING AND SUPPORTIVE AND TRANSITIONAL HOUSING, AND CLARIFY EXISTING INCLUSIONARY HOUSING REGULATIONS. VARIOUS CODE CHANGES ARE ALSO AMENDMENTS TO THE LOCAL COASTAL PROGRAM IMPLEMENTATION PLAN AND REQUIRE COASTAL COMMISSION APPROVAL TO BE EFFECTIVE IN THE COASTAL ZONE

WHEREAS, the City of Santa Cruz 2023-2031 Housing Element (Housing Element) of the General Plan was adopted in December 2023 by the Santa Cruz City Council and subsequently accepted by the state Department of Housing and Community Development; and

WHEREAS, Objective 1.1e of the Housing Element calls for the adoption of lot consolidation incentives to facilitate the development of affordable units on small parcels; and

WHEREAS, Objective 1.6f of the Housing Element calls for the City to amend the zoning ordinance to allow planned development permits on infill lots less than 20,000 square feet; and

WHEREAS, Objective 3.4b requires City to update its zoning ordinance to align with state law zoning requirements to treat transitional and supportive housing the same as other similar residential housing types; and

WHEREAS, State Government Code Section 65583(c)(3) requires that transitional and supportive housing shall be considered a residential use of property and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone; and

WHEREAS, Objective 3.7a of the Housing Element requires the City to bring the zoning ordinance into alignment with state law on zoning for agricultural housing; and

WHEREAS, State Health and Safety Code Section 17021.5 requires the City zoning regulations to treat agricultural employee housing (defined under Health and Safety Code Section 17008(a)), for six or fewer employees the same as a single-family dwelling use, and Health and Safety Code Section 17021.6 requires the City to treat agricultural employee housing with up to 12 dwelling units or 36 beds the same as any agricultural use; and

WHEREAS, amendments to the language of the inclusionary housing regulations are needed to improve the clarity of those existing regulations; and

WHEREAS, at its September 17, 2026 meeting, the City Planning Commission passed a motion to continue the item to the October 1, 2026 meeting due to an error in the published document containing municipal code amendments; and

WHEREAS, at its October 1, 2026 meeting, the City Planning Commission reviewed the proposed amendments to Titles 23 and 24 of 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 as proposed to be amended; and

WHEREAS, at its October 1, 2026 meeting, the Santa Cruz Planning Commission considered the modifications to the Santa Cruz Municipal Code as modifications to the Local Coastal Program and found that (1) the proposed amendment is deemed to be in the public interest; (2) the proposed General Plan and/or Local Coastal Program amendment is consistent and compatible with the rest of the General Plan and LCP and any implementation programs that may be affected; (3) the potential impacts of the proposed amendment have been assessed and have been determined not to be detrimental to the public health, safety, or welfare; and (4) the proposed amendment has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

WHEREAS, at its October 1, 2026 meeting, the City Planning Commission passed a motion recommending that the City Council approve the determination under the California Environmental Quality Act and approve the proposed amendments to Titles 34 and 24 of the Santa Cruz Municipal Code (4-0-3, Commissioners Kelley, Kennedy, and Thompson absent); and

WHEREAS, the City Council finds and determines that the adoption of this ordinance is exempt from CEQA pursuant to: Public Resources Code Section 21080.085 as a rezoning that implements the schedule of actions within an approved housing element; CEQA Guidelines Section 15061(b)(3) as a project that with certainty will not have a significant environmental impact; and CEQA Guidelines Section 15301 relating to existing structures.

NOW THEREFORE BE IT ORDAINED by the City of Santa Cruz as follows:

Section 1. 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.

1. 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:

   i. 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

   ii. 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.

Section 2. Section 23.12.030.3 of Chapter 23.12 of the Santa Cruz Municipal Code regarding Lot-Line Adjustments is hereby added to read as follows:

23.12.030.3 LOT-LINE ADJUSTMENT

1. 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.

2. 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 8762 of the state Business and Professions Code.

3. A sequential lot-line adjustment involving a series of two or more lot-line adjustments, each affecting four or fewer lots, may be approved in a single action; however, the deed for each lot-line adjustment within that sequence shall not be recorded until recording of the deed for the previous lot-line adjustment in the sequence is complete.

4. For a lot-line adjustment that consolidates two or more lots in connection with a multifamily or mixed-use residential development that creates at least two new dwelling units, payment of fees related to the lot-line adjustment shall be deferred until issuance of the first certificate of occupancy or the first final inspection for the development. The fees shall be calculated at the time of application and shall become due and payable prior to issuance of the first certificate of occupancy or the first final inspection. The City may approve and record the lot-line

adjustment and issue subsequent development permits notwithstanding the deferred payment of such fees.

Section 3. Section 24.08.700 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Purpose of planned development permits is hereby amended to read as follows:

24.08.700 PURPOSE.

The purpose of the provisions contained herein is to provide an administrative technique to foster development plans for eligible lands that serve public objectives more fully than development plans permitted under conventional zoning regulations.

This part of the Zoning Ordinance is also part of the Local Coastal Program Implementation Plan.

Section 4. Section 24.08.710 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Intent of planned development permits is hereby amended to read as follows:

24.08.710 INTENT.

The intent of this part is to ensure that:

1. Applicants for planned development permits have the professional capability to produce a creative plan;

2. The public's interest in achieving goals stated in the General Plan will be served more fully through the planned development process than through application of conventional zoning regulations;

3. The advantages to landowners afforded by the planned development process will be balanced by public benefits;

4. Natural or man-made features and resources of the site such as topography, trees, watercourses, and the like are preserved.

Section 5. Section 24.08.730 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Eligibility Criteria of planned development permits is hereby amended to read as follows:

24.08.730 ELIGIBILITY CRITERIA.

An applicant for a planned development permit must demonstrate the following before the application may be heard.

1. Land Ownership. The applicant owns or controls the land subject to the planned development permit application.

2. Development Team. A development team of design professionals (architect, urban designer, landscape architect, planner, civil engineer, soils engineer, solar energy expert, etc., as appropriate) with the expertise and experience to carry out the intent of this permit, has been engaged.

Section 6. Section 24.08.740 of Chapter 24.08 of the Santa Cruz Municipal Code regarding General Requirements of planned development permits is hereby amended to read as follows:

24.08.740 GENERAL REQUIREMENTS.

1. Staged Approval Option. Conceptual approval of a planned development project may be made at any level of detail provided by applicant. While this approval constitutes approval of a planned development permit, approval of a design permit shall be required prior to issuance of a building permit. The purpose of a design permit is to establish the precise site and building plan.

2. Phased Development. All proposed phased development shall be accompanied by a schedule establishing approximate dates when each such phase shall be complete. Each phase of a phased development shall include its pro rata share of total planned common space, facilities, services, and inclusionary units, as applicable.

3. Provision, Operation, and Maintenance of Common Areas. Where common areas or facilities are proposed, an operation and maintenance program shall be prepared.

4. Development Agreements. Completion time and complexity of proposed planned developments may make desirable a development agreement between the project applicant and the City. The purpose of such an agreement is to provide assurance that an approved project may proceed in accordance with the policies, rules and regulations existing at the time of the agreement and subject to conditions of approval, even though City regulations may change subsequent to approval. Sections 65864 through 65869.5 of the California Government Code provide for such development agreements and shall govern any such agreements approved under the provisions of this part.

5. Applicable District Regulations. Regulations and standards of the underlying zoning district shall apply except where departures from strict application of district regulations are authorized by the planned development permit. Where mixed uses are proposed, the preponderance of the floor area shall reflect the uses permitted in the district.

6. Legal Advertising. All aspects of a proposed project that represent a departure from district regulations shall be set forth in the legal advertising of such proposed project.

Section 7. Section 24.08.760 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Procedure of planned development permits is hereby amended to read as follows:

24.08.760 PROCEDURE.

Applications for planned development permits shall be made on forms prescribed by the zoning administrator. The planning commission shall hold a public hearing and make a recommendation to the city council where a public hearing shall also be held, except in the case of community housing projects of four or fewer units in which case the planning commission shall take final action. The preferred application processing approach is for concurrent review and action on the planned development and design permits. However, an applicant has the option of submitting conceptual plans for approval of the planned development permit only. The purpose of this option is to allow conceptual approval and clarification of development issues on complex applications where an applicant requires such approval and clarification before embarking on detailed project plans.

Under this option, approval of the planned development permit must be followed by an application for design permit(s), filed within a time period specified by the planned development permit.

While the planned development permit is intended to resolve issues pertaining to use, environmental review, General Plan policy, and other policies, the design permit is intended to implement the planned development permit and establish the precise site and building plan.

Section 8. Section 24.08.770 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Findings Required of planned development permits is hereby amended to read as follows:

24.08.770 FINDINGS REQUIRED.

Before recommending or approving any planned development permit, the decision-making body must find that the application:

1. Is consistent with the General Plan, the Local Coastal Program Land Use Plan, and adopted area plans.

2. Is consistent with the purpose of this chapter and other applicable sections of this title

3. Includes planned variations to underlying district regulations that serve public purposes to an equivalent or higher degree than would underlying district regulations

4. Can be coordinated with existing and proposed development of surrounding areas

5. Overall, the amenity level of the development or the benefits to the public shall be greater than what would have been permitted by the underlying district regulations.

Section 9. Section 24.08.780 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Modifications of planned development permits is hereby amended to read as follows:

24.08.780 MODIFICATIONS.

Application for modifications to an approved planned development permit shall include all plans, maps, studies, reports, or other documentation that may reasonably be required to make the determinations called for in the particular modification request.

1. Types of Modifications.

    a. Before Occupancy. Modifications to the project, prior to occupancy, shall be processed in accordance with subsection (4), Modifications, of Section 24.04.160 of this title.

    b. After Occupancy. Modifications to the project after occupancy are classified as major or minor modifications and are processed in the following manner:

        (i) Modifications – Residential Uses.

            1. A major modification to any residential use within a planned development consists of exterior structural alterations to more than one dwelling unit or to change the purpose of the common area; such a modification shall be referred to the planning commission. A public hearing shall be held.

            2. A minor modification to any residential use within a planned development consists of an exterior structural alteration to one dwelling unit; such a modification shall be decided by the zoning administrator.

        (ii) Modifications – Nonresidential Uses.

            1. A major modification to any nonresidential use within a planned development consists of any exterior structural alteration to more than one structure and/or alterations affecting more than fifteen percent of floor area or to the purpose of the common area; such modification shall be referred to the planning commission. A public hearing shall be held.

            2. A minor modification to any nonresidential use within a planned development consists of any exterior structural alteration to one structure and/or alterations affecting less than fifteen percent of floor area; such proposed modifications shall be decided by the zoning administrator.

2. Findings Necessary. Before recommending approval or approving a modification, the decision-making body shall find that:

    a. Proposed modifications maintain the original purpose and reasons for approval of the planned development and are consistent with the original conditions of approval.

    b. All proposed modifications meet the regulations for the district in which the planned development is located, unless such modifications conform with previously approved planned variations.

c. Proposed modifications(s) maintain usable open space originally approved for the site.

Section 10. Section 24.08.790 of Chapter 24.08 of the Santa Cruz Municipal Code regarding Application of PD Permit is hereby repealed.

Section 11. Section 24.10.210 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-S zoning district is hereby amended to read as follows:

24.10.210 PRINCIPAL PERMITTED USES.

1. Single-family dwelling.

2. Community care facilities with six or fewer persons, but not including community care residential facilities.

3. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

4. Crop and tree farming and grazing lands.

5. Small and large family daycare homes in residential units.

6. Community garden.

7. Accessory uses are principally permitted when they are a subordinate use to the principal use of the lot.

    a. Home occupations subject to home occupation regulations as provided in Section 24.10.160.

    b. Room and board for not more than two paying guests per dwelling unit, when located within principal building.

    c. Residential accessory uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures, and Section 24.10.230.

    d. Living quarters for persons regularly employed on the premises, when located within principal building.

8. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2.

