



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
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KATHLEEN MOLLOY, PLANNING DIRECTOR

January 31, 2019

AGENDA DATE: February 13, 2019

Item #7

Planning Commission
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

SUBJECT: CONTINUED PUBLIC HEARING AND RECOMMENDATION TO BOARD OF SUPERVISORS REGARDING PROPOSED AMENDMENTS TO THE GENERAL PLAN/LOCAL COASTAL PROGRAM AND COUNTY CODE TO CREATE A PERMANENT ROOM HOUSING (PRH) COMBINING ZONE DISTRICT, WITH CEQA NOTICE OF EXEMPTION. AMENDMENTS TO CHAPTER 13.10 ARE COASTAL IMPLEMENTING AND WILL REQUIRE COASTAL COMMISSION CERTIFICATION AFTER COUNTY ADOPTION.

Recommended Action(s):

- 1) Open a continued public hearing to review proposed amendments to General Plan/Local Coastal Program and County Code that would enable and create a Permanent Room Housing (PRH) Combining Zone District, and
- 2) Adopt the attached resolution (Exhibit A) recommending that the Board of Supervisors:
 - a. Direct staff to file the California Environmental Quality Act (CEQA) Notice of Exemption (Exhibit B) with the Clerk of the Board, and
 - b. Adopt amendments to General Plan/Local Coastal Program and County Code (Exhibits C and D) enabling and creating the PRH Combining Zone District.

EXECUTIVE SUMMARY

The proposed project implements Program 4.5 of the County's General Plan Housing Element by establishing a Permanent Room Housing (PRH) Combining Zone District. This district would recognize conversion of obsolete visitor accommodations and care facilities to residential use. The Land Use Element of the General Plan and Chapter 13.10 of the County Code would be amended to create the district.

On January 23, 2019, the Planning Commission held a public hearing to consider the proposed amendments to the General Plan/Local Coastal Program (LCP) and County Code, and concurrently considered Zoning Plan Amendments and Use/Development Permits to add nine properties to the new district. The Commission supported the PRH Combining Zone District in concept, but asked staff to make changes to the draft ordinance and return on February 13, 2019 for further deliberation at a continued public hearing. The Commission also continued consideration of the nine property-specific Zoning Plan Amendments and Use/Development Permits to a date uncertain, after the General Plan/LCP and County Code Amendments have been finalized.

Staff recommends that the Planning Commission open a continued public hearing and adopt the attached resolution (Exhibit A) recommending Board of Supervisors approval of a CEQA Notice of Exemption (Exhibit B) and General Plan/LCP Amendments and an ordinance enabling and creating the PRH Combining Zone District with (Exhibits C and D).

Staff also recommends that the Commission consider staff analysis regarding the proposed changes to the ordinance on the topics of short-term rentals and the level of review for stand-alone Use/Development Permits. Redline changes representing Commission discussion are provided as Exhibit E, and staff suggestions for alternative ordinance language are provided in text boxes for Commission consideration in both the clean and redlined version of the ordinance.

BACKGROUND

On January 23, 2019, the Planning Commission held a public hearing to consider General Plan/LCP Amendments and County Code updates to create a new PRH Combining Zone District, and concurrently considered Zoning Plan Amendments and Use/Development Permits to add nine properties to the new district. The staff report for that public hearing (without attachments) is provided as Exhibit F. The PRH Combining Zone District would implement the County's Housing Element Program 4.5 by providing a regulatory pathway to allow long-term (30 days or more) housing on former visitor accommodation and care facility properties. These properties can serve an important role in addressing the housing crisis by converting rooms or cabins to housing units that are affordable by design due to their small unit size.

The Commission was supportive of the PRH Combining Zone District in concept, but asked staff to make the following changes and return on February 13, 2019 for further deliberation at a continued public hearing:

- Increase the minimum parking requirement from 0.75 to 1 space per PRH unit. Exceptions to this requirement would be considered on a project-by-project basis, per proposed SCCC section 13.10.429.
- Raise the level of review for stand-alone PRH Use/Development permits from Level 4 (public notice) to Level 6 (Planning Commission public hearing).
- Disallow short-term (less than 30 day) rentals in PRH units.
- Disallow short-term rentals on residentially-zoned properties in the PRH Combining Zone District.
- Allow short-term rentals in up to 30% of units on commercially- and special-use-zoned properties, if visitor accommodation is an allowed use in the underlying zone district. Exceptions to this maximum percentage requirement would be considered on a project-by-project basis, per proposed SCCC section 13.10.429.

The Commission also continued consideration of the nine property-specific Zoning Plan Amendments and Use/Development Permits until after the General Plan/LCP and County Code Amendments have been finalized by the Board of Supervisors and Coastal Commission.

ANALYSIS

There are two components to the PRH policy initiative: General Plan/LCP Amendments and County Code Amendments.

General Plan/LCP Amendments

Certain changes to the General Plan/LCP are required to enable creation of a new PRH Combining Zone District in the County Code. These amendments are described here and are provided in full text in Exhibit C.

Residential Density: Objective 2.11, Policy 2.11.2. In the General Plan/LCP, each residential land use designation is associated with a density range. Some PRH opportunity sites have residential land use designations, but conversion to housing nevertheless does not conform with the General Plan or zoning code because there are more units than allowed based on the density range for the property's land use designation. In order to enable higher density residential development on PRH sites, it is proposed to broaden Objective 2.11 from "Residential Density Bonus" to "Flexible Land Use Strategies for Affordable Housing," and add new Policy 2.11.2 allowing existing densities on properties within the PRH Combining District to remain.

Mixed-Use Development: Policy 2.12.4. Some PRH opportunity sites have commercial land use designations. Currently, the General Plan/LCP allows up to 50% residential square footage on properties with commercial land use designations. This percentage is increased up to 67% for deed-restricted affordable housing. Some PRH opportunity sites have fully converted hotels or motels to residential units, and therefore these sites do not meet this mixed-use threshold. Therefore, new Policy 2.12.4 is proposed to allow 100% residential use on PRH properties.

The proposed Planning Commission Resolution (Exhibit A) details findings supporting these General Plan/LCP Amendment findings, including the reason for the amendments, consistency with the rest of the General Plan/LCP, and compliance with CEQA. The General Plan/LCP amendments triggered a requirement for tribal consultation per California Senate Bill 18. Staff contacted all tribes recommended by Native American Heritage Commission (NAHC) for this project. No tribes responded with requests for consultation within 90 days.

At the January 23, 2019 Planning Commission meeting, these proposed amendments were discussed, and there were no changes suggested to the amendments as drafted.

County Code Amendments

The PRH Combining Zone District would be incorporated into to the County Code as new sections 13.10.424 through 13.10.429. Also, County Code sections 13.10.170(d), 13.10.322, 13.10.332, 13.10.382(A), 13.10.400, and 13.10.700 would be modified to accommodate the new combining district. SCCC Chapter 13.10 implements the Local Coastal Plan and regulates development in the Coastal Zone when there are not conflicts between Chapters 13.10 and 13.20. The proposed code changes are summarized below and are provided in full text in Exhibit D, with a redlined version provided as Exhibit E indicating changes made to the draft ordinance as discussed by the Planning Commission at the public hearing on January 23, 2019.

Code sections 13.10.424 through 13.10.429 define PRH and clarify parameters and standards for parcel eligibility for inclusion in the PRH Combining Zone District. Staff developed the proposed code language with the goal of including as many existing properties as possible, while ensuring that properties maintain neighborhood compatibility and meet basic health and safety requirements. Staff worked collaboratively with property owners of converted properties to understand what exists on the ground today. Staff also analyzed motel conversion and single room occupancy policies from neighboring jurisdictions.

PRH is proposed to be limited to residential, commercial and special use zone districts, on parcels with structures originally used as visitor accommodations or care facilities. A "PRH Unit" is defined as an independent dwelling space intended for long-term (30 days or more) rental occupancy as separate living quarters, with direct access from outside the building or through a common hall, meeting the development standards in section 13.10.427. This definition allows flexibility for shared kitchens and bathrooms, while emphasizing the importance of "permanent" (long-term) residency. PRH units may be configured as rooms within multifamily structures or as dwelling groups (multiple detached units on a single property). This recognizes the fact that some PRH opportunity sites are former motel and care facility buildings with single rooms opening onto a hall or outdoor walkway, while other opportunity sites are former vacation cabin properties.

Use and development standards were developed regarding the number of PRH units allowed on a property; PRH unit size; kitchen and bath facilities; parking; short-term rentals; and health and safety requirements. The January 23, 2019 staff report (Exhibit F) provides details regarding each of these development standards. The Commission accepted all proposed standards with two exceptions: changes were requested regarding minimum parking requirements and short-term rentals.

Off-Street Parking. The County's current multifamily parking requirement is two spaces for studios and one-bedroom units.¹ A lower parking requirement is appropriate for PRH units because most of these units are much smaller than standard multifamily units, with one or sometimes two occupants. Also, since PRH units offer one of the most affordable housing options in the County outside of subsidized affordable housing, those seeking this housing are often lower-income and some residents may not own vehicles.

The draft ordinance presented on January 23, 2019 proposed a minimum of 0.75 parking spaces per PRH unit, with reduced parking allowances for senior housing, special-needs housing and permanent supportive housing. These parking requirements reflected a review of existing regulations, other jurisdictions' regulations and experiences, and existing conditions at PRH opportunity sites.

At the January 23, 2019 public hearing, the Planning Commission noted that many areas in Santa Cruz County are not well served by public transit and as a result, most residents of PRH opportunity sites in this jurisdiction are likely to have at least one vehicle. As a result, the Commission proposed to increase the minimum PRH parking requirement from 0.75 to 1 space per unit.

As a result of this increase in the minimum parking requirement, some PRH applicants with properties in the more urbanized, parking-constrained central county, will require Exceptions to this minimum parking requirement. In the near term, the PRH Use/Development Permit application in progress for 222 Santa Cruz Ave would need to be modified to include a request for an Exception.

Short-Term Rentals. Short-term (less than 30 day) rentals are allowed in the County Code and include "vacation rentals," "hosted rentals," and "visitor accommodations."

- Vacation rentals are whole-house rentals of single-family dwelling units, dwelling groups and condominiums. Hosted rentals are rentals of one or two bedrooms in a dwelling unit where the owner stays in another bedroom in the unit during the rental.² Vacation rentals and hosted rentals are allowed in any zone district where residential use is allowed without another use (SCCC 13.10.690 and 13.10.694). Based on these

¹ The Sustainable Santa Cruz County Plan (SSCC) recommended lowering the residential parking requirements. This will be considered as part of the County's comprehensive General Plan and County Code update to implement SSCC.

