

MEMORANDUM

Date: February 24, 2021
To: Housing Advisory Commission (HAC)
From: Daisy Allen, Planning Department
Re: Potential Policy Updates on ADUs and Tiny Homes

BACKGROUND

Given the variety in household sizes and income levels within the County and across the nation, and the current high costs of land and single-family homes in the County and many other metro areas, there is a need for a wide range of housing options, including smaller, more affordable housing alternatives to traditional single-family homes, such as apartments, condominiums, manufactured/mobile homes, and accessory dwelling units (“ADUs”). California law requires each city and county to establish land use policies and codes that accommodate a wide variety of housing types, sizes, and price points. The County’s policies generally meet this requirement, as evidenced by the State’s approval of the County’s most recent Housing Elements. However, the State guidance and public interest in certain housing types has evolved rapidly in recent years, particularly related to ADUs and tiny homes, so the Planning Department has been directed to draft County policy updates to respond to these changing needs and requirements.

PROPOSED CHANGES TO ADU REGULATIONS

ADUs and Junior ADUs (JADUs) are currently allowed wherever single family homes or multi-family housing is allowed in the County. ADUs may be rented separately from primary dwellings, and range in size from 150 to 1,200 square feet, depending on ADU type and location. ADUs of less than 400 square feet also meet the definition of “tiny homes on foundations”. In January 2020, ADU regulations in the Santa Cruz County Code were quickly updated to comply with changes to state ADU law that went into effect January 1, 2020. In September 2020 and again in December 2020, the California Department of Housing and Community Development (HCD) released an “ADU Handbook” that clarifies and interprets the new provisions of state ADU law. Some aspects of the Santa Cruz County Code could be updated to better align with the ADU Handbook. In cases where the ADU Handbook offers an interpretation that is more restrictive than County Code, there is an option to keep the more flexible County regulations, or adopt HCD’s interpretation. Certain other topics are not covered by the ADU Handbook, but require some clarification in the County Code, in order to resolve points of confusion for staff and applicants.

Some questions that staff is currently considering in updating the County’s ADU regulations include:

- Number of new and/or conversion ADUs allowed on multi-family rental properties
- ADU size and floor area calculations related to applicable floor area ratio (FAR) limits
- Parking requirements for ADUs inside the Coastal Zone
- Objective design standards and/or historic preservation standards for ADUs

- Timing of ADU development on disaster rebuild properties
- Owner-occupancy requirements for JADUs
- Impact fees on JADUs, either when built as part of a new home construction, or upon conversion from an existing home.
- Appropriate level of review (discretionary or ministerial) for ADUs proposed on land zoned for commercial agriculture, timber production, and parks

Anyone interested in learning more about these details, proposed policies, and/or providing detailed input is invited to attend the Community Meeting on this topic that will be held virtually on March 16 at 6pm. Meeting details are provided at the end of this report.

PROPOSED CHANGES TO TINY HOME REGULATIONS

Tiny homes are defined in Appendix Q of the 2018 International Residential Code as homes less than 400 square feet in floor area, providing separate, independent living quarters and including basic functional areas for cooking, sleeping, and toilet and bathing facilities. Tiny homes can be on foundations or on wheels, if allowed by a local jurisdiction. Currently in Santa Cruz County, tiny homes on foundations may be used for ADUs or for primary dwelling units. Tiny homes on wheels are considered recreational vehicles (RVs), rather than structures affixed to real property, and are not allowed to be used for permanent habitation, except in designated RV parks. At the January 26, 2021 Board of Supervisors meeting, the Board directed Planning staff to develop a policy that would allow tiny homes on wheels and on foundations as both primary dwellings and ADUs.

Staff is considering updating tiny home policy in two separate projects or phases:

- (1) Phase 1 would focus on County Code changes that would allow tiny homes on either wheels or on foundations as ADUs or primary dwelling units. These code updates could be considered on the same schedule as the proposed changes to the ADU regulations.
- (2) Phase 2 would address "tiny home villages," e.g., multiple tiny homes on a single site, tiny homes off the grid, and other policy options that would take more time, due to the General Plan Amendments and environmental review required.