9. Supportive and transitional housing in single-family dwellings.

10. Junior accessory dwelling units subject to the provisions of Chapter 24.16, Part 2.

11. Agricultural employee housing, as defined by Health and Safety Code section 17008(a) and regulated by Health and Safety Code section 17021.6, in up to 12 dwelling units or 36 beds.

Section 12. Section 24.10.310 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-1 zoning district is hereby amended to read as follows:

24.10.310 PRINCIPAL PERMITTED USES.

1. Single-family dwelling.

2. Community care facilities with six or fewer persons, not including community care residential facilities.

3. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

4. Small and large family daycare homes in residential units.

5. Community garden.

6. Accessory uses are principally permitted when they are a subordinate use to the principal use of the lot.

    a. Home occupations subject to home occupation regulations as provided in Section 24.10.160.

    b. Room and board for not more than two paying guests per dwelling unit, when located within principal building.

    c. Residential accessory uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures, and Section 24.10.330.

7. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2.

8. Supportive and transitional housing in an otherwise permitted residential building.

9. Junior accessory dwelling units subject to the provisions of Chapter 24.16, Part 2.

Section 13. Section 24.10.330 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the R-1 zoning district is hereby amended to read as follows:

24.10.330 USE PERMIT REQUIREMENT.

1. The following uses are subject to approval of an administrative use permit and may also require a design permit per Section 24.08.410:

    a. Family animal farm.

    b. Temporary structures and uses.

    c. Young farmer projects on sites of twenty thousand square feet or more on which a child may be permitted to raise one kid, lamb, or calf for a one-year period.

    d. Accessory buildings containing plumbing fixtures subject to the provisions of Section 24.12.140.

    e. Wireless telecommunications facilities, subject to the regulations in Chapter 24.12, Part 15.

2. The following uses are subject to approval of a special use permit and may also require a design permit per Section 24.08.410:

    a. Bed-and-breakfast inns, subject to requirements contained in Chapter 24.12, Part 9.

    b. Community care facilities with seven or more persons, not including community care residential facilities.

    c. Nursing homes.

    d. Retirement homes.

    e. Health facilities for inpatient and outpatient psychiatric care and treatment.

    f. Off-street parking facilities accessory to a contiguous commercial property not to exceed one hundred feet from the boundary of the site they are intended to serve.

    g. Plant nurseries and greenhouses.

    h. Noncommercial recreation areas, buildings and facilities such as parks, country clubs, golf courses, and riding, swimming and tennis clubs.

    i. Educational, religious, cultural, or public utility or public service uses and buildings; but not including corporation yards, storage or repair yards, and warehouses.

    j. Two-family dwellings (duplexes) on corner lots having an area of seven thousand five hundred square feet or more, and subject to the following limitations:

i. Such duplexes shall maintain at least two thousand square feet of usable open space, one thousand square feet of which shall be directly accessible to each unit within the duplex;

ii. Setbacks from the street shall be the same as for a single-family dwelling, i.e., the setback from one street shall be considered a front yard setback and the setback from the other street shall be considered an exterior side yard setback; however, garages or carports shall have a minimum setback of twenty feet from the property line to the vehicle entrance of the structure.

k. Riding stables on parcels at least five acres in size for the boarding of horses to serve the neighborhood.

l. Agricultural employee housing, as defined by Health and Safety Code section 17008(a) and regulated by Health and Safety Code section 17021.6, in up to 12 dwelling units or 36 beds.

Section 14. Section 24.10.410 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-L zoning district is hereby amended to read as follows:

24.10.410 PRINCIPAL PERMITTED USES.

The following uses are permitted outright if a design permit is obtained for new structures and environmental review is conducted in accordance with city and state guidelines. Design permits are not required for accessory structures and additions that are less than one hundred twenty square feet and less than fifteen feet in building height. (Numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses.)

1. Multiple dwellings, townhouse dwelling groups, and condominium projects in one or more structure(s). (830, 840)

2. Community care facilities with six or fewer persons, but not including community care residential facilities.

3. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

4. Retirement homes with six or fewer persons.

5. Small and large family daycare homes in residential units.

6. Two-family dwellings, subject to the density requirements in the General Plan.

7. Community garden.

8. Single-family dwellings, subject to the density requirements in the General Plan.

9. Accessory uses are principally permitted when they are a subordinate use to the principal use of the lot.

    a. Home occupations subject to home occupation regulations as provided in Section 24.10.160.

    b. Park and recreational facilities.

    c. Room and board for not more than two paying guests per dwelling unit, when located within principal building.

    d. Residential accessory uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures, and Section 24.10.430.

10. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit.

11. Supportive and transitional housing in an otherwise permitted residential building.

12. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit.

Section 15. Section 24.10.510 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-M zoning district is hereby amended to read as follows:

24.10.510 PRINCIPAL PERMITTED USES.

The following uses are permitted outright if a design permit is obtained for new structures and environmental review is conducted in accordance with city and state guidelines. Design permits are not required for accessory structures and additions that are less than one hundred twenty square feet and less than fifteen feet in building height. (Numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses.)

1. Multiple dwellings, townhouse dwelling groups, and condominium projects in one or more structures. (830, 840)

2. Community care facilities with six or fewer persons, not including community care residential facilities.

3. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

4. Retirement home, six or fewer persons.

5. Community garden.

6. Small and large family daycare homes in residential units.

7. Accessory uses are principally permitted when they are a subordinate use to the principal use of the lot.

    a. Park and recreational facilities.

    b. Home occupations subject to home occupation regulations as provided in Section 24.10.160.

    c. Room and board for not more than two paying guests per dwelling unit, when located within principal building.

    d. Residential accessory uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures, and Section 24.10.530.

8. Supportive and transitional housing in an otherwise permitted residential building.

9. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit.

10. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit.

Section 16. Section 24.10.565 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-H zoning district is hereby amended to read as follows:

24.10.565 PRINCIPAL PERMITTED USES.

The following uses are permitted subject to a design permit for new structures in compliance with the Beach and South of Laurel Design Guidelines and other requirements of the municipal code. (Numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses.) Design permits

are not required for accessory structures and additions that are less than one hundred twenty square feet and less than fifteen feet in building height. Environmental review must be conducted in accordance with city and state guidelines:

1. Multiple dwellings, townhouse dwelling groups, and condominium projects in one or more structures. (830, 840)

2. Small community care facilities with six or fewer persons, not including community care residential facilities.

3. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

4. Retirement homes, six or fewer persons.

5. Small and large family daycare homes in residential units.

6. Supportive and transitional housing in an otherwise permitted residential building.

7. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit.

8. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit.

Section 17. Section 24.10.603 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-T(A) zoning district is hereby amended to read as follows:

24.10.603 PRINCIPAL PERMITTED USES.

1. The following uses may be subject to approval of a design permit per Section 24.08.410 and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

    a. Duplexes. (810)

    b. Small and large family daycare homes in residential units.

    c. Accessory Uses. Other uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures.

d. Supportive and transitional housing in an otherwise permitted residential building.

e. Multiple dwellings, townhouse dwelling groups, and condominiums. (830)

f. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit.

g. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit.

h. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

Section 18. Section 24.10.604 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the R-T(A) zoning district is hereby amended to read as follows:

24.10.604 USE PERMIT REQUIREMENT.

1. The following uses are subject to approval of an administrative use permit and may also require a design permit per Section 24.08.410 and are also subject to all other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   a. Single-family dwellings; (810)

   b. Accessory buildings containing plumbing fixtures subject to the provisions of Section 24.12.140;

   c. Wireless telecommunications facilities, subject to the regulations in Chapter 24.12, Part 15.

2. The following uses are subject to approval of a special use permit and a design permit and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   a. Bed-and-breakfast inns, subject to the requirements contained in Chapter 24.12, Part 9; (300c)

   b. Large community care facilities, not including community care residential facilities;

c. Public and private commercial parking;

d. Public and private noncommercial recreation areas, buildings and facilities such as parks; (710)

e. Public and quasi-public buildings and uses including recreational, educational, religious, cultural or public utility or service nature; but not including corporation yards, storage or repair yards, and warehouses; (500, 510, 530, 540, 570)

f. Retirement homes or centers; (850b)

Section 19. Section 24.10.611 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-T(B) zoning district is hereby amended to read as follows:

24.10.611 PRINCIPAL PERMITTED USES.

1. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2.

2. Small and large family daycare homes in residential units (no design permit required unless otherwise required under Section 24.08.410).

3. Multiple dwellings, townhouse dwelling groups, and condominiums (830).

4. Single-family and duplex dwellings (800, 810).

5. Wireless telecommunication facilities, subject to the regulations in Chapter 24.12, Part 15, requiring no public hearing.

6. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2.

7. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

8. Supportive and transitional housing in an otherwise permitted residential building.

Section 20. Section 24.10.612 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirements of the R-T(B) zoning district is hereby amended to read as follows:

24.10.612 USE PERMIT REQUIREMENTS.

1. The following uses are subject to approval of an administrative use permit and a design permit and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further

refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

a. Storage and equipment structures.

b. Temporary structures and uses.

c. Accessory buildings containing plumbing fixtures subject to the provisions of Section 24.12.140.

d. Wireless telecommunication facilities, subject to the regulations in Chapter 24.12, Part 15, requiring a public hearing.

2. The following uses are subject to approval of a special use permit and a design permit and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

a. Coffee shops subject to the live entertainment regulations in Chapter 24.12, Part 2 (280g).

b. Large community care facilities, not including community care residential facilities.

c. Motel, hotel and bed-and-breakfast inn uses subject to annual business license review (300).

d. Public and private commercial parking (940, 950).

e. Public and private noncommercial recreation areas, buildings and facilities such as parks (710).

f. Public and quasi-public buildings and uses of an administrative, recreational, religious, cultural or public utility or service nature; but not including corporation yards, storage or repair yards, and warehouses (500, 510, 530, 540, 570).

g. Retirement homes or centers (850b).

Section 21. Section 24.10.619 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-T(C) zoning district is hereby amended to read as follows:

24.10.619 PRINCIPAL PERMITTED USES.

1. The following uses are allowed, subject to a design permit for new construction per Section 24.08.410 and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further

refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage:

a. Food and beverage stores (except liquor stores) (240);

b. Eating and drinking establishments without alcohol sales and subject to the live entertainment regulations in Chapter 24.12, Part 2 (280);

c. Low-barrier navigation centers, subject to the requirements of Section 24.12.165.

Residential Uses.

d. Flexible density unit (FDU) housing as part of a mixed-use project;

e. Mixed residential and commercial developments when multiple family units are located either in the same lot or above a first floor of commercial uses, subject to the R-T(A) District regulations (830);

f. Multiple dwellings, townhouse dwelling groups and condominiums when ground-floor units are designed as live-work units consistent with Section 24.12.185(13) and subject to the R-T(A) District regulations (830);

g. One or two multiple-family units when located above the first floor of permitted commercial uses with no additional parking required (820);

h. Small and large family daycare homes in residential units (no design permit required unless otherwise required under Section 24.08.410);

i. Single-room occupancy (SRO) housing (860);

j. Single-family residences if lot size does not allow multifamily development, with no live-work or active frontage requirement (800);

k. Supportive and transitional housing in an otherwise permitted residential building;

l. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit;

m. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit.

Commercial Uses.

n. Motel, hotel, and bed-and-breakfast inn uses subject to annual business license review (300);

o. Off-site parking fewer than five spaces (930);

p. Wireless telecommunications facilities, subject to the regulations in Chapter 24.12, Part 15, requiring no public hearing.