² County Code 13.10.690 sets a maximum limit of 250 Hosted Rental permits throughout the County. As of January 31, 2019, 240 permits have been issued.

definitions, PRH units eligible to apply for vacation rental permits would be stand-alone units meeting the County's definition of "dwelling unit." PRH units eligible to apply for hosted rental permits would be any units meeting the County's definition of "dwelling unit" with more than one bedroom.

- "Visitor Accommodations" cover a wide range of uses available in select zone districts, including time shares, "Type A Uses" (hotels, inns, pensions, lodging houses, bed and breakfast inns, motels, recreational rental housing units), and "Type B uses" (organized camps, group camps, conference centers, hostels, recreational vehicles camping parks, and tent-camping parks). Visitor accommodations are generally not allowed in residential zone districts except for small-scale accommodations in special coastal communities. Therefore, PRH units eligible for visitor accommodations are those with special use or commercial zoning that allows for this use: VA, CT, or C-2.

The draft ordinance presented on January 23, 2019 proposed to allow short-term rentals to occur on sites in the PRH Combining Zone District, with PRH units clearly labeled on site plans prepared for PRH Use/Development Permits. The draft ordinance also proposed to allow PRH units to operate as short-term rentals for up to three months per year, on properties where short-term rental is an allowed use in the underlying zone district. The code was drafted in this way to recognize the importance of seasonal tourism to property owners, while maintaining the overall focus of the ordinance on preserving long-term housing.

The Planning Commission rejected these proposed short-term rental rules for the PRH Combining Zone District, and instead suggested the following approach:

- (1) Short-term rentals are not allowed in PRH units.*
- (2) Short-term rentals are not allowed anywhere on residentially-zoned properties in the PRH Combining Zone district.*
- (3) On commercially-zoned properties where visitor accommodation is an allowed use, and on special use-zoned properties with a non-residential General Plan designation, owners may rent up to 30% of units as short-term rentals. On properties with a combination of PRH and short-term units, PRH units must be identified on the site plan submitted for the PRH Use/Development Permit. Property owners must obtain a Use/Development Permit for short-term rental use, pursuant to SCCC 13.10.332 (unless short-term rental is a historic, continuing use on the property). Property owners must pay transient occupancy tax for short-term rental use, pursuant to SCCC 4.24.*

Staff recognizes that the Planning Commission's proposed approach would have the benefit of increasing housing stability for PRH tenants on properties within the PRH Combining Zone District, but the reduction in flexibility associated with this approach would introduce a disincentive for some property owners to join the district in the first place – which could ultimately result in fewer PRH units.

The proposal to disallow short-term rentals in PRH units does not take into account the fact that seasonal rentals can be attractive to various types of tenants, such as college students or staff/faculty of nearby schools or colleges, who may travel in the summer, or to those transitioning out of homelessness, who can use seasonal leases to stabilize and access supportive services, while pursuing long-term rental housing options with the help of a case manager and other programs. Also, seasonal PRH units could still benefit the overall rental market by reducing competition for rental units in the local area and thus benefiting tenants at large.

The proposal to limit non-PRH units in the PRH Combining Zone District would impinge on permitted uses in the underlying zone districts for many PRH opportunity sites, and as a result would make the PRH application process unappealing to some property owners. The effect of this code requirement would be to force property owners to "trade" short-term rental use for long-term residential use on properties that have historically had a mixture of both uses. This may ultimately result in a loss of housing units on properties that are not willing to make this trade-off. Commercially- and special-use zoned properties could apply for an Exception to the maximum 30% short-term rental unit limit, but there would be a risk that this application would not be approved. Some property owners may not be willing to submit applications with this associated risk. Property owners that choose not to join the PRH Combining District may choose to continue illegal residential use without building repairs and upgrades to residential units, which would negatively impact tenants.

In the group of Zoning Plan Amendments and Use/Development Permit applications that have been submitted to the County pending creation of the PRH Combining Zone District, there are two properties with a mix of short- and long-term rentals: 8041 Soquel Drive (6 proposed PRH units) and 4700 Highway 9 (6 proposed PRH units). Both applications would need to be amended to include requests for Exception to the 30% maximum short-term rental unit limit.

The draft PRH Combining Zone District ordinance was written collaboratively with property owners with the purpose of including as many properties as possible in the district and ensuring that these existing housing units are safe and properly maintained. Staff recommends that the Commission reconsider the proposed approach for short term rentals in the PRH Combining Zone District. A compromise solution would disallow short-term rentals in PRH units, but not place any limitations on non-PRH short-term units on properties in the district. This compromise approach furthers the goal of this policy initiative to preserve affordable housing, without impacting existing allowed property uses.

Application Processing. Property owners with eligible parcels would apply for Zoning Plan Amendments and Use/Development Permits for rezoning into the PRH Combining Zone District. Exceptions would be required for properties applying for inclusion in the district that could not meet one or more of the PRH development standards. In some cases, Coastal Development Permits would be required for properties located within the Coastal Zone. Any property applying for inclusion in the PRH district would be required to conduct CEQA review prior to action on a Zoning Plan Amendment.

Applicants would submit an application form, a site plan and floor plans indicating proposed PRH units, and proof of prior site use as visitor accommodation or care facility, and application fees. Use/Development Permits would have conditions of approval, including completion of a County health and safety inspection. In some cases, Building Permits would be required for property upgrades to meet health and safety requirements.

Zoning Plan Amendments would be processed as a Level 7 legislative action requiring a recommendation by the Planning Commission and approval by the Board of Supervisors, and Use/Development Permits would be processed either concurrently with Zoning Plan Amendments, or later in a stand-alone review. At the January 23, 2019 meeting, staff proposed that this stand-alone Use/Development Permit review would be a Level 4 review, which includes a staff site visit, review of application materials and plans, and public notification before a decision is made by the Planning Director. The Planning Commission expressed concern that a Level 4 review did not provide enough opportunity for public involvement. The Commission requested that stand-alone PRH Use/Development Permits instead be processed at a Level 6 (Planning Commission public hearing). Levels 4, 5 and 6 review involve the same public notification (mailing to property owners and residents in a 300-foot radius from the project site). A public hearing affords additional opportunity for public involvement but involves staff time to prepare a staff report and prepare, present and follow-up from

a public hearing. This translates into an additional time and cost for project applicants. Use/Development Permit payment is at-cost (billed based on the actual staff time worked on a project rather than a flat fee), but a deposit of \$10,000 to \$12,500 is usually taken in for Level 6 use/development permit applications, as compared to a deposit of \$3,000 to \$4,000 for Level 4 projects, and \$6,000 - \$7,500 for Level 5 (Zoning Administrator hearing) projects. These deposits correspond to average project costs for these levels of review.

The added cost from a Level 6 process as compared to a Level 4 process may be an undue burden on property owners, because for stand-alone PRH Use/Development Permits, there would have already been Planning Commission and Board of Supervisors public hearings regarding the Zoning Plan Amendment and associated CEQA review. Through this lengthy public process, neighbors would have been informed of the forthcoming Use/Development Permits and would be ready to get involved and make comments on those applications when notified. The added cost and time associated with a Level 6 review could deter property owners from applying for inclusion in the PRH Combining Zone District.

As a compromise solution, if the Commission is unwilling to consider a Level 4 review, staff recommends a Level 5 review for stand-alone PRH Use/Development permits. Level 5 review involves a public hearing but is less onerous to applicants as compared to Level 6 review, because Zoning Administrator hearings are scheduled as needed and are scheduled at the applicant's convenience. Also, Zoning Administrator hearings require less staff preparation time and are therefore Level 5 review is generally less expensive than Level 6 review. Controversial projects would be referred directly or appealed up to the Planning Commission.

PUBLIC OUTREACH/PUBLIC COMMENT

An initial public meeting was held on September 12, 2018 to inform property owners of PRH opportunity sites about the proposed combining zone district and answer questions. A community meeting was held on January 14, 2019 in the Board of Supervisors chambers to inform the public about the proposed district and property rezoning applications and address questions and concerns. Following this community meeting, a Planning Commission public hearing was held on January 23, 2019. Per SCCC 18.10.211, notification for both the community meeting and Planning Commission public hearing was sent to all properties within a 300-foot radius of the exterior boundaries of each PRH opportunity site, as well as to Supervisors Friend and McPherson, the supervisors from the districts in which these properties are located.

Written comments were received in advance of the January 23, 2019 Planning Commission meeting concerning Application #181610 (the Bayview Hotel). These comments will not be addressed at this time, since individual property Zoning Plan Amendments and Use/Development Permits have been continued to a date uncertain following final adoption of the General Plan and County Code Amendments for the PRH Combining Zone District.

ENVIRONMENTAL REVIEW

Establishment of the PRH Combining Zone District is exempt from CEQA review per CEQA §15061(b)(3): "where it can be seen with certainty that there is no possibility the activity may have a significant effect on the environment."

The project consists of changes to the General Plan/Local Coastal Program and County Code and is not associated with any specific parcel at this time. Nine property owners have applied to have their properties rezoned into the PRH Combining Zone District, pending approval of the General Plan/Local Coastal Program and County Code amendments. Rezoning to the PRH Combining Zone District is reasonably foreseeable on these properties. All proposed PRH units on these properties are already

in use as permanent housing. Therefore, there are no reasonably foreseeable environmental impacts from the creation of the PRH district. A CEQA Notice of Exemption has been prepared for your consideration and recommendation (Exhibit B).

LOCAL COASTAL PROGRAM CONSISTENCY

The proposed amendments will not result in any loss of agricultural land, any loss of coastal access, or any negative impacts to public viewsheds within the Coastal Zone. PRH units would not be allowed on sites in the Coastal Zone with VA zone districts or C-V General Plan designations. The amendments therefore meet the requirements of, and are consistent with, the County's certified Local Coastal Program (LCP) and the California Coastal Act. However, as an amendment to the County Code Chapter 13.10, the implementation of the PRH Combining Zone District is considered a "Coastal Implementing ordinance" and will therefore require review and certification by the Coastal Commission as an LCP Amendment subsequent to approval by the Board of Supervisors.

STRATEGIC PLAN

The proposed amendments meet the County Strategic Plan's "Affordable Housing" goal within the "Attainable Housing" focus area. This Combining District would legally recognize the conversion of motels, hotels and convalescent homes to multifamily housing. These housing units are affordable by design due to their small size.