The concept of tiny home regulation is somewhat new, especially the idea of allowing tiny homes on wheels as a permanent residence outside of an RV park. Policy questions that staff is considering so far include:

- How should tiny homes be distinguished from RVs, manufactured homes, park trailers, factory-built housing, and camping cabins?
- What are the advantages and/or disadvantages of permanently installing a tiny home on wheels on a property, versus keeping it mobile and registered as vehicle; from the property owner's perspective, the tiny home owner's perspective (if not the property owner), and from the public policy perspective?

- What are the advantages of a tiny home on wheels, versus a tiny home on a foundation, if either could be permanently affixed/installed on the property?
- How much interest is there in permanently installing tiny homes on wheels on a parcel, among those who own single family and/or multi-family properties? Would most property owners prefer to add a tiny home on wheels, or an ADU/tiny home on a foundation?
- Are tiny homes on wheels preferred as a temporary use, or permanent, or both?
- Would most occupants prefer to occupy a tiny home on wheels vs. a home on a foundation?
- What special building code standards might be appropriate (beyond Appendix Q which is already required in California and allows for special ceiling height, loft, stairway/ladder, and egress window standards)?
- What minimum size tiny home should be allowed? Should we allow tiny homes less than 150 square feet?
- Should we allow efficiency kitchens, rather than standard kitchens for tiny homes that are primary dwelling units?
- What utility hook-ups should be required (water, sewer, power)? How should utility fees be assessed on tiny homes?
- Should tiny homes on wheels affixed to a property be allowed to be sold separately from the main property (i.e., issued a separate APN)?
- Should a tiny home have special parking standards? Does it depend if the tiny home remains operable as a vehicle or not?
- Should a tiny home on wheels be allowed as a second ADU on single-family properties?
- Should tiny homes on wheels be allowed to be used as vacation rentals?

SCHEDULE FOR DEVELOPMENT OF REGULATIONS

Staff is pursuing the following tentative schedule for preparation of an ADU ordinance and Tiny Homes Phase 1 ordinance:

- | | |
|---|--------------------|
| · HAC meeting: | March 3 |
| · Board of Supervisors meeting:
(confirm tiny home policy plan and schedule) | March 9 |
| · Community meeting: | March 16 |
| · Planning Commission study session: | March 24 |
| · Planning Commission public hearing: | April 28 |
| · HAC meeting | May 5 |
| · Board of Supervisors setting letter: | May 11 |
| · Board of Supervisors public hearing: | June 8 |
| · Coastal Commission public hearing: | July 2021 or later |

STAFF RECOMMENDATION:

Consider the potential policy updates related to ADUs and tiny homes summarized above and at the links below, and provide input to staff on these topics to assist in development/refinement of proposed policies.

Additional opportunities for individual input include any of the forthcoming public meetings listed above and the community meeting listed below. At the May HAC meeting, the Commission will be able to review and comment on the proposed policy updates, which will be further developed by that time.

REFERENCES

HCD ADU Handbook: https://hcd.ca.gov/policy-research/docs/adu_december_2020_handbook.pdf

Board of Supervisors direction regarding tiny home regulations, January 26, 2020:

https://santacruzcountyca.igm2.com/Citizens/Detail_Legifile.aspx?Frame=&MeetingID=1860&MediaPosition=0.000&ID=10195&CssClass=

Appendix Q of the ICC Residential Code: Tiny Homes

<https://codes.iccsafe.org/content/IRC2018/appendix-q-tiny-houses>

YOU'RE INVITED!
ADU/TINY HOMES COMMUNITY MEETING
MARCH 16, 2021, 6:00 – 7:30 PM

The County is considering several additional updates to [local Accessory Dwelling Unit \(ADU\) regulations](#) in order to further simplify and streamline ADU project approval, and to align with the [ADU Handbook](#) released by the California Office of Housing and Community Development. The County is also considering updates to [regulations to encourage "tiny homes."](#)

There are two ways to participate:

- (1) Watch, listen and participate using your computer:** [Click here to join the meeting](#). You will need a computer with a microphone to provide comments using your computer.
 - (2) Participate by phone:** Call 916-318-9542. The conference ID# is 257 883 469#. Phone participation is required if you are using a computer without microphone and wish to provide comments, or wish to participate and do not have access to a computer.
-