2. Accessory Uses. Other uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures, and Section 24.10.620.

Section 22. Section 24.10.620 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the R-T(C) zoning district is hereby amended to read as follows:

24.10.620 USE PERMIT REQUIREMENT.

1. The following uses require an administrative use permit and may also require a design permit per Section 24.08.410 and are subject to other applicable requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   Uses for Active Frontage.
   a. Acting/art/music/dance studios/schools (610);

   b. Apparel and accessory stores (250);

   c. Community organizations, associations, clubs and meeting halls (570);

   d. Convenience stores, subject to alcohol regulations in Chapter 24.12, Part 12 (240B);

   e. Eating and drinking establishments (except bars and fast-food restaurants) subject to live entertainment and alcohol regulations of Chapter 24.12 (280);

   f. Educational facilities (public/private) (510);

   g. General merchandise stores (drug and department stores) (230);

   h. Government and public agencies (530);

   i. Home furnishings (270);

   j. Liquor stores, subject to alcohol regulations in Chapter 24.12, Part 12 (240B);

   k. Museum and art galleries (600);

   l. Professional offices associated with a visitor-serving use (400);

m. Repairs, alterations, maintenance services to household items (except boat repair)(340);

n. Specialty retail supply stores (290);

o. Video rental (360B);

Commercial Uses.

p. Accessory buildings containing plumbing fixtures subject to provisions of Section 24.12.140;

q. Churches (500);

r. Developed parks (710);

s. Undeveloped parks and open space (700);

t. Temporary structures and uses;

u. Sports and recreation facilities, without alcohol sales (720);

v. Wireless telecommunications facilities, subject to the regulations in Chapter 24.12, Part 15 requiring a public hearing;

w. Private property outdoor seating, subject to the requirements in Section 24.12.191.

2. The following uses require a special use permit and design permit and are subject to other applicable requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage.

a. Bars/taverns subject to alcohol regulations in Chapter 24.12, Part 12 (280C);

b. Fast-food restaurants subject to alcohol regulations in Chapter 24.12, Part 12 (280H);

c. Financial, insurance, real estate offices (420);

d. Fish/seafood wholesale sales (200F);

e. Medical/health offices (410);

f. Nightclubs/music halls, subject to live entertainment and alcohol regulations in Chapter 24.12, Part 12 (630);

g. Personal services (except contractors' yards and mortuaries) (310);

h. Theaters (620);

Commercial Uses.

i. Communication and information (550);

j. Marine facilities and related uses (560E);

k. Related research facilities (400L);

l. Related storage and warehousing (330);

m. Off-site public/private parking facilities, five or more spaces (930);

n. Professional offices (400), except as associated with a visitor-serving use;

o. Sports and recreation facilities subject to alcohol regulations in Chapter 24.12, Part 12 (720);

p. Utilities and resources (540).

Section 23. Section 24.10.625.3 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the R-T(C)/PER zoning district is hereby amended to read as follows:

24.10.625.3 USE PERMIT REQUIREMENT.

1. The following uses are permitted subject to an administrative use permit, a design permit and other requirements of the municipal code. The goal is to provide a continuity of activity and interest which will integrate existing commercial uses along Beach Street and the Boardwalk more fully (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes):

   a. Retail uses, including stores, shops, specialty shops, and neighborhood convenience retail, excluding department stores or discount malls up to a total of one hundred twenty-five thousand square feet for the district (230, 250, 290).

   b. Eating establishments, not including drive-up or drive-in services, subject to live entertainment and alcohol regulations of Chapter 24.12 (280).

   c. Off-site parking with fewer than five spaces (930).

   d. Food and beverage stores (except liquor stores) (240).

   e. Acting/art/music/dance/photography studios/schools (610) if such establishments are in compliance with the design guidelines and active people-oriented uses are located adjacent to the street.

f. Administrative offices ancillary to a permitted use, if:

i. Offices in new structures are screened on street frontage by retail/recreational, and/or active people-oriented uses of at least twenty-five feet in depth, or

ii. Offices in existing structures do not create a significant break in pedestrian activity and storefront continuity along the street, and they are landscaped according to the design guidelines.

g. Indoor recreational uses and sports and health clubs; provided, that the storefront adjacent to the street is designed in compliance with the guidelines, and active people-oriented uses are located adjacent to the street (720).

h. Temporary structures and uses.

i. Private property outdoor seating, subject to the requirements in Section 24.12.191.

2. The following uses are subject to approval of a special use permit, a design permit and other requirements of the municipal code:

a. Public performance space, art galleries and/or museums which are open to the public (600, 610).

b. Lodging, hotel development, provided it incorporates specialty boutiques and/or restaurant(s) on the ground floor, and does not create a significant break in pedestrian activity and storefront continuity along the street (300).

c. Off-site public/private parking facilities, five or more spaces (930), so long as the total width of access to the facility is not more than fifty feet in width on any one street frontage, provided the parking is visually screened and separated from the street, and that access is designed in a manner not to disrupt retail continuity along Beach Street.

d. Residential development, located above the first floor of commercial uses, not to exceed thirty dwelling units/acre, if it includes a mixture of unit types (e.g., variety of unit sizes) and if fifteen percent of the total number of units are affordable in accordance with Chapter 24.16 of the zoning regulations. This type of residential use includes supportive and transitional housing.

e. Theater and cinemas; exhibit space and libraries, auditoriums and conference space, providing significant pedestrian activity and storefront continuity is provided along the streets (550g, 570b, 570c, 600, 620).

f. Live performing arts theaters or nightclub establishments providing live entertainment with stage/performance areas greater than eighty square feet or permitting dancing and establishments serving alcoholic beverages; provided, that the storefront is designed in

compliance with design guidelines and to include active people-oriented activities of visual interest to the pedestrian and subject to acoustical studies indicating that such uses can achieve the city's existing noise standards (630).

Section 24. Section 24.10.627 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-T(D) zoning district is hereby amended to read as follows:

24.10.627 PRINCIPAL PERMITTED USES.

1. The following uses are permitted, subject to a design permit per Section 24.08.410, Neighborhood Conservation Overlay District (Section 24.10.4000) and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

    a. Multiple dwellings, townhouse dwelling groups, and condominiums, three units or more (830, 840);

    b. Single-family and duplexes (800, 810);

    c. Storage and equipment structures, if ancillary to principal residential use;

    d. Small and large family daycare homes in residential units;

    e. Accessory Uses. Other uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures;

    f. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit;

    g. Supportive and transitional housing in an otherwise permitted residential building;

    h. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit;

    i. Community care residential facilities, including foster family homes, within one or more existing dwelling units.

Section 25. Section 24.10.628 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the R-T(D) zoning district is hereby amended to read as follows:

24.10.628 USE PERMIT REQUIREMENT.

1. The following uses are subject to approval of an administrative use permit and may also require a design permit per Section 24.08.410, as well as other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

    a. Temporary structures and uses.

    b. Accessory buildings containing plumbing fixtures subject to the provisions of Section 24.12.140.

    c. Wireless telecommunications facilities, subject to the regulations in Chapter 24.12, Part 15.

2. The following uses are subject to approval of a special use permit and a design permit and other requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

    a. Bed-and-breakfast inns, subject to the requirements contained in Chapter 24.12, Part 9. (300c)

    b. Community care facilities, not including community care residential facilities.

    c. Public and private noncommercial recreation areas, buildings and facilities such as parks. (710)

    d. Public and quasi-public buildings and uses including administrative, recreational, educational, religious, cultural, public utility or public service uses; but not including yards, storage or repair yards, and warehouses. (500, 510, 530, 540, 570)

    e. Retirement homes or centers. (850b)

Section 26. Section 24.10.636 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the R-T(E) zoning district is hereby amended to read as follows:

24.10.636 PRINCIPAL PERMITTED USES.

1. The following uses are permitted and may also require a design permit per Section 24.08.410 as well as other requirements of the municipal code:

    a. Duplex dwellings.

    b. Multiple dwellings, townhouse dwelling groups and condominiums.

c. Small and large family daycare homes in residential units.

d. Community care residential facilities, including foster family homes, in one or more existing dwelling units.

e. Accessory Uses. Other uses and buildings customarily appurtenant to a permitted use, subject to the provisions of Section 24.12.140, Accessory buildings and structures.

f. Accessory dwelling units subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit.

g. Junior accessory dwelling units on a parcel with an approved residential use that does not include a building containing two or more units other than accessory dwelling units, subject to the provisions of Chapter 24.16, Part 2, except junior accessory dwelling units are not subject to approval of a design permit.

h. Supportive and transitional housing in an otherwise permitted residential building.

Section 27. Section 24.10.710 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the C-C zoning district is hereby amended to read as follows:

24.10.710 PRINCIPAL PERMITTED USES.

The following uses are allowed outright, subject to other requirements of the municipal code including the approval of a design permit for new structures when required by Section 24.08.410 (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage.

a. Acting/art/music/dance schools and studios (610);

b. Apparel and accessory stores (250);

c. Auto supply stores (260C);

d. Communication and information (550);

e. Eating and drinking establishments (except bars, fast-food) subject to live entertainment and alcohol regulations of Chapter 24.12 (280);

f. Educational facilities (public/private) (510);

g. Financial, insurance, real estate offices (420);

h. Financial services (320);

i. Food and beverage stores (except liquor and convenience stores) (240);

j. General retail merchandise (drug and department stores) (230);

k. Government and public agencies (530);

l. Hardware stores (indoor sales only) (220A);

m. Home furnishing stores (270);

n. Low-barrier navigation centers, subject to the requirements of Section 24.12.165;

o. Medical/health offices (except veterinarians and ambulance services) (410);

p. Museums and art galleries (600);

q. Professional offices (400), except as associated with a visitor-serving use;

r. Professional/personal service (except contractors' yards and mortuaries) (310);

s. Repairs, alterations and maintenance services for household items (except boat repair) (340);

t. Small preschool/childcare (twelve or fewer) (510A);

u. Specialty retail supply stores (290); except thrift stores (290m);

v. Theaters (620);

w. Thrift stores consistent with the requirements of Section 24.12.146 (290m);

x. Video rental (650).

Residential Uses.

y. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit;

z. Flexible density unit (FDU) housing;

aa. Mixed residential and commercial/office developments involving allowed commercial uses, on the ground floor and multiple dwellings or condominiums either above the first floor or on the same lot;

ab. Multiple dwellings or condominiums when ground-floor units are designed as live-work units consistent with Section 24.12.185(13) and subject to the minimum (net) land area per dwelling unit of the R-M District (830);

ac. One or two multiple-family units when located above the first floor with no additional parking required (830);

ad. Single-room occupancy (SRO) housing (860);

ae. Small community care residential facilities;

af. Small and large family daycare homes in residential units.

ag. Supportive and transitional housing in an otherwise permitted residential building.

Commercial Uses.

ah. Off-site public/private parking facilities, five or fewer spaces (930);

ai. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12 requiring no public hearing.

Section 28. Section 24.10.730 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the C-C zoning district is hereby amended to read as follows:

24.10.730 USE PERMIT REQUIREMENT.

1. The following uses require an administrative use permit and are subject to other applicable requirements of the municipal code including the approval of a Design Permit for new structures when required by Section 24.08.410 (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   Uses for Active Frontage.

   a. Bakery, handicrafts or similar light manufacturing and assembly uses associated with retail sales if floor area is less than seven thousand square feet and retail sale or service area occupies at least thirty percent of the floor area;

   b. Brewpubs and microbreweries, subject to alcohol regulations in Part 12 of Chapter 24.12;

   c. Cannabis retail, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

   d. Community organizations, associations, clubs and meeting halls (570);

   e. Tasting rooms, subject to alcohol regulations in Part 12 of Chapter 24.12;

f. Veterinarians (410A).

Commercial Uses.

g. Accessory buildings containing plumbing fixtures subject to provisions of Section 24.12.140;

h. Ambulance services (410B);

i. Auto services and repair subject to performance standards in Section 24.12.900 (350);

j. Boat repairs (340D);

k. Building materials/garden supplies (220);

l. Churches (500);

m. Developed parks (710);

n. Fast-food restaurants or drive-in eating facilities subject to performance standards in Section 24.12.290, and subject to live entertainment and alcohol regulations of Chapter 24.12 (280H);

o. Lodging (300);

p. Motor vehicle dealers and supplies (260);

q. Off-site public/private parking facilities, five or more spaces (930);

r. Recycling collection facilities;

s. Temporary structures and uses;

t. Undeveloped parks and open space (700);

u. Utilities and resources (540);

v. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12 requiring a public hearing;

w. Private property outdoor seating, subject to the requirements in Section 24.12.191.