FINANCIAL IMPACT

Zoning Plan Amendments and Use/Development Permits have been processed by staff for nine properties with interested and willing property owners, and will be reviewed in a public hearing following adoption of the PRH ordinance and General Plan amendments. The County's offer to process these applications was made in order to reduce barriers to entry for eligible properties, to encourage property owners to work collaboratively with staff in developing the ordinance, and to help properties reach a conforming status so that these affordable-by-design housing units can be properly maintained.

Future applicants for Zoning Plan Amendments and Use/Development Permits would pay for staff time associated with processing these discretionary permits. If any new PRH units were proposed for construction, those new units would be subject to the permitting and impact fees associated with new housing.

Daisy Allen
Senior Planner

Stephanie Hansen
Principal Planner

Exhibits:

- A) Proposed Planning Commission Resolution
- B) CEQA Notice of Exemption
- C) Proposed General Plan Amendments
- D) Proposed Ordinance for PRH Combining Zone District
- E) Proposed Ordinance: Redlined Changes from 1-23-19
- F) 1-23-19 Planning Commission Staff Report

BEFORE THE PLANNING COMMISSION OF THE COUNTY OF SANTA CRUZ,
STATE OF CALIFORNIA

RESOLUTION NO. _____

On the motion of Commissioner:
Duly seconded by Commissioner:
The following Resolution is adopted:

**PLANNING COMMISSION RESOLUTION RECOMMENDING ADOPTION OF
PROPOSED AMENDMENTS TO THE SANTA CRUZ COUNTY GENERAL
PLAN/LOCAL COASTAL PROGRAM OBJECTIVE 2.11 AND POLICIES 2.11.1,
2.11.2, AND 2.12.4, AND SANTA CRUZ COUNTY CODE CHAPTER 13.10,
ESTABLISHING A PERMANENT ROOM HOUSING (PRH) COMBINING
ZONE DISTRICT, AND CEQA EXEMPTION**

WHEREAS, the County of Santa Cruz is experiencing a housing crisis, in which the supply of housing units, especially affordable housing units and smaller rental units housing one or two people, is not meeting demand; and

WHEREAS, some buildings in the County originally constructed for visitor accommodations or assisted living, nursing home, residential care or other similar-uses have become obsolete for their original purposes; and

WHEREAS, there is an opportunity for these types of properties to serve an important role in addressing the housing crisis by converting short-term occupancy rooms and cabins to long-term (more than 30-day occupancy) housing units that are affordable by design due to small unit size; and

WHEREAS, the County is aware of properties where visitor accommodations have already been converted to permanent housing, but this use is non-conforming with zoning and/or General Plan/Local Coastal Program designations on those properties, limiting renovation opportunities and placing housing units at risk; and

WHEREAS, Program 4.5 of the County's 2015 Housing Element identifies a "Permanent Room Housing" (PRH) Combining Zone District as a strategy to recognize and regulate permanent housing on these properties; and

WHEREAS, on June 12, 2018, the Board of Supervisors directed staff to proceed with implementing the PRH Combining Zone District as one of a suite of near-term regulatory initiatives to support creation and preservation of affordable housing; and

WHEREAS, in order to implement a PRH Combining Zone District, the County must make amendments to General Plan/Local Coastal Program Objective 2.11 and Policy 2.11.1, and create new Policies 2.11.2 and 2.12.4; and

WHEREAS, in order to implement a PRH Combining Zone District, the County must also make amendments to County Code Chapter 13.10, sections 13.10.170(d), 13.10.322, 13.10.332, 13.10.382(A), 13.10.400, 13.10.700 and add new sections 13.10.424 – 13.10.429; and

WHEREAS, County Code Chapter 13.10 is a Local Coastal Program implementing ordinance; and

WHEREAS, the Planning Commission has reviewed the proposed General Plan/Local Coastal Program Amendments and proposed PRH ordinance and finds that these amendments are consistent with all other elements of the General Plan/Local Coastal Program, meet the intent of Housing Element Policy 4.5, and comply with the California Coastal Act; and

WHEREAS, the proposed PRH Combining Zone District defines and adds PRH as an allowed use on eligible properties, and will be applied to individual properties on a case-by-case basis; and

WHEREAS, the proposed amendments are exempt from CEQA pursuant to Section 15061(b)(3) of the California Environmental Quality Act because the only reasonably foreseeable rezonings pursuant to these actions are currently implementing PRH uses, and therefore it can be seen with certainty that there is no possibility that the activity will have a significant effect on the environment;

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission recommends that the Board of Supervisors confirm that a Notice of Exemption is appropriate under CEQA; and

BE IT FURTHER RESOLVED that the Planning Commission recommends that the proposed amendments to the County Code and General Plan/Local Coastal Program as presented on this date be adopted by the Board of Supervisors.

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz,
State of California, this _____ day of _____, 2019 by the following vote:

AYES: COMMISSIONERS
NOES: COMMISSIONERS
ABSENT: COMMISSIONERS
ABSTAIN: COMMISSIONERS

Chairperson

ATTEST: _____
Secretary

APPROVED AS TO FORM:



COUNTY COUNSEL

cc: County Counsel
Planning Department

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: Santa Cruz

701 Ocean Street

Santa Cruz, CA 95060

From: (Public Agency): County of Santa Cruz (Planning)

701 Ocean Street 4th Floor

Santa Cruz, 95060

(Address)

Project Title: Permanent Room Housing (PRH) Combining Zone District

Project Applicant: County of Santa Cruz Planning Department

Project Location - Specific:

The PRH Combining Zone District is being created at this time and is available throughout the unincorporated county.

Project Location - City: Unincorporated County Project Location - County: Santa Cruz County

Description of Nature, Purpose and Beneficiaries of Project:

The project creates a "Combining Zone" (overlay) district to recognize conversions of visitor accommodation and care facilities to "permanent room housing" residential units. The district allows property owners to preserve existing housing units that are affordable by design.

Name of Public Agency Approving Project: County of Santa Cruz Board of Supervisors

Name of Person or Agency Carrying Out Project: County of Santa Cruz Planning Department

Exempt Status: (check one):

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☐ Categorical Exemption. State type and section number: _____
- ☒ Statutory Exemptions. State code number: 15061(b)(3)

Reasons why project is exempt:

Please see Attachment 1.

Lead Agency

Contact Person: Daisy Allen

Area Code/Telephone/Extension: 831-454-2801

If filed by applicant:

1. Attach certified document of exemption finding.

2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: _____ Date: _____ Title: _____

☐ Signed by Lead Agency ☐ Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.

Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

Revised 2011

EXHIBIT B

Permanent Room Housing Combining Zone District: CEQA Notice of Exemption

Attachment 1: Reasons Why Project is Exempt

The project consists of changes to the General Plan/Local Coastal Program and County Code and is not associated with any specific parcel at this time. Nine property owners have applied to have their properties rezoned into the PRH Combining Zone District, pending approval of the General Plan/Local Coastal Program and County Code amendments. Rezoning to the PRH Combining Zone District is reasonably foreseeable on these properties. All proposed PRH units on these properties are already in use as permanent housing, and therefore no new environmental impacts could occur from their addition to the district. A list of these nine properties is provided in Table 1.

Table 1: Properties proposed for rezoning with the PRH Combining Zone District.

App #	APN	Address	Owner (Agent)	PRH Units	General Plan*	Existing Zoning	Proposed Zoning
181604	041-511-10	10110 Soquel Dr, Aptos	Lissner Properties (Michael Cox)	10	C-S	C-4	C-4-PRH
181605	084-181-02	14630 Two Bar Rd, Boulder Creek	Ken Clausing (John Agnone)	5	R-R	R-1-15	R-1-15-PRH
181606	084-181-03	14650 Two Bar Rd, Boulder Creek	Ken Clausing (John Agnone)	7	R-R	R-1-15	R-1-15-PRH
181607	081-091-05	13320 Hwy 9, Boulder Creek	John & Susan Koeker (Francis Padilla)	11	R-S	SU	SU-PRH
181608	065-081-13	6154 Hwy 9, Felton	Ken Clausing (John Agnone)	10	C-C	C-2	C-2-PRH
181609	064-272-01	Toll House Resort 4700 Hwy 9, Felton	Toll House (Blackburn Noon Property Management)	6	C-N	CT-L	CT-L-PRH
181610	041-011-34	Bayview Hotel 8041 Soquel Dr, Aptos	Christina Locke (Becky Steinbruner)	6	C-C	C-2-L	C-2-L-PRH
181611	042-032-03	165 East Street, Aptos	John & Susan Koeker (Francis Padilla)	3	R-UH	RM-3	RM-3-PRH
181612	042-032-12	Adobe Hacienda 222 Santa Cruz Ave, Aptos	John & Susan Koeker (Francis Padilla)	15	R-UH	RM-1.5	RM-1.5-PRH

*C-S: Service Commercial. C-C: Community Commercial. C-N: Neighborhood Commercial.
R-R: Rural Residential. R-S: Suburban Residential. R-UH: Urban High Residential.

Proposed Amendments to General Plan as Related to Preserving Permanent Room Housing

Objective 2.11 ~~Residential Density Bonus~~ Flexible Land Use Strategies for Affordable Housing

To provide opportunities for, and encourage the production of, affordable housing by creating incentives for its production; including a density “bonus” increase over residential densities which would otherwise be allowed by the zoning and General Plan designation, and other flexible land use strategies. ~~Appropriate housing types for density bonus development are the same as those appropriate to the General Plan land use and zoning designation in which they are located. (See chapter 4, Housing, for additional policies and programs regarding density bonus and provision of affordable housing.)~~

Policies

2.11.1 Density Bonus for Housing Development

The Density Bonus provisions of State law are hereby incorporated into the General Plan and are implemented in Chapter 17.12 of the County Code which reflect the standards and requirements of the State Density Bonus Law. Appropriate housing types for density bonus development are the same as those appropriate to the General Plan land use and zoning designation in which they are located. ~~(Amended by Res. 41-2006).~~

2.11.2 Density Allowance for Permanent Room Housing Combining District

Regardless of residential land use designation, on properties within the “Permanent Room Housing” Combining District, allow existing densities at the time of rezoning to remain.

Objective 2.12 Mixed-Use Development

To provide a mix of different types of commercial uses or a mix of commercial and residential or public facility uses in appropriate locations where the combination of uses are complementary and contribute to establishing centers of community activity, housing, and/or commerce.

Policies

2.12.4 Permanent Room Housing Uses in Commercial Designations

Regardless of commercial land use designation, allow 100% residential use on properties within the “Permanent Room Housing” Combining District.