2. The following uses require a special use permit and are subject to other applicable requirements of the municipal code including the approval of a design permit for new structures when required by Section 24.08.410. All industrial classifications from 100 to 155 shall be limited to operations that occupy less than five thousand square feet of floor area and shall comply with all performance standards listed in Part 2 of the Environmental Resource Management

provisions (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage.

a. Bar and cocktail lounges subject to live entertainment and alcohol regulations of Chapter 24.12 (280C);

b. Convenience stores, subject to alcohol regulations in Part 12 of Chapter 24.12 (240B);

c. Nightclubs/music halls subject to live entertainment and alcohol regulations of Chapter 24.12 (630);

d. Smoking lounges as defined in Section 24.22.748.2 and subject to siting criteria and performance standards in Chapter 5.54.

Residential Uses.

e. Community care facilities.

Commercial Uses.

f. Carpenter, electrical, plumbing, heating, and furniture upholstery shops;

g. Contractor/building (310E);

h. Fabricated metal products (manufacturing) (150);

i. Fabricated wire products (manufacturing) (155A);

j. Food and beverage preparation (manufacturing) (100);

k. Furniture and fixtures (manufacturing) (120);

l. Hospitals (520);

m. Laboratory research experimentation, testing, software development;

n. Liquor stores, subject to alcohol regulations in Part 12 of Chapter 24.12;

o. Local/interurban passenger transit (bus, cab) (560B);

p. Millwork, textile products, knit goods, woven fabrics, clothing (manufacturing) (105);

q. Mortuaries (310I);

r. Motion picture production (manufacturing) (155E);

s. Rental services (360);

t. Solar equipment (manufacturing) (155C);

u. Sports recreation facilities, subject to alcohol regulations in Part 12 of Chapter 24.12 (720);

v. Stone, clay, glass products (manufacturing) (140);

w. Storage and warehouse when connected with permitted use (330);

x. Wholesale trade (nondurable goods) (200):

i. Bakery;

ii. Confectionery;

iii. Dairy;

iv. Health foods;

y. Wholesale trade (durable goods) (210):

i. Paper products and related (210E);

ii. Special equipment (machine supply) (210F).

Section 29. Section 24.10.910 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the C-T zoning district is hereby amended to read as follows:

24.10.910 PRINCIPAL PERMITTED USES.

1. The following uses are allowed outright, subject to other requirements of the municipal code including the approval of a design permit for new structures when required by Section 24.08.410 (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage.

a. Art galleries.

b. Branch banks.

c. Clothing and apparel shops.

d. Eating and drinking establishments, subject to live entertainment and alcohol regulations of Chapter 24.12.

e. Hotels, motels and bed-and-breakfast inns.

f. Medical and dental offices.

g. Professional, editorial, real estate, insurance and other general business offices.

Residential Uses.

h. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit.

i. Multiple dwellings and condominiums, when located either in the same lot or above first floor commercial development, subject to the minimum land area (net) per dwelling unit of the R-M District (830).

j. Small and large family daycare homes in residential units.

k. Supportive and transitional housing in an otherwise permitted residential building.

l. Agricultural employee housing, as defined by Health and Safety Code Section 17008(a) and regulated by Health and Safety Code Section 17021.6, in up to 12 dwelling units or 36 beds.

Commercial Uses.

m. Carpenter shop; electrical, plumbing or heating shops; furniture upholstering shop.

n. Garages for the repair of automobiles, subject to performance standards as set forth in this title for principal permitted uses in the I-G District.

o. Handicraft shops and workshops.

p. Low-barrier navigation centers, subject to the requirements of Section 24.12.165;

q. Medical, optical, and dental clinics and laboratories, not including the manufacture of pharmaceuticals or other (similar) products for general sale or distribution.

r. Mobile home, trailer, boat, motorcycle sales and service.

s. New car sales and service.

t. Parking facilities of five or fewer spaces.

u. Plant nurseries and greenhouses.

v. Theaters.

w. Used car sales and service, auto parts and supply stores.

x. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12 requiring no public hearing.

Section 30. Section 24.10.1010 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the C-N zoning district is hereby amended to read as follows:

24.10.1010 PRINCIPAL PERMITTED USES.

1. The following uses are allowed outright, subject to other applicable requirements of the municipal code including the requirement for a design permit for new structures when required by Section 24.08.410 (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage.

a. Eating and drinking establishments (except bars and fast food), subject to live entertainment and alcohol regulations of Chapter 24.12 (280);

b. Financial, insurance, real estate offices (420);

c. Food, beverage stores (except liquor and convenience stores) (240);

d. Hardware stores (indoor sales only) (220A);

e. Medical/health offices (except veterinarians and twenty-four-hour clinics) (410);

f. Low-barrier navigation centers, subject to the requirements of Section 24.12.165;

g. Professional/personal service (except contractors yards and mortuaries) (310);

Residential Uses.

h. One or two multiple-family units when located above the first floor commercial use with no additional parking required (830);

i. Small and large family daycare homes in residential units;

j. Multiple dwellings and condominiums, when located either in the same lot or above first floor commercial development, subject to the minimum land area (net) per dwelling unit of the R-L District (840);

k. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit;

l. Supportive and transitional housing in otherwise permitted residential buildings.

Commercial Uses:

m. Financial services (320);

n. Off-site public/private parking facilities five or fewer spaces (930);

o. Professional offices (400);

p. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12 requiring no public hearing.

Section 31. Section 24.10.1110 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the C-B zoning district is hereby amended to read as follows:

24.10.1110 PRINCIPAL PERMITTED USES.

1. The following uses are allowed outright, subject to other applicable requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

Uses for Active Frontage.

a. Acting/art/music/dance schools and studios (610);

b. Apparel and accessory stores (250);

c. Eating and drinking establishments (except fast-food restaurants), subject to live entertainment and alcohol regulations of Chapter 24.12 (280);

d. Food and beverage stores (except convenience/liquor stores) (240);

e. General merchandise (drug and department stores) (230);

f. Handicraft shops and workshops;

g. Low-barrier navigation centers, subject to the requirements of Section 24.12.165;

h. Museums and art galleries (600);

i. Personal/professional services (except contractors' yards and mortuaries) (310);

j. Specialty retail supply stores (290);

k. Thrift stores consistent with the requirements of Section 24.12.146 (290m);

Residential Uses.

l. One or two multiple-family units when located above the first floor with no additional parking required (830);

m. Small and large family daycare homes in residential units;

n. Mixed residential and commercial development involving permitted or administrative uses on the ground floor and multiple dwellings or condominiums either on the same lot or above the first floor, subject to the minimum land area

o. (net) per dwelling unit of the R-M District (830);

p. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2;

q. Supportive and transitional housing in an otherwise permitted residential building.

Commercial Uses.

r. Financial, insurance, real estate offices above first floor (420);

s. Lodging (300);

t. Marine facilities (560E);

u. Mechanical contrivances for amusement purposes, such as Ferris wheels and roller coasters, south and east of Beach Street only;

v. Off-site public/private parking facilities, five or fewer spaces (930);

w. Professional offices above first floor (400);

x. Sports and recreation facilities, subject to alcohol regulations in Part 12 of Chapter 24.12 (720);

y. Theaters (620);

z. Video rental (650);

aa. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12 requiring no public hearing.

Section 32. Section 24.10.1210 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the P-A zoning district is hereby amended to read as follows:

24.10.1210 PRINCIPAL PERMITTED USES.

1. The following uses are allowed outright if a design permit is obtained for new structures (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Further refinement of uses within these categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   Uses for Active Frontage.

   a. Financial, insurance, real estate offices (420);

   b. Financial services (320);

   c. Low-barrier navigation centers, subject to the requirements of Section 24.12.165;

   d. Professional offices (400);

   e. Professional/personal services (except contractors' yards and mortuaries) (310);

   f. Medical/health offices (except veterinarians, medical marijuana provider association dispensaries, as defined in Section 24.22.539, ambulance services and emergency medical clinics open earlier than 7:00 a.m. and later than 9:00 p.m.) (410);

   g. Museums and art galleries (600);

   Residential Uses.

   h. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2, except accessory dwelling units are not subject to approval of a design permit;

   i. Duplexes together with an allowed commercial use (820);

   j. Multiple dwellings and condominiums, together with an allowed commercial use and subject to minimum land area requirements of R-M District (830);

   k. One to two units above ground-floor office use with no additional parking required (810);

   l. Small and large family daycare homes in residential units;

   m. Supportive and transitional housing in an otherwise permitted residential building.

   Commercial Uses.

   n. Off-site parking fewer than five spaces (930);

o. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12 requiring no public hearing.

Section 33. Section 24.10.1510 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the I-G zoning district is hereby amended to read as follows:

24.10.1510 USE PERMIT REQUIREMENT.

1. The following uses require an administrative use permit and are subject to other applicable requirements of the municipal code (numerical references at the ends of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

    a. Agriculture (000);

    b. Agricultural employee housing, as defined by Health and Safety Code Section 17008(a) and regulated by Health and Safety Code Section 17021.6, in up to 12 dwelling units or 36 beds.

    c. Auto services and repairs, including trucks, heavy equipment and auto towing, subject to performance standards in Section 24.12.900 (350);

    d. Boat repairs (340D);

    e. Cannabis cultivation, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

    f. Cannabis distribution and warehousing, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

    g. Cannabis manufacturing, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

    h. Cannabis retail, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

    i. Churches (500);

    j. Communication and information services (550);

    k. Community organizations, associations, clubs and meeting halls (570);

    l. Eating and drinking establishments, subject to live entertainment and alcohol regulations of Chapter 24.12 (280);

m. Educational facilities (public/private) (510);

n. Fabricated metal products (150);

o. Food and beverage stores (except liquor and convenience stores) (240);

p. Forestry services (010);

q. Government and public agencies (530);

r. Leather tanning (110);

s. Off-site public/private parking facilities, five or more spaces (930);

t. Other manufacturing and processing industries (except bulk petroleum, scrap and waste materials) (155);

u. Parks (700);

v. Stone, clay, glass products (140);

w. Temporary structures;

x. Transportation facilities (560);

y. Utilities and resources (540);

z. Wireless telecommunications facilities, subject to the regulations in Part 15 of Chapter 24.12;

aa. Private property outdoor seating areas, subject to the requirements in Section 24.12.191.

2. The following uses require a special use permit and are subject to other applicable requirements of the municipal code. All industrial classifications from 125 to 145 shall comply with all performance standards listed in Part 2 of the Environmental Resource Management provisions (numerical references at the ends of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   a. Building material/garden supply stores (220) with forty thousand square feet or more including indoor floor area and outdoor storage, display, or sales areas. For building materials/garden supply stores of which fifty percent or more of the square footage will occupy an existing building, this threshold will be seventy-five thousand square feet including indoor floor area and outdoor storage, display, or sales areas so long as vacant, available space in existing buildings in the IG Zone exceeds four hundred thousand square

feet. When the vacant, available square footage is less than four hundred thousand square feet, the forty-thousand-square-foot threshold will apply;

b. Chemicals and allied products, subject to performance standards (130);

c. Group quarters (850), including supportive and transitional housing;

d. Multiple dwellings or condominiums subject to R-M District regulations (830, 840), including supportive and transitional housing;

e. Nightclubs/music halls, subject to live entertainment and alcohol regulations of Chapter 24.12 (630);

f. Paper and allied products subject to performance standards (125);

g. Parks and recreation facilities, subject to alcohol regulations in Part 12 of Chapter 24.12 (720);

h. Primary metals and material subject to performance standards (145);

i. Rubber, plastic, miscellaneous materials and products subject to performance standards (135);

j. Single-room occupancy (SRO) housing (860), including supportive and transitional housing, under the following conditions:

(1) The site is located within one-quarter mile (one thousand three hundred twenty feet) of a grocery store.

(2) The lot size is less than six thousand square feet.

(3) The SRO is part of a mixed use project, sharing the site and/or building with a use that is allowed under Section 24.10.1505, Principal Permitted Uses, is in conformance with Section 24.10.1540(2), and complies with the following requirements:

(a) The SRO development and the mixed use business are under one ownership.

(b) The amount of building space occupied by the nonresidential use is either at a minimum equal to the SRO or residential use or the nonresidential use occupies the entire ground floor of the development.

(4) Ambient interior noise levels can be mitigated below forty-five decibels.

(5) Air quality on and around the site, including odors resulting from adjacent land uses, is not considered a potential health hazard and/or objectionable to residential use;

k. Smoking lounges as defined in Section 24.22.748.2 and subject to the siting criteria and performance standards in Chapter 5.54;

l. Emergency shelters located outside of the Coral Street Overlay District, subject to regulations in Part 17 of Chapter 24.12.

Section 34. Section 24.10.1610 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Use Permit Requirement of the I-G/PER-2 zoning district is hereby amended to read as follows:

24.10.1610 USE PERMIT REQUIREMENT.

1. The following uses require an administrative use permit and are subject to other applicable requirements of the municipal code (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

   a. Agriculture (000);

   b. Agricultural employee housing, as defined by Health and Safety Code Section 17008(a) and regulated by Health and Safety Code Section 17021.6, in up to 12 dwelling units or 36 beds.

   c. Auto services and repairs, including trucks, heavy equipment and auto towing, subject to performance standards in Section 24.12.900 (350);

   d. Cannabis cultivation, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

   e. Cannabis distribution and warehousing, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

   f. Cannabis manufacturing, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

   g. Cannabis retail, subject to the commercial cannabis regulations, Part 14 of Chapter 24.12;

   h. Eating and drinking establishments, subject to live entertainment and alcohol regulations of Chapter 24.12 (280);

   i. Forestry services (010);

j. Leather tanning (110);

k. Off-site public/private parking facilities, five or more spaces (930);

l. Temporary structures;

m. Utilities and resources (540);

n. Wireless telecommunications facilities, subject to the regulations in Chapter 24.12, Part 15;

o. Private property outdoor seating areas, subject to the requirements in Section 24.12.191.

2. The following uses require a special use permit and are subject to other applicable requirements of the municipal code. All industrial classifications from 125 to 145 shall comply with all performance standards listed in Part 2 of the Environmental Resource Management provisions (numerical references at the end of these categories reflect the general use classifications listed in the city's land use codes. Subcategories of uses within these use categories can be found in the land use codes, but they are not intended to be an exhaustive list of potential uses):

a. Building material/garden supply stores (220) with forty thousand square feet or more including indoor floor area and outdoor storage, display, or sales areas. For building materials/garden supply stores of which fifty percent or more of the square footage will occupy an existing building, this threshold will be seventy-five thousand square feet including indoor floor area and outdoor storage, display, or sales areas so long as vacant, available space in existing buildings in the IG Zone exceeds four hundred thousand square feet. When the vacant, available square footage is less than four hundred thousand square feet, the forty-thousand-square-foot threshold will apply;

b. Chemicals and allied products, subject to performance standards (130);

c. Food and beverage stores (except liquor and convenience stores) (240);

d. Government and public agencies (530);

e. Group quarters (850), including supportive and transitional housing;

f. Multiple dwellings or condominiums subject to R-M District regulations (830, 840), including supportive and transitional housing;

g. Paper and allied products subject to performance standards (125);

h. Parks and recreation facilities, subject to alcohol regulations in Chapter 24.12, Part 12 (720);

i. Single-room occupancy (SRO) housing (860), including supportive and transitional housing, under the following conditions:

(1) The site is located within one-quarter mile (one thousand three hundred twenty feet) of a grocery store.

(2) The lot size is less than six thousand square feet.

(3) The SRO is part of a mixed use project, sharing the site and/or building with a use that is allowed under Section 24.10.1505, Principal Permitted Uses, is in conformance with Section 24.10.1540(2), and complies with the following requirements:

(a) The SRO development and the mixed use business are under one ownership.

(b) The amount of building space occupied by the nonresidential use is either at a minimum equal to the SRO or residential use or the nonresidential use occupies the entire ground floor of the development.

(4) Ambient interior noise levels can be mitigated below forty-five decibels.

(5) Air quality on and around the site, including odors resulting from adjacent land uses, is not considered a potential health hazard and/or objectionable to residential use;

j. Transportation facilities (560).

Section 35. Section 24.10.1810 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the E-A zoning district is hereby amended to read as follows:

24.10.1810 PRINCIPAL PERMITTED USES.

1. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2;

2. Agriculture, as defined herein;

3. Animal farm;

4. Crop and tree farming;

5. Ranch and farm dwellings incidental to a principal agricultural use;

6. Stables, barns, silos, and windmills.

7. Agricultural employee housing, as defined by Health and Safety Code Section 17008(a) and regulated by Health and Safety Code section 17021.6, in up to 12 dwelling units or 36 beds.

Section 36. Section 24.10.2010 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Principal Permitted Uses of the F-P zoning district is hereby amended to read as follows:

24.10.2010 PRINCIPAL PERMITTED USES.

1. Accessory dwelling units on parcels with an approved residential use, subject to the provisions of Chapter 24.16, Part 2;

2. Agriculture;

3. Agricultural employee housing, as defined by Health and Safety Code Section 17008(a) and regulated by Health and Safety Code Section 17021.6, in up to 12 dwelling units or 36 beds.

4. Crop and tree farming;

5. Nurseries.

Section 37. Section 24.10.4420 of Chapter 24.10 of the Santa Cruz Municipal Code regarding Permitted Uses of the Coral Street Overlay zoning district is hereby amended to read as follows:

24.10.4420 PERMITTED USES.

The principal permitted and use permit required uses of the underlying zone shall continue to apply. In addition, notwithstanding Section 24.10.040, the following uses shall be principally permitted:

1. Temporary housing, including, but not limited to, emergency shelters, navigation centers, bridge housing, and respite or recuperative care, subject to the standards in Chapter 24.12, Part 17;

2. Multiple dwellings or condominiums where all dwellings, except for up to three manager's units, are offered at an affordable rent or sale price to moderate or lower income households as recorded in a developer affordable housing agreement with the city;

3. Residential behavioral health program facilities, including substance use disorder treatment facilities and secure behavioral health facilities;

4. Supportive and transitional housing;

5. Wraparound services relating to temporary housing, including, but not limited to, mail services, job training, and behavioral health programs; and

6. Principal permitted commercial uses in the Community Commercial District as described in Section 24.10.710;

7. Live-work units consistent with Section 24.12.185(13).

Section 38. 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 deputy city manager and the 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 for which applicable state or federal law, a development agreement, or vested rights require application of a prior version of this part shall comply with the version of this part in effect on the legally controlling date. Applicable law includes, without limitation, Government Code Sections 65589.5, 65941.1, 66474.2, and 66498.1, and any successor provisions.

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 and junior accessory dwelling units as those terms are defined in Government code section 66313.

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 and the community 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 and the community 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 39. Section 24.16.025 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Standards for Inclusionary Units is hereby amended to read as follows:

24.16.025 STANDARDS FOR INCLUSIONARY UNITS.

1. All inclusionary units shall remain affordable in perpetuity.

2. Inclusionary units shall be reasonably dispersed throughout the residential development to prevent the creation of a concentration of affordable units within the residential development. In a residential development containing more than one floor, building, or wing, the inclusionary units shall not all be located on a single floor, in a single building, or in a single wing.

3. Inclusionary units shall be compatible with the design of market rate units in terms of exterior appearance, materials, and finished quality. Interior finishes, features, and amenities may differ from those provided in the market rate units, so long as the finishes, features, and amenities are durable, of good quality, compatible with the market rate units, and consistent with contemporary standards for new housing.

4. The applicant may reduce square footage of inclusionary units as compared to the market rate units, provided all units conform to all requirements of Titles 18 and 19 and meet the minimum square footage requirement that affordable units are at least seventy-five percent of the average size of all market rate units in the development with the same bedroom count. For the purpose of this subsection, the "average size" of a unit with a certain bedroom count equals the total square footage of all market rate units, with that bedroom count in the development divided by the total number of market rate units with the same bedroom count in the development.

5. For developments with multiple market rate unit types containing differing numbers of bedrooms, inclusionary units shall be proportional to the total unit mix. It is at the City's final

approval for the determination of what bedroom types will be categorized as inclusionary units based on the review of the project. Where proportional allocation produces a fractional result for a given bedroom count, the fraction shall be resolved in favor of the unit type with the greater number of bedrooms. The applicant shall identify the specific inclusionary units, by bedroom count and location, in the developer affordable housing agreement required by Section 24.16.040.

6. All building permits for inclusionary units in a phase of a residential development shall be issued concurrently with, or prior to, issuance of building permits for the market rate units, and the inclusionary units shall be constructed concurrently with, or prior to, construction of the market rate units. Occupancy permits and final inspections for inclusionary units in a phase of a residential development shall be approved concurrently with, or prior to, approval of occupancy permits and final inspections for the market rate units. When alternative methods of compliance are proposed pursuant to Section 24.16.030, the community development director may approve alternative phasing of market rate and inclusionary units if it finds that the proposal provides adequate security to ensure construction of the inclusionary units. Phases of construction shall be defined as a part of the first approval.

7. Rental to Tenant-Based Subsidy Holders. Owners of rental residential developments or SRO developments shall accept tenant-based subsidy holders (subsidy holders) as tenants of the inclusionary units, on the same basis as all other prospective tenants. The owner shall not apply selection criteria to subsidy holders that are more burdensome than the criteria applied to all other prospective tenants, nor shall the owner apply or permit the application of management policies or lease provisions which have the effect of precluding occupancy of the inclusionary units by subsidy holders.

Section 40. Section 24.16.030 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Alternative Methods to Comply with Inclusionary Housing Requirements is hereby amended to read as follows:

24.16.030 ALTERNATIVE METHODS TO COMPLY WITH INCLUSIONARY HOUSING REQUIREMENTS.

1. Application Submittal. Any application to use an alternative method to meet inclusionary housing requirements shall be submitted as part of the first approval for any residential development subject to the inclusionary housing requirements.

2. Findings. For all alternative methods of compliance with the inclusionary housing requirements, the approval body must make findings (a) and (b) in this subsection. Approval body determinations regarding alternative methods of compliance may be appealed as provided in Section 24.16.050.

    a. The proposal for the alternative method of compliance is consistent with the Santa Cruz General Plan and all of its elements.

b. The proposal conforms to the standards established for inclusionary units in Section 24.16.025, unless the alternative method does not require compliance with that section.

3. Off-Site Construction of Inclusionary Units. An applicant may propose to construct all or a portion of the required inclusionary units off site. Off-site inclusionary units may include any combination of new dwelling units, or new dwelling units created in existing structures. For the purposes of determining compliance with the city's inclusionary housing requirements, all properties included in the proposal shall be treated as one residential development.

   a. An application for off-site inclusionary units shall be accompanied by the following information:

      (1) Identification of all of the entities responsible for development of the market rate units and the inclusionary units.

      (2) The location of the sites where the market rate and inclusionary units will be constructed.

      (3) For each site, the same level of detail for the off-site inclusionary units as for the market rate residential development including: the number, unit type, number of bedrooms and baths, approximate location, size, and design, construction and completion schedule of all inclusionary units including the phasing of inclusionary units in relation to market rate units.

      (4) If the inclusionary units will not be constructed concurrently with the market rate units, the applicant shall specify the security to be provided to the city to ensure that the inclusionary units will be constructed.