ORDINANCE NO. _____

ORDINANCE AMENDING SECTIONS 13.10.170(d), 13.10.322, 13.10.332, 13.10.382(A), 13.10.400, 13.10.700-D, 13.10.700-L, and 13.10.700-P, AND ADDING COUNTY CODE SECTIONS 13.10.424, 13.10.425, 13.10.426, 13.10.427, 13.10.428, and 13.10.429, ESTABLISHING A PERMANENT ROOM HOUSING COMBINING ZONE DISTRICT

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

Subdivision (D) of Section 13.10.170 of the Santa Cruz County Code (General Plan Consistency – Zoning Implementation Table) is hereby amended to add the following text to the “Other Designation or Condition:” section of the Zoning Implementation Table:

Permanent Room Housing

PRH –Permanent Room Housing Combining District with all residential, commercial, and special use zone districts

SECTION II

The Residential Uses Chart of Subsection (B) of Section 13.10.322 of the Santa Cruz County Code is hereby amended to allow Permanent Room Housing under “Residential uses”:

USE	RA	RR	R-1	RB	RM
<u>Permanent Room Housing (subject to SCCC 13.10.424 – 13.10.429)</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

Staff recommends Level 5 review.

SECTION III

The Commercial Uses Chart of Subsection (B) of Section 13.10.332 of the Santa Cruz County Code (Commercial uses) is hereby amended to allow Permanent Room Housing under “Residential uses”:

USE	PA	VA	CT	C-1	C-2	C-4
<u>Permanent Room Housing (subject to SCCC 13.10.424 – 13.10.429)</u>	<u>6</u>	<u>6</u> ¹	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

¹ Coastal Zone properties must adhere to Local Coastal Plan policies related to conversion of priority uses.

Staff recommends Level 5 review.

SECTION IV

Section 13.10.382(A) of the Santa Cruz County Code (Uses in the Special Use SU District) is hereby amended to allow Permanent Room Housing:

(A) Allowed Uses.

(1) All uses allowed in the RA and R-1 Zone Districts shall be allowed in the Special Use SU District where consistent with the General Plan and when authorized at the highest approval levels specified in the uses chart in SCCC 13.10.322(B) for those districts.

(2) All uses allowed in zone districts other than RA and R-1 shall be allowed in the Special Use SU District where consistent with the General Plan and when authorized at the highest approval level required by all such districts but no lower than Level V, with the exception of Permanent Room Housing, which shall be allowed with a Use/Development Permit processed with public notice (Level VI process), subject to SCCC 13.10.424 – 13.10.429.

Staff recommends Level 5 review.

SECTION V

Section 13.10.400 of the Santa Cruz County Code (Combining Zone Districts) is hereby amended to add the following text to the list of Combining Zone Districts:

SCCC	Designation	Summary of Limitations Imposed
<u>13.10.424 through 429</u>	<u>PRH (Permanent Room Housing Combining District)</u>	<u>Denotes parcels with structures originally in use as visitor accommodations, assisted living facilities, convalescent homes, congregate care, or other transient accommodations or care facilities, which may be used as permanent multifamily rental housing in multifamily structures or dwelling groups, with specific development standards.</u>

SECTION VI

The Santa Cruz County Code is hereby amended by adding Sections 13.10.424, 13.10.425, 13.10.426, 13.10.427, 13.10.428, and 13.10.429, under a new Article II-A, to read as follows:

ARTICLE II-A. "PRH" Permanent Room Housing Combining District.

13.10.424 Definitions.

The following words and phrases, whenever used in this section, shall have the following meanings:

- (A) “Permanent Room Housing Unit” means an independent dwelling space intended for long-term (30 days or more) rental occupancy as separate living quarters, with direct access from outside the building or through a common hall, meeting the development standards in SCCC 13.10.427.

13.10.425 Purposes of the Permanent Room Housing “PRH” Combining District.

The purposes of the Permanent Room Housing “PRH” Combining District are to:

- (A) Provide property owners with an option to use obsolete visitor accommodation, nursing home, residential care, assisted living and other similar facilities for multifamily rental housing, while still allowing all underlying land uses associated with a property’s zone district;
- (B) Allow existing motel, hotel, and lodging house (R-1 occupancy) property owners to convert or recognize existing unpermitted or non-conforming permanent, long-term rental housing in multifamily structures (R-2 occupancy) or dwelling groups (R-3 occupancy), as a legal conforming use, with or without support services;
- (C) Allow existing visitor accommodation facilities to operate some rooms or cabins as permanent room housing units; and
- (D) Allow property owners of existing nursing home, residential care, assisted living and other similar facilities (I-1, I-2, R-4 occupancy), to convert to or recognize existing unpermitted non-conforming permanent, long-term multifamily rental housing in multifamily structures (R-2 occupancy) or dwelling group (R-3 occupancy), as a conforming use, with or without support services.

The PRH Combining District is intended to add an additional allowed use to eligible properties. This district is not intended to remove development rights from properties within the district. Property owners within this district are not required to maintain multifamily rental housing in perpetuity. Property owners may amend or supersede PRH use/development permits with use/development permits for other land uses that are associated with the property’s zone district.

13.10.426 Designation of the Permanent Room Housing “PRH” Combining District.

The Permanent Room Housing “PRH” Combining District shall be available to all RA, RR, R-1, RM, VA, PA, C-1, C-2, C-4, CT and SU-zoned parcels with buildings that were originally established or permitted for motel, hotel, lodging house, assisted living facility, nursing home, residential care facility or other similar use. VA-zoned parcels within the Coastal Zone must comply with Local Coastal Plan policies regarding conversion of priority uses.

13.10.427 Use and development standards in the Permanent Room Housing “PRH” Combining District.

The following standards and incentives apply to PRH units in the Permanent Room Housing “PRH” Combining District. Where there are differences between this section and a property’s underlying zone district, the provisions of this section shall apply:

- (A) Occupancy. The maximum occupancy of a permanent room housing unit may not exceed that allowed by the State Uniform Housing Code, or other applicable State law.
- (B) Number of Permanent Room Housing Units.
 - (1) Properties in the PRH Combining Zone District are allowed by right to maintain the number of permanent room housing units present on site at the time that the property is added to the PRH Combining Zone District.
 - (2) Property owners may create additional permanent room housing units on site provided that:
 - (a) Underlying zone district development standards are not exceeded; and
 - (b) Density may not exceed the maximum residential density allowed as follows:
 - 1. On properties with General Plan Designation Mountain (R-M), Rural (R-R), and Suburban Residential (R-S), maximum density per net developable acre is determined by the Rural Density Matrix calculation (SCCC 13.14.060).
 - 2. On properties with General Plan Designation Urban Very Low Density (R-UVL), Urban Low Density (R-UL), Urban Medium Density (R-UM), and Urban High Density (R-UH): maximum density per net developable acre is determined by the General Plan land use designation.
 - 3. On properties with non-residential General Plan designations: Maximum density is that allowed in the R-UH General Plan Designation. There is no required minimum non-residential square footage on PRH Combining Zone District properties.
 - (c) Notwithstanding SCCC 13.10.427(B)(2)(a) and (b), new PRH units may be created within existing building envelopes, provided that these new units meet all other PRH development standards.
 - (3) On properties where visitor accommodation is an allowed use, units used exclusively for short-term (less than 30 days) rental are not considered PRH units and are subject to the density requirements in SCCC 13.10.335(B).
 - (4) Property owners may demolish existing PRH units and rebuild PRH units at the maximum density allowed per SCCC 13.10.427(B), with a Use/Development Permit per 13.10.428(A)(2), and in accordance with applicable provisions of 13.10.262 for non-conforming structures.
- (C) Permanent Room Housing Unit Size. Minimum unit size of 120 square feet. Maximum unit size of 500 square feet. Unit size shall be measured from the inside wall of the unit and shall include all conditioned space.
 - (1) Maximum Unit Size Exceptions. Existing units larger than 500 square feet may be recognized and allowed through approval of a Use/Development Permit, subject to

13.10.428. New units may not be larger than 500 square feet, except that properties without an existing manager's unit may build one unit up to 1,500 square feet, for habitation by an on-site manager (subject to maximum allowed density and all other site development standards).

- (2) Minimum Room Size for New Units. New units must meet California Building Code requirements for minimum room area.
- (D) Kitchen Facilities. Each permanent room housing unit must include kitchen facilities that at a minimum meet the definition of "Limited Food Preparation Area" (SCCC 13.10.700-L), or a common kitchen must be provided to adequately serve residents.
- (E) Bathroom Facilities. Each permanent room housing unit must include one full bathroom (sink, toilet, shower or shower/bathtub combination), or common bathroom facilities must be provided on site at a rate of one full bathroom per six units.
- (F) Health and Safety Requirements. Existing buildings must meet minimum health and safety requirements determined by the County, based on the United States Department of Housing and Urban Development's Housing Quality Standards. A County Building Inspector will conduct inspections to confirm whether properties meet these minimum standards.

The following health and safety requirements apply to unpermitted structures, historic structures and new construction, renovation and addition projects.

- (1) Unpermitted Structures. Property owners with structures that were built or renovated without building permits must apply for permits based on current building standards. If owners cannot obtain permits for unpermitted structures or renovations based on current code standards, owners may participate in the County's Safe Structures program to obtain a certificate to authorize continued use.
- (2) Historic Structures. Historic structures must comply with SCCC 16.42.060.
- (3) New Construction, Renovations, Additions. Any new construction, renovation, or addition must meet current County zoning and building code requirements in the area of work.
- (G) Non-Conforming Structures. Permanent room housing units in legal non-conforming structures (structures that do not meet the setback, height, floor area ratio or lot coverage development standards for the underlying zone district) may be altered per SCCC 13.10.262.
- (H) Off-Street Parking Requirement. 1 space per permanent room housing unit. Parking space dimensions must follow the requirements of SCCC 13.10.554.
 - (1) Reduced Parking Allowances. On-site parking for senior, special-needs, and supportive housing may be provided at the following reduced ratios:
 - i. 0.5 parking spaces per unit for senior housing and special-needs housing.
 - ii. 0.3 parking spaces per unit for permanent supportive housing.

In order to qualify for reduced parking allowances, the property owner must provide a signed agreement with the County specifying the type of rental housing to be provided.