      (5) Evidence of ownership or control of all sites proposed for market rate and inclusionary units. This requirement may be waived at the sole discretion of the community development director with sufficient evidence that ownership or control will be secured within a reasonable amount of time after the application is submitted.

   b. At the discretion of the community development director, off-site units may be excluded from existing low income areas as defined by U.S. Department of Housing and Urban Development and/or where there is a concentration of low income households.

   c. The approval body may approve a proposal for off-site inclusionary units if it makes all of the findings required by subsection (2) and each of the following findings:

      (1) The off-site development will provide the greater of one affordable unit or thirty percent more inclusionary units than would otherwise be required if the inclusionary units were constructed on site;

      (2) The off-site location is suitable for the proposed affordable housing and will not tend to cause residential segregation;

(3) The developer has provided clear and convincing evidence that financing has been secured for the off-site inclusionary units; and

(4) Each entity responsible for development of the inclusionary and market rate units has adequate site control and the capacity to construct the units as proposed.

d. Prior to final or parcel map approval and prior to issuance of any building permit for the residential development, the owner and the developer of the site where the off-site inclusionary units will be located and the developer of the residential development shall all enter into the developer affordable housing agreement required by Section 24.16.040.

e. Prior to issuance of any certificate of occupancy or final inspection for any market rate units, the owner and the developer of the site where the off-site inclusionary units will be located shall enter into a regulatory agreement to ensure that the off-site inclusionary units will remain affordable in perpetuity.

f. Once an applicant has received approval for off-site construction of inclusionary units on a specific site, no substitution of sites may be made unless approved by the community development director.

g. If the off-site construction of inclusionary units is not substantially completed within eighteen months of completion of on-site construction then the approval body may require the applicant to pay double the amount of in-lieu fees as provided for in subsection (6).

4. Conversion of Existing Market Rate Housing or Upper Floors of Commercial/Office Buildings to Inclusionary Units. An applicant may propose to convert existing residential units or upper floors of commercial/office buildings into inclusionary units in lieu of constructing new inclusionary units on site.

a. Any application to convert existing residential units or existing commercial/office space into inclusionary units shall be accompanied by the following information regarding the existing dwelling units proposed to be converted:

(1) Identification of all of the entities responsible for development of the market rate units and the inclusionary units.

(2) The location of the site where the existing units will be converted to inclusionary units and evidence of ownership or control of all sites proposed for conversion of existing units to inclusionary units.

(3) If the inclusionary units will not be constructed concurrently with the market rate units, the applicant shall describe the proposed phasing and specify the security to be provided to the city to ensure that the inclusionary units will be constructed.

(4) The same level of detail for the converted inclusionary units as for the market rate residential development for the following:

(i) Floor plans showing size and number of bedrooms of the units to be converted; number of bedrooms and square footage of market rate units in the proposed residential development.

(ii) Site plans and building elevations showing landscaping, lot lines, property dimensions, easements, location of all structures, and parking for the units to be converted.

(5) Existing rent or appraised value of each unit on the property to be converted, proposed rents or sales prices after rehabilitation and/or conversion, and any existing rent limits, resale price restrictions, or other affordability restrictions imposed by any public agency, nonprofit agency, land trust, or other body.

(6) For conversion of market rate housing units, size of household occupying each unit on the property to be converted, vacancy rates for each month during the past two years, and existing tenant incomes.

(7) For conversion of market rate housing units, a property inspection report prepared by a certified housing inspector and a termite report, both prepared no more than sixty days before the filing of the application. The property inspection report shall include an examination of all common and private areas within the existing dwelling units for compliance with the Uniform Housing Code, the structural condition of the property, identification of all code violations or unsafe elements, any potentially hazardous soil or geologic conditions, and condition of paved areas and drainage.

(8) For conversion of commercial space, a property inspection report prepared by a certified inspector and a termite report, both prepared no more than sixty days before the filing of the application. The property inspection report shall include an examination of all common and private areas, the structural condition of the property, identification of all code violations or unsafe elements, any potentially hazardous soil or geological conditions, and condition of paved areas and drainage.

(9) Plans and a written description of rehabilitation to be completed, including correction of all code violations and completion of all termite repairs described in the property inspection report and termite report; cost of rehabilitation; and the value of the property, including land, buildings, and all other improvements, after rehabilitation.

(10) Description of benefits to be offered to existing tenants, which for conversion of market rate housing units would include but not be limited to right of first refusal to remain in the unit, and any expected need for relocation of existing tenants.

b. At the discretion of the community development director , off-site units may be excluded from existing low income areas as defined by U.S. Department of Housing and Urban Development

and/or where there is a concentration of low income households if such exclusion will not tend to cause residential segregation.

c. No inclusionary units may be created by converting existing rental dwelling units into condominiums.

d. The conversion of existing market rate housing or conversion of existing commercial/office space to inclusionary units is not required to comply strictly with Section 24.16.025, with deviations subject to the joint approval of the deputy city manager and community development director. Unless otherwise determined by agreement of both the deputy city manager and community development director, if conversion of existing units is proposed and the existing residential development requires significant rehabilitation (costs estimated at about twenty-five percent of after-construction value), all units in the existing residential development shall be rehabilitated in addition to the inclusionary units.

e. The approval body may approve a proposal for conversion of existing dwelling units to inclusionary units if it makes all of the findings required by subsection (2) and all of the following findings:

(1) The off-site development will provide the greater of one affordable unit or thirty percent more inclusionary units than would otherwise be required if the inclusionary units were constructed on site;

(2) The developer has provided clear and convincing evidence that financing has been secured for the off-site inclusionary units;

(3) Each entity responsible for development of the inclusionary and market rate units or commercial space has adequate site control and the capacity to construct the units as proposed;

(4) The rehabilitation plans include all construction required to meet all current requirements of the Uniform Housing Code, as determined by the chief building official of the city;

(5) For conversion of market rate housing units the cost of rehabilitation is greater than twenty-five percent of the value of the property, including land, buildings, and all other improvements after rehabilitation unless otherwise determined by the community development director that conditions of the property do not require substantial rehabilitation; and

(6) The dwelling units or commercial space to be converted are not subject to any rent limits, resale price restrictions, or other affordability restrictions imposed by any public agency, nonprofit agency, land trust, or other body, unless the affordability restrictions are at risk of expiring within five years and the existing agreement with affordability restrictions cannot be renewed, or the conversion will make the units affordable to households with lower incomes than the existing affordability restrictions.

f. For conversion of market rate housing units, if more than forty percent of the units on one site will be converted to inclusionary units, the approval body must additionally find that the rehabilitated inclusionary units will remove blight and enhance physical and social conditions in the surrounding area.

g. The conversion of existing market rate housing or conversion of existing commercial/office space may be based on the number of bedrooms in the residential development to encourage the development of smaller units when feasible. The converted units shall not be larger in terms of the number of bedrooms than the required inclusionary unit that the converted unit is replacing, unless approved by the community development director, and in no event shall the maximum number of bedrooms in a unit satisfying inclusionary requirements using bedroom counts exceed the smaller of either: (1) the market rate unit in the development with the greatest number of bedrooms; or (2) three bedrooms.

h. Any existing tenants in units proposed to be converted who are relocated shall be eligible for relocation benefits pursuant to Section 24.08.1350.

i. If the conversion of existing units and substantial rehabilitation of the development is not substantially completed within eighteen months of completion of the new residential development, then the approval body may require the applicant to pay double the amount of in-lieu fees as provided for in subsection (6).

5. Transfer of Credit. An applicant may propose to receive credit for affordable units constructed prior to or concurrently with the market rate project.

a. When a residential development is proposed that includes more inclusionary units than required by this part, the applicant may propose that the excess inclusionary units be made available to satisfy inclusionary requirements on other sites. The credits may be made available to other residential developments for a maximum period of five years from issuance of the last certificate of occupancy for the residential development that includes the excess inclusionary units.

b. The residential development that includes the excess inclusionary units may not receive or have received any local, state, or federal affordable housing financial assistance.

c. An application for a residential development that includes excess inclusionary units proposed to be made available for credit shall be accompanied by the following as part of the first approval for the residential development:

(1) Identification of excess inclusionary units to be made available for credit to other residential developments, including in particular the number of bedrooms, tenure, size, and location.

(2) Person or entity authorized to transfer credit to other residential developments.

d. An application for a residential development that proposes to receive credit for inclusionary units previously approved for the transfer of credit shall be accompanied by the following:

(1) A written agreement with the holder of the rights to the excess inclusionary units consenting to the transfer of credit.

(2) Evidence that the transferred units satisfy all or a portion of the residential development's inclusionary requirements, including but not limited to inclusionary units of an appropriate size with at least the same number of bedrooms and tenure as would otherwise be required.

(3) Sufficient evidence provided that demonstrates to the satisfaction of the community development director that the inclusionary units to be credited to the residential development have been constructed or will be constructed prior to or concurrently with the market rate units in the residential development.

e. The city council may approve a proposal to use excess inclusionary units on another site to meet the development's inclusionary requirements if it makes all of the findings required by subsection (2) and the following findings:

(1) The off-site residential development with excess inclusionary units will provide the greater of one affordable unit or thirty percent more inclusionary units than would otherwise be required if the inclusionary units were constructed on site.

(2) The excess inclusionary units are of an appropriate size with at least the same number of bedrooms and tenure as would otherwise be required, and have already been constructed or will be constructed prior to or concurrently with the market rate units in the residential development.

6. In-Lieu Housing Fees.

a. An applicant may pay in-lieu fees to the city rather than construct inclusionary units on site under the following circumstances:

(1) For all ownership residential developments, including a residential subdivision, that would create two but no more than four additional dwelling units as part of the residential development, the applicant may elect to pay an in-lieu fee for the fraction of an inclusionary unit equal to 0.15 times the number of units in the residential development or subdivision reduced by sixty percent. This subsection applies to a residential subdivision when the residential development also includes the creation or construction of dwelling units on the parcels being created.

(2) For ownership residential developments where any dwelling units are offered for sale, or where all dwelling units are offered for rent, but where a subdivision map has been recorded to create parcels containing single dwelling units, the applicant may elect to pay an in-lieu fee for any fraction of an inclusionary unit equal to 0.7 or less.

(3) For rental residential developments that would create five but no more than ten additional dwelling units at one location, the applicant may elect to pay an in-lieu fee for any inclusionary unit as required by Section 24.16.020(5).

(4) For residential developments that the approval body determines are assisted living units, co-housing developments, congregate living units, or live/work units the applicant may elect to pay an in-lieu fee for the entire inclusionary unit requirement.

(5) Except as provided in subsection (6)(c), for all other residential developments creating five or more units, in-lieu fees may be paid for all or a portion of the required inclusionary units at the discretion of the approval body if the approval body makes the findings required by subsection (2), accompanied by a staff report with a recommendation from the community development director, except that conformance with Section 24.16.025 is not required. The approval body must also find that either the in-lieu fees will provide for the greater of one affordable unit or at least thirty percent more inclusionary units or affordable housing than would be provided by the on-site provision of inclusionary units by providing matching funds for state or federal grants or otherwise. It is the city council's intent that, except as provided in subsections (6)(a)(1) through (4), in-lieu fees be infrequently approved.

b. In-lieu fees may be established from time to time by resolution of the city council or may be determined for a specific residential development by calculating the difference between (1) the affordable sales price of an inclusionary unit, and (2) the value of a market rate unit. The value of a market rate unit shall be determined by an appraisal provided by the developer from a qualified appraiser that was completed within three months prior to entering into an affordable housing agreement.

(1) The market rate value to calculate in-lieu fees for live/work units may be calculated using a square footage multiplier times one hundred percent of the designated residential areas and fifty percent of the designated work areas. The source of the square footage multiplier may be the most recent data from internet real estate data resources such as Zillow, Trulia, or other available sources that reflect actual market values or from a square footage appraisal provided by the developer from a qualified appraiser that was completed within three months prior to entering into an affordable housing agreement.

(2) The market rate value to calculate in-lieu fees for co-housing developments may be calculated using a square footage multiplier times one hundred percent of the square footage of an average size unit plus a proportionate amount of shared space, as determined to be reasonable by the community development director. The source of the square footage multiplier may be the most recent data from internet real estate data resources such as Zillow, Trulia, or other available sources that reflect actual market values or from a square footage appraisal provided by the developer from a qualified appraiser that was completed within three months prior to entering into an affordable housing agreement.

c. For a subdivision that creates two or more parcels but does not also propose the creation or construction of dwelling units, the in-lieu fees shall be calculated on a per parcel basis. The fee shall equal fifty percent of the average appraised value of the newly created parcels in the subdivision where the average appraised value equals the appraised value of all parcels in the subdivision divided by the number of parcels in the subdivision. The appraisal shall be provided by the developer from a qualified licensed residential appraiser. For subdivisions that consist of two to four parcels, this amount shall be further reduced by sixty percent. The inclusionary requirements of this part shall not be avoided by separately applying for dwelling units on parcels created by the subdivision. Dwelling units proposed on such parcels shall be aggregated and treated as a single residential development while the parcels remain under common ownership or control, with a credit for any in-lieu fee previously paid under this subsection. This aggregation requirement does not apply after a parcel is transferred to an unaffiliated bona fide purchaser.

d. For residential developments, in-lieu fees shall be paid prior to or at the time of final inspection by the city planning and community development building division, or as determined in an affordable housing development agreement, with additional terms approved by the approval body. For projects constructed in phases, the entire in-lieu fee for the residential development shall be paid prior to or at the time of final inspection for the first phase, unless the developer affordable housing agreement expressly provides for a different payment schedule. Prior to issuance of the first building permit for a residential development that satisfies any portion of its inclusionary housing requirement by payment of an in-lieu fee, the applicant shall record against the residential development a performance deed of trust or other security in a form approved by the city attorney, which the city shall reconvey upon payment of the fee in full. If a residential development is modified to increase the number of dwelling units, the inclusionary housing requirement shall be recalculated and any additional in-lieu fee shall be paid prior to issuance of a building permit for the additional units.

e. Notwithstanding subsection (6)(c), in-lieu fees for subdivisions shall be paid prior to or concurrently with final subdivision map approval.

f. All in-lieu fees shall be deposited into a separate account entitled the affordable housing trust fund. The monies in the affordable housing trust fund and all earnings from investment of the monies in the affordable housing trust fund shall be used within a reasonable amount of time to assist in the construction of new low income housing units with long-term affordability restrictions or preservation of existing low income housing units, including required administrative support.

7. Land Dedication. For residential developments with an inclusionary requirement of seven or more inclusionary units, an applicant may propose to donate a minimum of twenty (20%) percent of the net developable land area of the residential development to the city for the construction of a project with at least twenty-five percent of its total units restricted to low income households or below, or a lesser amount of land if the parcel is adjacent to a city owned

land and is determined by the community development director that the parcel is a critical component of a larger city supported affordable housing project.

a. An application for land dedication shall be accompanied by the following information. These requirements may be modified or waived at the sole discretion and joint determination of the deputy city manager and community development director if the dedicated land is adjacent to city owned land and/or can be incorporated into a city supported affordable housing development project.

(1) Area to be dedicated to the city.

(2) Demonstration that the density approved for the site is suitable for affordable housing development, evidence of adequate infrastructure, and a site plan demonstrating that the site can accommodate the required number of inclusionary units.

(3) Identification of the entity that will construct the inclusionary units.

(4) Pro forma demonstrating that development of the inclusionary units on the site is financially feasible.

(5) If the inclusionary units will not be constructed concurrently with the market rate units, the applicant shall describe the proposed phasing and specify the security to be provided to the city to ensure that the inclusionary units will be constructed.

b. The approval body may approve a proposal for land dedication if it makes all of the findings required by subsection (2) and the following additional finding: a residential development that includes twenty-five percent low income units is feasible on the property to be dedicated.

c. The property shall be dedicated to the city at the earliest of: (1) recordation of any final or parcel map, or (2) issuance of any building permit for the residential development.

d. The city may make the site available without cost to a low income housing developer with proven experience and the ability to finance and construct an affordable housing project in the most expeditious manner. To the extent feasible, the applicant shall process the low income residential development on the dedicated site concurrently with the processing of the market rate development.

8. Congregate Living Units or Assisted Living Units. An applicant may propose to satisfy the inclusionary housing requirements of this chapter by providing congregate living units or assisted living units. If the approval body determines that a proposed residential development includes congregate living units or assisted living units, the following alternative requirements shall apply:

a. Fifteen percent of the congregate living or assisted living units shall be made available for rent to low income households at an affordable rent. Monthly charges for congregate living

or assisted living services in addition to the affordable rent may not exceed thirty-five percent of fifty percent of area median income for a single person, divided by twelve, or forty-five percent of fifty percent of area median income for two persons, divided by twelve.

b. The proportion of studio or one-bedroom units that are designated to be shared by non-family-members shall not exceed the proportion of the number of market rate units designated to be shared by non-family-members to the total number of market rate units. Furthermore, no more than two persons may occupy a studio or one-bedroom unit. For purposes of affordable rent calculations, for any unit shared by non-family-members the portion of the unit occupied by each individual shall be treated like a studio apartment and the rent for one person shall be equivalent to the affordable rent for a studio apartment. This section should not be interpreted to create a bias for undesired double occupancy.

c. Notwithstanding subsections (8)(a) and (b), a residential development that is licensed, or that is proposed to be licensed, as a residential care facility for the elderly under Chapter 3.2 of the California Health and Safety Code shall not be subject to the affordable rent requirement or the monthly service charge limitation of subsection (8)(a), or to any other restriction on rent imposed under this part.

9. Rental to Tenant-Based Subsidy Holders.

a. Owners of rental residential developments or single-room occupancy unit (SRO) developments may elect to use the following procedures to offer inclusionary units comprising up to five percent of the total units in the development as payment standard units available to tenant-based subsidy holders (subsidy holders). The developer affordable housing agreement, as defined in Section 24.16.040, shall require that fifteen percent of the total units in the development will be restricted to low income households at an affordable rent, and that five percent of the total units in the project will be payment standard units restricted to moderate income households at an affordable rent as defined in Section 24.16.015(2)(b) or rented to subsidy holders, so long as the development complies with the procedures described in subsections (b) through (e) to offer the five percent payment standard units in the development to subsidy holders. Both the low income units and the payment standard units shall remain affordable in perpetuity as per Section 24.16.025(1).

b. The owner will notify the housing authority of the county of Santa Cruz (housing authority) that a unit or units are available for rent to subsidy holders and list the units on the Section 8 Housing Choice Voucher rental listing website, advertising the units to subsidy holders within one week of the following dates (as applicable):

(1) At initial lease-up, when new inclusionary units are initially marketed, and prior to receipt of a certificate of occupancy or final inspection, the owner shall list the five percent payment standard units on the housing authority's Section 8 Housing Choice Voucher rental listing website, advertising the units to subsidy holders (or other marketing service as requested by the housing authority).

(2) At receipt by the owner of a notice of vacancy or availability of a vacated unit in a designated payment standard unit, the owner shall list that unit on the housing authority's Section 8 Housing Choice rental listing website (or other marketing service as requested by the housing authority).

c. Thirty days after the owner lists the available unit or units on the housing authority's Section 8 Housing Choice rental listing website, the rent for five percent payment standard units will be established as either:

(1) The payment standard rent, as defined by the housing authority, if the owner enters into a housing assistance payments contract for a subsidy holder with the housing authority; or

(2) Either payment standard rent or a deed restricted rent, as defined in Section 24.16.015(2)(b), affordable to income qualifying moderate income households, whichever is less, if no eligible subsidy holder applied to rent the unit, as demonstrated by the owner.

d. In order to qualify under this section, an owner will be required to enter into a housing assistance payment contract with the housing authority for each payment standard unit rented to a subsidy holder and a rental agreement with subsidy holders who become tenants of the owner. When either a subsidy holder or moderate income tenant vacates one of the five percent designated payment standard units, the owner shall again follow the process outlined in subsection (9)(c).

e. The owner will be required to retain records proving the thirty-day marketing requirement was met and, if rented to a moderate income household, demonstrating that no eligible subsidy holder submitted a rental application. These records must be available upon request from the city at any time after the thirty-day period and must be retained for five years after each time one of the units undergoes the thirty-day housing authority marketing requirement process.

f. The owner may elect to offer low income units to subsidy holders if the following criteria are met:

(1) If a subsidy holder applies for a vacant unit and any payment standard unit is available, the subsidy holder must occupy the payment standard unit before any vacant low income unit is occupied.

(2) If a subsidy holder applies for a vacant unit and all payment standard units are occupied by subsidy holders, the subsidy holder may be placed in a vacant low income unit, and the rent charged to the housing authority cannot exceed the Santa Cruz housing authority payment standard rent, and the owner must enter into a housing assistance payments contract for a subsidy holder with the housing authority.

(3) If a subsidy holder applies for a vacant unit and not all of the payment standard units in the project are occupied by subsidy holders, the subsidy holder may be placed in a vacant low income unit, but the rent paid to the owner by the Santa Cruz housing authority may not exceed the affordable rent for the low income unit until all of the payment standard units in the project are occupied by subsidy holders. The location of the designated payment standard units may be modified to include other units occupied by subsidy holders, so long as the owner notifies the city in writing of the changed location of the payment standard units.

g. Nothing in this section shall be construed to limit or restrict the number or percentage of inclusionary units that may be leased to tenants utilizing Housing Choice Vouchers or other tenant-based rental assistance. Owners and property managers may lease more than five percent (5%) of inclusionary units to such households, consistent with Section 24.16.025(7) and applicable fair-housing laws. This subsection (9)(g) is declaratory of existing law, including Section 24.16.025(7) and Government Code Section 12955.

10. Employer Sponsored Housing. To create more housing opportunities for employees in the city where it is difficult to attract and retain the workforce, the following employer sponsored housing requirements may be utilized as an alternate means of compliance. An applicant/employer may propose to satisfy the inclusionary housing requirements of this chapter by providing housing for its own employees based on the following requirements:

a. The following alternate means of compliance applies to all employer sponsored housing including school district employer sponsored housing if a school district elects to utilize this provision rather than the following subsection (b). For this alternate means of compliance, the proposed residential development must qualify based on the following requirements:

(1) This section applies to rental residential development only.

(2) The rental units shall be restricted to the employer's employees except that the employer may allow other members of the public to occupy the housing if none of the employer's eligible employees desire to rent an available unit.

(3) An employer shall retain the right to prioritize its own employees over other members of the public to occupy housing.

(4) The majority of the rental units shall serve low or moderate income households.

(5) Sections 24.16.020 and 24.16.025 shall be replaced by the affordability requirements and preferences in this section for employer sponsored housing only.

(6) The employer must demonstrate that the housing will be used to attract and retain low and/or moderate income employees and that such alternative compliance will provide more affordable units than would compliance with Section 24.16.020.

(7) The employer must provide a greater number of affordable units than this chapter requires but the affordability levels of those restricted units can have a broader range as defined by the rents affordable to the employees (for instance, fifty-one percent at one hundred twenty percent AMI).

(8) Prior to final inspection or issuance of a certificate of occupancy, the employer must provide a management plan to the city describing the employer's policies if an employee no longer qualifies to reside in the housing or no employee is qualified to rent an available unit at the designated affordability level. City's intent is that at least seventy-five percent of the units be rented to eligible employees at all times to qualify as employer sponsored housing. Employer must specify how they will comply with this intent in the management plan and must propose a compliance procedure if they fall out of compliance.

(9) The employer must demonstrate that the project will not increase segregation and will meet requirements of state and federal fair housing law, including affirmatively furthering fair housing requirements.

(10) A majority of the rental units must receive public funding from local, state or federal funds, affordable housing funds or affordable housing tax credits and the funding regulations must not conflict with the requirements in this section.

b. The following alternate means of compliance only applies to school district employer sponsored housing:

1. School district employer sponsored housing projects conforming to the requirements of the Teacher Housing Act of 2016 (Health and Safety Code Section 53570 et seq. or successor provisions) will be deemed to satisfy the inclusionary housing requirements of this chapter. For any such projects, an agreement must be executed to formalize that the project has met this alternate means of compliance, and annual compliance reports must be submitted to confirm compliance with the affordability provisions of the Teacher Housing Act of 2016.