- (I) Bicycle Parking. One bicycle parking space per permanent room housing unit is encouraged for properties within 0.5 mile of a Class I, II or III bicycle lane. Bicycle parking space dimensions are provided in SCCC 13.10.560. Storage sheds for bicycles are encouraged but not required.
- (J) Storage. Each permanent room housing unit is encouraged to provide at least 50 cubic feet of storage space in the form of indoor closets, wardrobes, cabinets, indoor common area lockers or storage rooms, or outdoor storage lockers or storage sheds.
- (K) Short-Term Rentals.
 - (1) Short-term (less than 30 day) rentals are not allowed in designated PRH units.
 - (2) Short-term rentals are not allowed anywhere on residentially-zoned properties in the PRH Combining Zone district.
 - (3) On commercially-zoned properties where visitor accommodation is an allowed use, and on special use-zoned properties with a non-residential General Plan designation, owners may rent up to 30 percent of units as short-term rentals. On properties with a combination of PRH and short-term units, PRH units must be identified on the site plan submitted for the PRH Use/Development Permit. Property owners must obtain a Use/Development Permit for short-term rental use, pursuant to SCCC 13.10.332 (unless short-term rental is a historic, continuing use on the property). Property owners must pay transient occupancy tax for short-term rental use, pursuant to SCCC 4.24.

Staff recommends that short-term rentals not be limited on properties where this is an allowed use in the underlying zone district. Staff therefore recommends that section 13.10.427(K) be edited to read as follows:

(K) Short-Term (less than 30 day) Rentals. Short-term rentals are not allowed in designated PRH units.

13.10.428 Application processing.

- (A) Approvals Required. Property owners with eligible parcels must apply for a Zoning Plan Amendment and a Use/Development Permit for inclusion in the PRH Combining Zone District.
 - (1) Zoning Plan Amendments to add properties to the PRH Combining Zone District allow property owners the option to have permanent room housing units on eligible parcels. Zoning Plan Amendments are processed per SCCC Chapters 13.10 and 18.10.
 - (2) Use/Development Permits define the parameters of the permanent room housing use on eligible properties and involve Planning Department review to ensure that eligible parcels meet the use and development standards defined in SCCC 13.10.427. Use/Development Permits must identify the number and location of PRH units on a property. PRH Use/Development Permits are processed as Level VI Approvals per SCCC Chapter 18.10.

Staff recommends Level 5 review.

Property owners already using a property for permanent room housing must apply for a Use/Development Permit concurrently with a Zoning Plan Amendment. Property owners proposing to convert units to permanent room housing may apply for a Zoning Plan Amendment first, and later apply for a Use/Development Permit before starting to use the property for permanent room housing.

(3) Coastal Development Permits may be required for properties located with the Coastal Zone that do not qualify for an exemption or exclusion per SCCC Chapter 13.20.

(4) Building Permits may be necessary for renovations or additions required by the Planning Department to meet health and safety requirements.

(B) Submittal Requirements. Eligible property owners must submit the following information to the Planning Department:

(1) Application Form. Application forms are available at Planning Department Permit Center and on the County Planning Department website.

(2) Owner/Agent Form. If an agent will represent the property owner in submitting the application, the property owner and agent must complete the Owner/Agent Authorization form.

(3) Application Deposit. The application fee is based on hourly rates for staff time to process the application.

(4) Permits, plans or other proof that the property is or was previously used as visitor accommodation, convalescent home or similar use.

(5) Basic site plan and floor plan documenting existing conditions. The site plan must show the location of all property lines, location of all existing buildings, and location of on-site parking spaces. The floor plan must show all units with each unit and rooms within units labeled. Plans are not required to be professionally drawn and do not have to be drawn at a precise scale but must be accurate, neat and readable. The minimum plan size is 11 x 17. Planning Department staff will review compliance with use and development standards, including but not limited to a site visit.

Any proposed renovations or additions must be presented in accordance with usual standards, which may require professionally drawn plans, drawn to scale.

(6) Suggested submittal – not required. Proof of long-term rental at each proposed PRH unit (e.g. lease agreements) indicating the unit number and the rent charged per unit. Personal tenant information should be blacked out.

13.10.429 Exceptions.

An applicant may request an exception to the requirements of SCCC 13.10.427, subject to approval by the Zoning Administrator following a public hearing, pursuant to the following:

(A) Exceptions to the PRH standards may be granted if the project is found to be consistent with the PRH Combining Zone District Purposes, found in SCCC 13.10.425, the Use/Development Permit findings found in SCCC Chapter 18.10, and at least one of the following additional findings:

(1) There are special existing site or improvement characteristics or circumstances that appropriately excuse the project from meeting one or more of the Use and Development Standards in SCCC 13.10.427; or

- (2) The Permanent Room Housing “PRH” Combining District Purposes, found in SCCC 13.10.425, are better achieved by an alternative design; or
- (3) The granting of an Exception will result in a superior project that is consistent with the Permanent Room Housing “PRH” Combining District Purposes.

(B) Any decision on an exception shall not establish a precedent for future applications.

SECTION VII

Section 13.10.552(A)(1) of the Santa Cruz County Code (“Resident Parking”) is hereby amended, to add Permanent Room Housing parking requirements:

(A) Off-street parking spaces for residential uses shall be provided according to the type and size of residence as described below:

(1) Resident Parking.

Number of Bedrooms	Parking Spaces Required for Single-Family Dwellings and Mobile Homes Used as SFDs Outside of Mobile Home Parks Pursuant to SCCC 13.10.682	Parking Spaces Required for Multifamily Dwellings
1	2	2
2	3	2.5
3	3	2.5
4	3	3
Additional	1 each	0.5 each

Mobile Homes in Mobile Home Parks

Size	Parking Spaces Required
1,570 square feet or less	2
Greater than 1,570 square feet and not more than 2,500 square feet	3
Greater than 2,500 square feet	4

Replacement Mobile Homes in Mobile Home Parks

No additional parking spaces are required if the replacement mobile home is no more than 120 percent of the size of the existing mobile home. If the replacement mobile home is more than 120 percent of the size of the existing mobile home, then parking is required according to the size of the replacement unit, as given above.

Permanent Room Housing

<u>Unit</u>	<u>Parking Spaces Required</u>
<u>Permanent Room Housing Unit</u>	<u>1</u>

Permanent Room Housing

<u>Unit</u>	<u>Parking Spaces Required</u>
<u>Permanent Room Housing Unit – Senior Housing or Special-Needs Housing</u>	<u>0.5</u>
<u>Permanent Room Housing Unit – Permanent Supportive Housing</u>	<u>0.3</u>

SECTION VIII

Section 13.10.700-D of the Santa Cruz County Code (“D’ Definitions”) is hereby amended to amend the definition of “Dwelling Unit”:

“Dwelling unit” means a structure for human habitation providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation, with the following restrictions: one kitchen is allowed in each dwelling unit, plus up to one additional Limited Food Preparation Area ~~including a sink, a refrigerator, small electric kitchen appliances that do not require electrical service greater than 120 volts; excluding full-sized electric, gas, or propane cooking appliances; and having an appropriately sized preparation counter and storage cabinets, may also be included in any single family dwelling at a rate of one per parcel;~~ interior connection shall be maintained throughout the home; and an interior stairway shall be provided between all stories.

SECTION IX

Section 13.10.700-L of the Santa Cruz County Code (“L’ Definitions”) is hereby amended to add a definition of “Limited Food Preparation Area”:

“Limited Food Preparation Area” means limited kitchen facilities including a sink, a refrigerator, and small electric kitchen appliances that do not require electrical service greater than 120 volts; and an appropriately sized food preparation counter and storage cabinets. Full-sized electric, gas, or propane cooking appliances are not allowed in a Limited Food Preparation Area.

“Lodging House” means a dwelling in which lodging or lodging and meals are provided for compensation for more than three but not more than 15 persons other than members of the resident family excepting a nursing home or permanent room housing unit as defined herein.

SECTION X

Section 13.10.700-P of the Santa Cruz County Code (“P’ Definitions”) is hereby amended to add a definition of “Permanent Room Housing Unit”:

“Permanent Room Housing Unit” means an independent dwelling space intended for long-term (30 days or more) rental occupancy as separate living quarters, with direct access from outside the building or through a common hall, meeting the development standards in SCCC 13.10.427.

SECTION XI

This Ordinance shall take effect on the 31st day following adoption, or upon certification by the California Coastal Commission, whichever is later.

PASSED AND ADOPTED this _____ day of _____, 2019 by the Board of Supervisors and the County of Santa Cruz by the following vote:

AYES:	SUPERVISORS
NOES:	SUPERVISORS
ABSENT:	SUPERVISORS
ABSTAIN:	SUPERVISORS

CHAIRPERSON, BOARD OF SUPERVISORS

ATTEST: _____
Clerk of the Board

APPROVED AS TO FROM: _____
County Counsel

ORDINANCE NO. _____

ORDINANCE AMENDING SECTIONS 13.10.170(d), 13.10.322, 13.10.332, 13.10.382(A), 13.10.400, 13.10.700-D, 13.10.700-L, and 13.10.700-P, AND ADDING COUNTY CODE SECTIONS 13.10.424, 13.10.425, 13.10.426, 13.10.427, 13.10.428, and 13.10.429, ESTABLISHING A PERMANENT ROOM HOUSING COMBINING ZONE DISTRICT

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

Subdivision (D) of Section 13.10.170 of the Santa Cruz County Code (General Plan Consistency – Zoning Implementation Table) is hereby amended to add the following text to the “Other Designation or Condition:” section of the Zoning Implementation Table:

Permanent Room Housing

PRH – Permanent Room Housing Combining District with all residential, commercial, and special use zone districts

SECTION II

The Residential Uses Chart of Subsection (B) of Section 13.10.322 of the Santa Cruz County Code is hereby amended to allow Permanent Room Housing under “Residential uses”:

USE	RA	RR	R-1	RB	RM
<u>Permanent Room Housing (subject to SCCC 13.10.424 – 13.10.429)</u>	<u>64</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>

Staff recommends Level 5 review.

SECTION III

The Commercial Uses Chart of Subsection (B) of Section 13.10.332 of the Santa Cruz County Code (Commercial uses) is hereby amended to allow Permanent Room Housing under “Residential uses”:

USE	PA	VA	CT	C-1	C-2	C-4
<u>Permanent Room Housing (subject to SCCC 13.10.424 – 13.10.429)</u>	<u>46</u>	<u>64</u> ¹	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>

¹ Coastal Zone properties must adhere to Local Coastal Plan policies related to conversion of priority uses.

Staff recommends Level 5 review.