11. Other Alternative Compliance Methods. An applicant may propose an alternative compliance method to provide affordable units through other means. The approval body may approve or conditionally approve such an alternative only if the approval body determines, based on substantial evidence, that 1) such alternative compliance will provide as many or more affordable units at the same or lower income levels; and 2) financing has been committed to ensure that the affordable units will be constructed.

Section 41. Section 24.16.040 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Developer Affordable Housing Agreement is hereby amended to read as follows:

24.16.040 DEVELOPER AFFORDABLE HOUSING AGREEMENT.

1. Developers subject to the inclusionary housing requirements of this part shall agree to enter into a developer affordable housing agreement with the city. A developer affordable housing agreement shall be a condition of approval for all residential developments subject to this chapter and shall be recorded as a restriction on any residential development in which the inclusionary units will be constructed.

2. The developer affordable housing agreement shall be recorded prior to or concurrently with final parcel map or final subdivision map approval, or, where the residential development does not include a map, prior to issuance of a building permit for any structure in the residential development. The developer affordable housing agreement shall run with the land and bind all future owners and successors in interest.

3. The developer affordable housing agreement shall be in a form provided by the city and shall include, without limitation, the following:

    a. The total number of units approved for the residential development and the number, location, and level of affordability of inclusionary units.

    b. Standards for determining affordable rent or affordable ownership cost for the inclusionary units.

    c. The location, unit size in square feet, and number of bedrooms of the inclusionary units.

    d. Provisions to ensure initial and continuing affordability, including the execution and recordation of subsequent agreements.

    e. A schedule for completion and occupancy of inclusionary units in relation to construction of market rate units.

    f. A description of remedies for breach of the agreement by either party. The city may identify tenants or qualified purchasers as third party beneficiaries under the agreement.

    g. Procedures for qualifying tenants and prospective purchasers of inclusionary units.

    h. Provisions requiring maintenance of records to demonstrate compliance with this chapter.

    i. Provisions specifically describing how affordable rent and/or affordable ownership costs are calculated for the inclusionary units. Unless another basis has mutually been agreed upon by the developer and the community development director, the determination shall be made in accordance with Section 24.16.045(4). If there is more than a three-year delay in execution of the developer affordable housing agreement and the final building permit, the developer may request any in-lieu fees be recalculated and with the concurrence of the community development director, the city may recalculate fees accordingly.

4. Other provisions to ensure implementation and compliance with this chapter.

Section 42. Section 24.16.045 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Continued Affordability and Initial Occupancy is hereby amended to read as follows:

24.16.045 CONTINUED AFFORDABILITY AND INITIAL OCCUPANCY.

1. The city council, by resolution, shall establish guidelines for determining household income, asset limits, occupancy standards, affordable ownership cost, affordable rent, provisions for continued monitoring of tenant eligibility, resale price, and other implementation criteria. The city shall use standard documents as approved by the city attorney to ensure the continued affordability of the inclusionary units in all residential developments. The documents may include, but are not limited to, inclusionary housing agreements, rent regulatory agreements, promissory notes, deeds of trust, options to purchase, and resale restrictions.

2. Rent regulatory agreements consistent with the requirements of this part shall be recorded against residential developments containing rental inclusionary units. If the inclusionary units are designated for owner-occupancy, resale restrictions, deeds of trust, options to purchase, and/or other documents consistent with the requirements of this part shall be recorded against the owner-occupied inclusionary units.

3. Any household that occupies an inclusionary unit must occupy that unit as its principal residence, except in circumstances that may require the temporary vacation of the unit. For rented inclusionary units, the documents required by subsection (1) shall provide for continued occupancy for limited periods by households occupying the units, whose incomes increase during their occupancy so that they exceed the maximum otherwise permitted for the unit.

4. The maximum sales price shall be calculated using the methodology defined in the resolution and/or guidelines identified in and applied under the inclusionary agreement for that property. Unless otherwise required by California Government Code Section 66474.2 or 65589.5(o), or any other applicable state codes or successor provisions, the resolution in effect at the time of first approval shall be the basis for these calculations, unless another inclusionary ordinance or implementing resolution basis more recently approved by the council has been defined and mutually been agreed upon by the developer and the community development director or otherwise authorized by the approval body. The resale restrictions shall allow the city a right of first refusal or option to purchase any owner-occupied inclusionary unit at the maximum resale price permitted under this section at any time the owner proposes sale.

5. No household shall be permitted to begin occupancy of an inclusionary unit designated for owner-occupancy unless the city or its designee has approved the household's eligibility. No household shall be permitted to begin occupancy of an inclusionary rental unit unless the city or its designee has approved the household's eligibility, except that tenants are not required to be income-eligible if the rental cost affordable to low income households is at least ninety percent of the average rent for market rate dwelling units with the same number of bedrooms in the development.

6. As consistent with state and federal law, preferences for rental and ownership inclusionary units shall follow the local preference policy adopted by resolution pursuant to Section 24.16.400 et seq.

7. The city council by resolution may establish fees for the ongoing administration and monitoring of the inclusionary units, which fees may be updated periodically, as required.

Section 43. Section 24.16.050 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Appeals is hereby amended to read as follows:

24.16.050 APPEALS.

1. An applicant or any other person whose interests are adversely affected by any determination of the planning and community development department staff or of an agency retained by the city with regard to this part may appeal the determination to the community development director.

2. An applicant or any other person whose interests are adversely affected by the determination of the community development director with regard to this part may appeal the determination to the city council.

3. The procedure for appeals shall be consistent with the procedures prescribed in Sections 24.04.180 through 24.04.185.

Section 44. Section 24.16.060 of Chapter 24.16 of the Santa Cruz Municipal Code regarding Implementation and Enforcement is hereby amended to read as follows:

24.16.060 IMPLEMENTATION AND ENFORCEMENT.

1. The city council may adopt affordable housing program guidelines, by resolution, as mandatory regulations applicable to the implementation of this chapter.

2. In addition to any other powers or duties prescribed by law, the community development director shall have the following powers and duties in relation to this part:

    a. To monitor compliance with the provisions of this part and to refer to the city attorney for appropriate action any person violating the provisions of this part; and

    b. To administer this part.

3. The city attorney shall be authorized to enforce the provisions of this part, all agreements entered into pursuant to this part, and all other requirements of this part, by civil action and any other proceeding or method permitted by law. The city may, at its discretion, take such enforcement action as is authorized under any provision of this code and/or any other action authorized by law or by any agreement executed pursuant to this part.

4. Failure of any official or agency to enforce the requirements of this chapter shall not constitute a waiver or excuse any applicant or owner from the requirements of this part. No permit, license, map, or other approval or entitlement for a residential development shall be issued, including without limitation a final inspection or certificate of occupancy, until all applicable requirements of this part have been satisfied.

5. The remedies provided for herein shall be cumulative and not exclusive and shall not preclude the city from any other remedy or relief to which it otherwise would be entitled under law or equity.

Section 45. Section 24.22.029 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Agricultural Employee Housing is hereby added to read as follows:

24.22.029 AGRICULTURAL EMPLOYEE HOUSING.

Housing for agricultural employees as defined under Health and Safety Code Section 17008 and regulated under Health and Safety Code Sections 17021.5 and 17021.6. Agricultural employee housing for six or fewer persons and regulated by Health and Safety Code Section 17021.5 shall be permitted in any zoning district where single-family dwellings are permitted and shall not require a discretionary permit or approval unless the same discretionary permit or approval is required for single-family dwellings in that district. Agricultural employee housing regulated by Health and Safety Code Section 17021.6 shall be permitted in any zoning district where agricultural uses are permitted and shall not require a discretionary permit or approval unless the same discretionary permit or approval is required for other agricultural uses in that district.

Section 46. Section 24.22.030 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Agriculture is hereby amended to read as follows:

24.22.030 AGRICULTURE.

The use of the land for agricultural purposes that involve the production of products for commercial sale, including farming, dairying, pasturage, agriculture, horticulture, floriculture, viticulture, apiaries, and animal farms; but not including stockyards, the commercial feeding of garbage or offal to swine or other animals, or a young farmer project. Agriculture also includes agricultural employee housing, as defined in this chapter or otherwise defined in Health and Safety Code section 17008(a), providing accommodations for 12 dwelling units or 36 beds and meeting the regulations of Health and Safety Code section 17021.6.

Section 47. Section 24.22.225 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Community Garden is hereby amended to read as follows:

24.22.225 COMMUNITY GARDEN.

Public and privately owned lands utilized by individuals or households for small-scale flower and vegetable gardens for personal consumption, donation, education, or recreation, that do not produce products for commercial sale.

Section 48. Section 24.22.310 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Dwelling, One-Family is hereby amended to read as follows:

24.22.310 DWELLING, ONE-FAMILY.

A single-family dwelling is a building which is designed or used exclusively as a residence, including only one dwelling unit, and may also contain one area meeting the standards of a junior accessory dwelling unit complying with Section 24.16.170. A single-family dwelling also includes agricultural employee housing, as defined in this chapter or otherwise defined in Health and Safety Code section 17008(a), providing accommodations for six or fewer employees and meeting the regulations of Health and Safety Code section 17021.5.

Section 49. Section 24.22.354 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Family Animal Farm is hereby amended to read as follows:

24.22.354 FAMILY ANIMAL FARM.

Any premises on which non-commercial breeding, raising or maintenance of animals for family consumption takes place. For the purposes of this title, “animals” shall include sheep, rabbits, poultry, pigeons, and female goats, and shall specifically exclude hogs, cattle, quacking ducks, roosters and geese. “Small animals” are defined as rabbits, poultry, and pigeons. “Large animals” are sheep and female goats.

Section 50. Section 24.22.827 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Supportive Housing is hereby amended to read as follows:

24.22.827 SUPPORTIVE HOUSING.

Housing with no limit on length of stay, that is occupied by the target population as defined by State Housing Element Law, and that is linked to on-site or off-site services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Supportive housing shall be considered a residential use of property and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.

Section 51. Section 24.22.859 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Transitional Housing is hereby amended to read as follows:

24.22.859 TRANSITIONAL HOUSING.

Buildings configured as rental housing developments but operated under program requirements that require the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time that shall be no less than six months from the beginning of the assistance. Transitional housing shall be considered a residential use of

property and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.

Section 52. Section 24.22.920 of Chapter 24.22 of the Santa Cruz Municipal Code regarding definition of Young Farmer Projects is hereby amended to read as follows:

24.22.920 YOUNG FARMER PROJECTS.

An agricultural education endeavor undertaken by a child up to the age of eighteen (18), for a limited period of time, and as part of the activities of an organized group dedicated to furthering agriculture and agricultural interests of children, on sites of twenty thousand square feet or more on which a child may be permitted to raise and sell one kid, lamb, or calf.

Section 53. This ordinance shall take effect and be in full force thirty (30) days after final adoption outside of the Coastal Zone. Within the Coastal Zone, Sections 24.08.700, 24.08.710, 24.08.730, 24.08.740, 24.08.760, 24.08.770, 24.08.780, 24.08.790, 24.10.210, 24.10.310, 24.10.330, 24.10.410, 24.10.510, 24.10.565, 24.10.603, 24.10.604, 24.10.611, 24.10.612, 24.10.619, 24.10.620, 24.10.625.3, 24.10.627, 24.10.628, 24.10.636, 24.10.710, 24.10.730, 24.10.910, 24.10.1010, 24.10.1110, 24.10.1210, 24.10.1510, 24.10.1810, and 24.10.2010 are amendments to the Local Coastal Program Implementation Plan and shall take effect and be in full force after approval by the California Coastal Commission, but no earlier than thirty (30) days after final adoption.

PASSED FOR PUBLICATION this 27th day of October, 2026, 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 17th day of November 2026, 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. 2026-21 and that it has been published or posted in accordance with the Charter of the City of Santa Cruz.

_____
Bonnie Bush, City Clerk Administrator