ORDINANCE NO. _____

ORDINANCE AMENDING SECTIONS 13.10.170(d), 13.10.322, 13.10.332, 13.10.382(A), 13.10.400, 13.10.700-D, 13.10.700-L, and 13.10.700-P, AND ADDING COUNTY CODE SECTIONS 13.10.424, 13.10.425, 13.10.426, 13.10.427, 13.10.428, and 13.10.429, ESTABLISHING A PERMANENT ROOM HOUSING COMBINING ZONE DISTRICT

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

Subdivision (D) of Section 13.10.170 of the Santa Cruz County Code (General Plan Consistency – Zoning Implementation Table) is hereby amended to add the following text to the “Other Designation or Condition:” section of the Zoning Implementation Table:

Permanent Room Housing

PRH –Permanent Room Housing Combining District with all residential, commercial, and special use zone districts

SECTION II

The Residential Uses Chart of Subsection (B) of Section 13.10.322 of the Santa Cruz County Code is hereby amended to allow Permanent Room Housing under “Residential uses”:

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<u>Permanent Room Housing (subject to SCCC 13.10.424 – 13.10.429)</u>	<u>64</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>

Staff recommends Level 5 review.

SECTION III

The Commercial Uses Chart of Subsection (B) of Section 13.10.332 of the Santa Cruz County Code (Commercial uses) is hereby amended to allow Permanent Room Housing under “Residential uses”:

USE	PA	VA	CT	C-1	C-2	C-4
<u>Permanent Room Housing (subject to SCCC 13.10.424 – 13.10.429)</u>	<u>46</u>	<u>64</u> ¹	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>

¹ Coastal Zone properties must adhere to Local Coastal Plan policies related to conversion of priority uses.

Staff recommends Level 5 review.

SECTION IV

Section 13.10.382(A) of the Santa Cruz County Code (Uses in the Special Use SU District) is hereby amended to allow Permanent Room Housing:

(A) Allowed Uses.

(1) All uses allowed in the RA and R-1 Zone Districts shall be allowed in the Special Use SU District where consistent with the General Plan and when authorized at the highest approval levels specified in the uses chart in SCCC 13.10.322(B) for those districts..

(2) All uses allowed in zone districts other than RA and R-1 shall be allowed in the Special Use SU District where consistent with the General Plan and when authorized at the highest approval level required by all such districts but no lower than Level V, with the exception of Permanent Room Housing, which shall be allowed with a Use/Development Permit processed with public notice (Level ~~VIII~~ process), subject to SCCC 13.10.424 – 13.10.429.

Staff recommends Level 5 review.

SECTION V

Section 13.10.400 of the Santa Cruz County Code (Combining Zone Districts) is hereby amended to add the following text to the list of Combining Zone Districts:

SCCC	Designation	Summary of Limitations Imposed
<u>13.10.424 through 429</u>	<u>PRH (Permanent Room Housing Combining District)</u>	<u>Denotes parcels with structures originally in use as visitor accommodations, assisted living facilities, convalescent homes, congregate care, or other transient accommodations or care facilities, which may be used as permanent multifamily rental housing in multifamily structures or dwelling groups, with specific development standards.</u>

SECTION VI

The Santa Cruz County Code is hereby amended by adding Sections 13.10.424, 13.10.425, 13.10.426, 13.10.427, 13.10.428, and 13.10.429, under a new Article II-A, to read as follows:

ARTICLE II-A. "PRH" Permanent Room Housing Combining District.

13.10.424 Definitions.

The following words and phrases, whenever used in this section, shall have the following meanings:

- (A) “Permanent Room Housing Unit” means an independent dwelling space intended for long-term (30 days or more) rental occupancy as separate living quarters, with direct access from outside the building or through a common hall, meeting the development standards in SCCC 13.10.427.

13.10.425 Purposes of the Permanent Room Housing “PRH” Combining District.

The purposes of the Permanent Room Housing “PRH” Combining District are to:

- (A) Provide property owners with an option to use obsolete visitor accommodation, nursing home, residential care, assisted living and other similar facilities for multifamily rental housing, while still allowing all underlying land uses associated with a property’s zone district;
- (B) Allow existing motel, hotel, and lodging house (R-1 occupancy) property owners to convert or recognize existing unpermitted or non-conforming permanent, long-term rental housing in multifamily structures (R-2 occupancy) or dwelling groups (R-3 occupancy), as a legal conforming use, with or without support services;
- (C) Allow existing visitor accommodation facilities to operate some rooms or cabins as permanent room housing units; and
- (D) Allow property owners of existing nursing home, residential care, assisted living and other similar facilities (I-1, I-2, R-4 occupancy), to convert to or recognize existing unpermitted non-conforming permanent, long-term multifamily rental housing in multifamily structures (R-2 occupancy) or dwelling group (R-3 occupancy), as a conforming use, with or without support services.

The PRH Combining District is intended to add an additional allowed use to eligible properties. This district is not intended to remove development rights from properties within the district. Property owners within this district are not required to maintain multifamily rental housing in perpetuity. Property owners may amend or supersede PRH use/development permits with use/development permits for other land uses that are associated with the property’s zone district.

13.10.426 Designation of the Permanent Room Housing “PRH” Combining District.

The Permanent Room Housing “PRH” Combining District shall be available to all RA, RR, R-1, RM, VA, PA, C-1, C-2, C-4, CT and SU-zoned parcels with buildings that were originally established or permitted for motel, hotel, lodging house, assisted living facility, nursing home, residential care facility or other similar use. VA-zoned parcels within the Coastal Zone must comply with Local Coastal Plan policies regarding conversion of priority uses.

13.10.427 Use and development standards in the Permanent Room Housing “PRH” Combining District.

The following standards and incentives apply to PRH units in the Permanent Room Housing “PRH” Combining District. Where there are differences between this section and a property’s underlying zone district, the provisions of this section shall apply:

- (A) Occupancy. The maximum occupancy of a permanent room housing unit may not exceed that allowed by the State Uniform Housing Code, or other applicable State law.
- (B) Number of Permanent Room Housing Units.
 - (1) Properties in the PRH Combining Zone District are allowed by right to maintain the number of permanent room housing units present on site at the time that the property is added to the PRH Combining Zone District.
 - (2) Property owners may create additional permanent room housing units on site provided that:
 - (a) Underlying zone district development standards are not exceeded; and
 - (b) Density may not exceed the maximum residential density allowed as follows:
 - 1. On properties with General Plan Designation Mountain (R-M), Rural (R-R), and Suburban Residential (R-S), maximum density per net developable acre is determined by the Rural Density Matrix calculation (SCCC 13.14.060).
 - 2. On properties with General Plan Designation Urban Very Low Density (R-UVL), Urban Low Density (R-UL), Urban Medium Density (R-UM), and Urban High Density (R-UH): maximum density per net developable acre is determined by the General Plan land use designation.
 - 3. On properties with non-residential General Plan designations: Maximum density is that allowed in the R-UH General Plan Designation. There is no required minimum non-residential square footage on PRH Combining Zone District properties.
 - (c) Notwithstanding SCCC 13.10.427(B)(2)(a) and (b), new PRH units may be created within existing building envelopes, provided that these new units meet all other PRH development standards.
 - (3) On properties where visitor accommodation is an allowed use, units used exclusively for short-term (less than 30 days) rental are not considered PRH units and are subject to the density requirements in SCCC 13.10.335(B).
 - (4) Property owners may demolish existing PRH units and rebuild PRH units at the maximum density allowed per SCCC 13.10.427(B), with a Use/Development Permit per 13.10.428(A)(2), and in accordance with applicable provisions of 13.10.262 for non-conforming structures.
- (C) Permanent Room Housing Unit Size. Minimum unit size of 120 square feet. Maximum unit size of 500 square feet. Unit size shall be measured from the inside wall of the unit and shall include all conditioned space.
 - (1) Maximum Unit Size Exceptions. Existing units larger than 500 square feet may be recognized and allowed through approval of a Use/Development Permit, subject to

13.10.428. New units may not be larger than 500 square feet, except that properties without an existing manager's unit may build one unit up to 1,500 square feet, for habitation by an on-site manager (subject to maximum allowed density and all other site development standards).

(2) Minimum Room Size for New Units. New units must meet California Building Code requirements for minimum room area.

- (D) Kitchen Facilities. Each permanent room housing unit must include kitchen facilities that at a minimum meet the definition of "Limited Food Preparation Area" (SCCC 13.10.700-L), or a common kitchen must be provided to adequately serve residents.
- (E) Bathroom Facilities. Each permanent room housing unit must include one full bathroom (sink, toilet, shower or shower/bathtub combination), or common bathroom facilities must be provided on site at a rate of one full bathroom per six units.
- (F) Health and Safety Requirements. Existing buildings must meet minimum health and safety requirements determined by the County, based on the United States Department of Housing and Urban Development's Housing Quality Standards. A County Building Inspector will conduct inspections to confirm whether properties meet these minimum standards.

The following health and safety requirements apply to unpermitted structures, historic structures and new construction, renovation and addition projects.

- (1) Unpermitted Structures. Property owners with structures that were built or renovated without building permits must apply for permits based on current building standards. If owners cannot obtain permits for unpermitted structures or renovations based on current code standards, owners may participate in the County's Safe Structures program to obtain a certificate to authorize continued use.
- (2) Historic Structures. Historic structures must comply with SCCC 16.42.060.
- (3) New Construction, Renovations, Additions. Any new construction, renovation, or addition must meet current County zoning and building code requirements in the area of work.
- (G) Non-Conforming Structures. Permanent room housing units in legal non-conforming structures (structures that do not meet the setback, height, floor area ratio or lot coverage development standards for the underlying zone district) may be altered per SCCC 13.10.262.
- (H) Off-Street Parking Requirement. ~~0.751~~ spaces per permanent room housing unit. Parking space dimensions must follow the requirements of SCCC 13.10.554.

 - (1) Reduced Parking Allowances. On-site parking for senior, special-needs, and supportive housing may be provided at the following reduced ratios:

 - i. 0.5 parking spaces per unit for senior housing and special-needs housing.
 - ii. 0.3 parking spaces per unit for permanent supportive housing.

In order to qualify for reduced parking allowances, the property owner must provide a signed agreement with the County specifying the type of rental housing to be provided.

- (I) Bicycle Parking. One bicycle parking space per permanent room housing unit is encouraged for properties within 0.5 mile of a Class I, II or III bicycle lane. Bicycle parking space dimensions are provided in SCCC 13.10.560. Storage sheds for bicycles are encouraged but not required.
- (J) Storage. Each permanent room housing unit is encouraged to provide at least 50 cubic feet of storage space in the form of indoor closets, wardrobes, cabinets, indoor common area lockers or storage rooms, or outdoor storage lockers or storage sheds.
- (K) Short-Term Rentals.

- (1) Short-term (less than 30 day) rentals are not allowed in designated PRH units.
- (2) Short-term rentals are not allowed anywhere on residentially-zoned properties in the PRH Combining Zone district.
- (3) On commercially-zoned properties where visitor accommodation is an allowed use, and on special use-zoned properties with a non-residential General Plan designation, owners may rent up to 30 percent of units as short-term rentals. If short-term (less than 30-day) rentals are an allowed use in a property's underlying zone district, On properties with a combination of PRH and short-term units, PRH units must be identified on the site plan submitted for the PRH Use/Development Permit. Property owners must obtain a Use/Development Permit for short-term rental use, pursuant to SCCC 13.10.332 (unless short-term rental is a historic, continuing use on the property). Property owners must pay; owners may rent specified units as short-term rentals with appropriate permits and payment of transient occupancy tax for short-term rental use, pursuant to SCCC 4.24, and other specified units may be rented as long-term (30 days or more) permanent room housing units, pursuant to the PRH Use/Development Permit. Short-term rentals are allowed in permanent room housing units up to 90 days per year with appropriate permits and payment of transient occupancy tax. Units used for short-term rental more than 90 days per year are not considered PRH units.

Staff recommends that short-term rentals not be limited on properties where this is an allowed use in the underlying zone district. Staff therefore recommends that section 13.10.427(K) be edited to read as follows:

(K) Short-Term (less than 30 day) Rentals. Short-term rentals are not allowed in designated PRH units.

13.10.428 Application processing.

- (A) Approvals Required. Property owners with eligible parcels must apply for a Zoning Plan Amendment and a Use/Development Permit for inclusion in the PRH Combining Zone District.
 - (1) Zoning Plan Amendments to add properties to the PRH Combining Zone District allow property owners the option to have permanent room housing units on eligible parcels. Zoning Plan Amendments are processed per SCCC Chapters 13.10 and 18.10.
 - (2) Use/Development Permits define the parameters of the permanent room housing use on eligible properties and involve Planning Department review to ensure that eligible parcels

meet the use and development standards defined in SCCC 13.10.427. Use/Development Permits must identify the number and location of PRH units on a property. PRH Use/Development Permits are processed as Level ~~VIFV~~ Administrative Approvals per SCCC Chapter 18.10.

Staff recommends Level 5 review.

Property owners already using a property for permanent room housing must apply for a Use/Development Permit concurrently with a Zoning Plan Amendment. Property owners proposing to convert units to permanent room housing may apply for a Zoning Plan Amendment first, and later apply for a Use/Development Permit before starting to use the property for permanent room housing.

(3) Coastal Development Permits may be required for properties located with the Coastal Zone that do not qualify for an exemption or exclusion per SCCC Chapter 13.20.

(4) Building Permits may be necessary for renovations or additions required by the Planning Department to meet health and safety requirements.

(B) Submittal Requirements. Eligible property owners must submit the following information to the Planning Department:

(1) Application Form. Application forms are available at Planning Department Permit Center and on the County Planning Department website.

(2) Owner/Agent Form. If an agent will represent the property owner in submitting the application, the property owner and agent must complete the Owner/Agent Authorization form.

(3) Application Deposit. The application fee is based on hourly rates for staff time to process the application.

(4) Permits, plans or other proof that the property is or was previously used as visitor accommodation, convalescent home or similar use.

(5) Basic site plan and floor plan documenting existing conditions. The site plan must show the location of all property lines, location of all existing buildings, and location of on-site parking spaces. The floor plan must show all units with each unit and rooms within units labeled. Plans are not required to be professionally drawn and do not have to be drawn at a precise scale but must be accurate, neat and readable. The minimum plan size is 11 x 17. Planning Department staff will review compliance with use and development standards, including but not limited to a site visit.

Any proposed renovations or additions must be presented in accordance with usual standards, which may require professionally drawn plans, drawn to scale.

(6) Suggested submittal – not required. Proof of long-term rental at each proposed PRH unit (e.g. lease agreements) indicating the unit number and the rent charged per unit. Personal tenant information should be blacked out.

13.10.429 Exceptions.

An applicant may request an exception to the requirements of SCCC 13.10.427, subject to approval by the Zoning Administrator following a public hearing, pursuant to the following:

- (A) Exceptions to the PRH standards may be granted if the project is found to be consistent with the PRH Combining Zone District Purposes, found in SCCC 13.10.425, the Use/Development Permit findings found in SCCC Chapter 18.10, and at least one of the following additional findings:
- (1) There are special existing site or improvement characteristics or circumstances that appropriately excuse the project from meeting one or more of the Use and Development Standards in SCCC 13.10.427; or
 - (2) The Permanent Room Housing “PRH” Combining District Purposes, found in SCCC 13.10.425, are better achieved by an alternative design; or
 - (3) The granting of an Exception will result in a superior project that is consistent with the Permanent Room Housing “PRH” Combining District Purposes.
- (B) Any decision on an exception shall not establish a precedent for future applications.

SECTION VII

Section 13.10.552(A)(1) of the Santa Cruz County Code (“Resident Parking”) is hereby amended, to add Permanent Room Housing parking requirements:

- (A) Off-street parking spaces for residential uses shall be provided according to the type and size of residence as described below:

- (1) Resident Parking.

Number of Bedrooms	Parking Spaces Required for Single-Family Dwellings and Mobile Homes Used as SFDs Outside of Mobile Home Parks Pursuant to SCCC <u>13.10.682</u>	Parking Spaces Required for Multifamily Dwellings
1	2	2
2	3	2.5
3	3	2.5
4	3	3
Additional	1 each	0.5 each

Mobile Homes in Mobile Home Parks

Size	Parking Spaces Required
1,570 square feet or less	2
Greater than 1,570 square feet and not more than 2,500 square feet	3
Greater than 2,500 square feet	4

Replacement Mobile Homes in Mobile Home Parks

No additional parking spaces are required if the replacement mobile home is no more than 120 percent of the size of the existing mobile home. If the replacement mobile home is more than 120 percent of the size of

Replacement Mobile Homes in Mobile Home Parks
the existing mobile home, then parking is required according to the size of the replacement unit, as given above.

Permanent Room Housing

<u>Unit</u>	<u>Parking Spaces Required</u>
<u>Permanent Room Housing Unit</u>	<u>0.751</u>
<u>Permanent Room Housing Unit – Senior Housing or Special-Needs Housing</u>	<u>0.5</u>
<u>Permanent Room Housing Unit – Permanent Supportive Housing</u>	<u>0.3</u>

SECTION VIII

Section 13.10.700-D of the Santa Cruz County Code (“D’ Definitions”) is hereby amended to amend the definition of “Dwelling Unit”:

“Dwelling unit” means a structure for human habitation providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation, with the following restrictions: one kitchen is allowed in each dwelling unit, plus up to one additional Limited Food Preparation Area including a sink, a refrigerator, small electric kitchen appliances that do not require electrical service greater than 120 volts; excluding full-sized electric, gas, or propane cooking appliances; and having an appropriately sized preparation counter and storage cabinets, may also be included in any single family dwelling at a rate of one per parcel; interior connection shall be maintained throughout the home; and an interior stairway shall be provided between all stories.

SECTION IX

Section 13.10.700-L of the Santa Cruz County Code (“L’ Definitions”) is hereby amended to add a definition of “Limited Food Preparation Area”:

“Limited Food Preparation Area” means limited kitchen facilities including a sink, a refrigerator, and small electric kitchen appliances that do not require electrical service greater than 120 volts; and an appropriately sized food preparation counter and storage cabinets. Full-sized electric, gas, or propane cooking appliances are not allowed in a Limited Food Preparation Area.

“Lodging House” means a dwelling in which lodging or lodging and meals are provided for compensation for more than three but not more than 15 persons other than members of the resident family excepting a nursing home or permanent room housing unit as defined herein.

SECTION X

Section 13.10.700-P of the Santa Cruz County Code (“P’ Definitions”) is hereby amended to add a definition of “Permanent Room Housing Unit”:

“Permanent Room Housing Unit” means an independent dwelling space intended for long-term (30 days or more) rental occupancy as separate living quarters, with direct access from outside the building or through a common hall, meeting the development standards in SCCC 13.10.427.

SECTION XI

This Ordinance shall take effect on the 31st day following adoption, or upon certification by the California Coastal Commission, whichever is later.

PASSED AND ADOPTED this _____ day of _____, 2019 by the Board of Supervisors and the County of Santa Cruz by the following vote:

AYES:	SUPERVISORS
NOES:	SUPERVISORS
ABSENT:	SUPERVISORS
ABSTAIN:	SUPERVISORS

CHAIRPERSON, BOARD OF SUPERVISORS

ATTEST: _____
Clerk of the Board

APPROVED AS TO FROM: _____
County Counsel



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

KATHLEEN MOLLOY, PLANNING DIRECTOR

January 7, 2019

AGENDA DATE: January 23, 2019

Planning Commission
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

SUBJECT: PUBLIC HEARING TO REVIEW AND PROVIDE RECOMMENDATION TO BOARD OF SUPERVISORS REGARDING PROPOSED GENERAL PLAN AND COUNTY CODE AMENDMENTS/LOCAL COASTAL PROGRAM IMPLEMENTATION FOR A PERMANENT ROOM HOUSING (PRH) COMBINING ZONE DISTRICT, AND CONCURRENT REZONING AND USE/DEVELOPMENT PERMITS FOR CERTAIN PROPERTIES TO THE PRH DISTRICT, WITH CEQA NOTICE OF EXEMPTION

Recommended Action(s):

- 1) Conduct a public hearing to review proposed General Plan and County Code Amendments/Local Coastal Program Implementation that would enable and create a Permanent Room Housing (PRH) Combining Zone District, and review Zoning Plan Amendment and Use/Development Permit applications to add specific properties to the PRH Combining Zone District; and
- 2) Adopt the attached resolution (Exhibit A) recommending that the Board of Supervisors:
 - a. Direct staff to file the California Environmental Quality Act (CEQA) Notice of Exemption (Exhibit E) with the Clerk of the Board; and
 - b. Adopt General Plan Amendments (Exhibit B) and ordinance (Exhibit C) enabling and creating the PRH Combining Zone District; and
 - c. Conditional on adoption of the General Plan Amendments (Exhibit B) and ordinance (Exhibit C), recommend that the Board of Supervisors approve Zoning Plan Amendments (Exhibit D) and Use/Development Permit applications for the following applications, based on the attached findings and conditions (Exhibit G):
 - i. Application #181604: 10110 Soquel Drive (APN 041-511-10)
 - ii. Application #181605: 14630 Two Bar Road (APN 084-181-02)
 - iii. Application #181606: 14650 Two Bar Road (APN 084-181-03)
 - iv. Application #181607: 13320 Highway 9 (APN 081-091-05)
 - v. Application #181608: 6154 Highway 9 (APN 065-081-13)
 - vi. Application #181609: 4700 Highway 9 (APN 064-272-01)
 - vii. Application #181610: 8041 Soquel Drive (APN 041-011-34)
 - viii. Application #181611: 165 East Street (APN 042-032-03)
 - ix. Application #181612: 222 Santa Cruz Ave (APN 042-031-12)

EXHIBIT F

Executive Summary

The proposed project implements Program 4.5 of the County's General Plan Housing Element by establishing a PRH Combining Zone District. This district would, upon rezoning of property with the PRH Combining Zone and issuance of a permit, recognize conversion of obsolete visitor accommodations, assisted living facilities, convalescent homes, congregate care, and other transient accommodations or care facilities to residential use, on parcels with underlying zoning districts and General Plan designations that would not otherwise allow this conversion to residential use. These properties can serve an important role in addressing the housing crisis because the converted units are affordable by design due to their small unit size. The Combining Zone District is not intended to convert active, thriving visitor accommodations and care facilities to housing, because these property uses are vitally important in our community.

The Land Use Element of the General Plan would be amended to enable creation of the district. Specifically, existing Objective 2.11 and Policy 2.11.1 would be amended, and new policies 2.11.2 and 2.12.4 would be added. The PRH Combining Zone District would be incorporated into the County Code as new sections 13.10.424 through 13.10.429; and County Code sections 13.10.170(d), 13.10.322, 13.10.332, 13.10.383(A), 13.10.400, and 13.10.700 would be modified to accommodate the new district.

The PRH Combining Zone District would add PRH as an allowed use on eligible residential, commercial, and special use-zoned properties. To join the PRH Combining Zone District, property owners would submit applications for Zoning Plan Amendments and Use/Development Permits. Project applications must demonstrate that properties meet the Combining District's use and development standards.

Staff contacted owners of known PRH Combining Zone District opportunity sites, where obsolete visitor accommodation or care facilities have already been converted to residential use. Staff has processed applications for these properties where owners expressed interest in joining the Combining Zone District, concurrent with preparing the proposed General Plan Amendments and Zoning Ordinance. This allowed staff to work collaboratively with property owners to develop an ordinance with reasonable use and development standards.

The project is exempt from CEQA review because the opportunity sites applying to join the PRH district at this time have already converted property use from visitor accommodation to residential, so there would be no change in property use and there is no potential for a significant effect on the environment (CEQA Section 15061[b][3]). Upon investigation, no other sites are reasonably foreseeable as expected to be rezoned to the PRH district. In the future, environmental review may be required for PRH rezonings and/or Use/Development Permits on a project-by-project basis, as property owners file applications.

Staff recommends that the Planning Commission conduct a public hearing and adopt the attached resolution (Exhibit A) recommending Board of Supervisors approval of General Plan Amendments (Exhibit B), an ordinance enabling and creating the PRH Combining Zone District (Exhibit C), a rezoning ordinance for PRH opportunity sites (Exhibit D), a CEQA Notice of Exemption (Exhibit E), and the Use/Development Permits for each opportunity site (Exhibit G).

The PRH Combining Zone District is considered a "Coastal Implementing Ordinance" and will therefore require review and certification by the Coastal Commission subsequent to approval by the Board of Supervisors.

Background

The County of Santa Cruz is experiencing a housing crisis. The supply of housing units, especially affordable housing units and smaller rental units housing one or two people, is not meeting demand. On March 20, 2018, the Board of Supervisors directed staff to discuss the housing crisis with the County's Housing Advisory Commission (HAC) and hold a public discussion to identify steps that can be taken in the near term to modify regulations to support creation of affordable housing. This topic was subsequently discussed at the May 2, 2018 HAC meeting. Certain policy projects were identified which could legally be pursued separately from the Planning Department's broader Sustainability and Policy Regulatory Update work program, due to their specific objective of supporting creation and preservation of affordable housing. On June 12, 2018, the Board of Supervisors directed staff to proceed with these policy projects. One of the identified projects was the creation of a PRH Combining Zone District, which implements Program 4.5 of the County's 2015 Housing Element: "Explore regulatory options for recognizing and legalizing hotels/motels that have over time been converted to permanent occupancy."

Some buildings originally constructed for visitor accommodation have become obsolete for their original intent. These properties can serve an important role in addressing the housing crisis by converting rooms or cabins to housing units that are affordable by design due to small unit size. In fact, staff is aware of properties where visitor accommodations have already been converted to permanent housing. However, multifamily housing is not an allowed use on these properties due to zoning regulations and/or General Plan designations. Similarly, there are properties with vacant buildings originally constructed for assisted living, nursing home, residential care or other similar uses that could be repurposed as housing units. By creating a regulatory pathway for permanent housing on these properties, the County can offer the potential to recognize a much-needed affordable housing option.

Creation of a PRH Combining Zone District is a strategy to recognize and regulate "permanent" (greater than 30-day occupancy) housing on these properties. A Combining Zone District (as defined in County Code Section 13.10.400) is a set of use and development standards applied to specific parcels for the purposes of restricting or expanding development options on those properties. In this case, a PRH Combining Zone District would define and add PRH as an allowed use on certain properties with General Plan designations or zoning districts that do not otherwise allow this use, but where existing buildings have already been or could easily be converted to housing. The PRH would be applied to individual properties on a case-by-case basis. Each property in the PRH Combining Zone District would retain the allowed uses of the underlying zone district.

Why PRH?

Property owners, residents and the County stand to benefit from the creation of a PRH Combining Zone District. Residential use in former visitor accommodation and care facilities without appropriate zoning is considered illegal, in which case property owners cannot obtain permits from the County to renovate units. Without proper renovations and upgrades over time, these units become run-down and may pose a safety risk to residents and the surrounding community. In some cases, conversion to multifamily use may be considered "legal non-conforming" if the conversion took place prior to implementation of the County's first zoning code (1958). Legal non-conforming use properties may conduct limited renovations with building permits, per County Code 13.10.261,¹ but these properties require Level IV or V Use/Development Permits for reconstruction, additions, and intensifications of use (adding more bedrooms or permanent housing units). Also, the Board of Supervisors has the authority to terminate a non-conforming use. The PRH Combining District

¹ Legal non-conforming use properties where permanent multifamily rental housing is documented to have existed since prior to 1958 may alter up to 65% of major structural components with a building permit.

would change eligible properties from nonconforming to conforming uses, therefore providing a more secure legal basis for permanent multifamily housing to continue on these properties.

The PRH Combining Zone District would also enable the County to count PRH units as “adaptive reuse” units towards meeting the County’s housing unit quota under the Regional Housing Needs Assessment.

Gauging PRH Opportunity in Santa Cruz County

In order to determine the number of dwelling units that could potentially be recognized with a PRH Combining Zone District, staff conducted research using the County’s Geographic Information System (GIS) and then followed up with field investigation. First, staff identified all unincorporated county parcels categorized by the County Assessor as “Motel,” “Hotel,” “Rest Home,” “Retirement Home,” and “Convalescent,” as well as all parcels zoned “Visitor Accommodation” (“VA”) or with the General Plan designation of “Commercial – Visitor Accommodations” (“C-V”). This search yielded 97 properties (75 motels and hotels, 22 rest homes, retirement homes and convalescent homes), as well as an additional 290 properties zoned for visitor accommodation but not categorized as such by the Assessor (most these properties are condominiums within the Seascape Resort). Then, staff added to this list a few residential sites known by the Housing Division and Housing Authority to be converted motels and hotels (although they are no longer classified as such by the County Assessor).

Next, staff reviewed each visitor accommodation and care facility’s online business presence to gauge whether the parcel was still an active hotel/motel or care facility and followed up with field visits at select sites to confirm property use. Recreational vehicle “travel parks” were excluded as PRH opportunity sites because these properties are subject to California’s mobile home laws. Sites zoned “VA” or with the General Plan designation of “C-V” in the Coastal Zone were also excluded, because in order to include these properties in the ordinance, the County’s General Plan and Local Coastal Plan policies 2.16.9 and 2.22.2 would have to be updated to allow conversion from higher priority visitor accommodation to lower priority housing use. It is possible that these policies may be updated in the future, but such an update would involve a larger policy discussion with the California Coastal Commission that is outside the scope of this narrowly-focused, near-term affordable housing policy initiative.

In the end, staff identified 14 former motel/hotel sites that have already been converted to multifamily residential housing, with a total of 106 units. Additionally, three former care facilities were identified that are vacant and could potentially be converted to approximately 30 units with the PRH Combining Zone District. All of these properties were categorized as PRH opportunity sites. It is possible that there are additional former hotel/motel sites eligible for inclusion in the PRH Combining Zone District, but these sites may not be zoned as VA or may be categorized by the Assessor as residential, and therefore cannot be identified by staff using reasonable efforts.

Staff contacted property owners for each of the identified PRH opportunity sites. An informational public meeting was held on September 12, 2018 to introduce the concept of the zoning district to property owners and get feedback. Surveys were distributed to attendees to gather information about existing conditions on opportunity sites, so that staff could more easily develop County Code to match existing conditions (within the parameters of building code requirements). Following this public meeting, staff mailed a draft ordinance and draft inspection checklist to interested property owners and followed up with in-person meetings and site visits to discuss property-specific questions and concerns. Five property owners, representing nine properties, decided to move forward with applying for Zoning Plan Amendments and Use/Development Permits to join the PRH district at this time.

Analysis

The proposed project has three components: General Plan Amendments, County Code/Local Coastal Program Implementation Amendments, and property-specific Zoning Plan Amendments and Use/Development Permits.

General Plan Amendments

Certain changes to the General Plan are required to enable creation of a new PRH Combining Zone District in the County Code. These amendments are described here and are provided in full text in Exhibit B.

Residential Density: Objective 2.11, Policy 2.11.2. In the General Plan, each residential land use designation is associated with a density range. Some PRH opportunity sites have residential land use designations, but conversion to housing nevertheless does not conform with the General Plan or zoning code because there are more units than allowed based on the density range for the property's land use designation. In order to enable higher density residential development on PRH sites, it is proposed to broaden Objective 2.11 from "Residential Density Bonus" to "Flexible Land Use Strategies for Affordable Housing," and add new Policy 2.11.2 allowing existing densities on properties within the PRH Combining District to remain.

Mixed-Use Development: Policy 2.12.4. Some PRH opportunity sites have commercial land use designations. Currently, the General Plan allows up to 50% residential square footage on properties with commercial land use designations. This percentage is increased up to 65% for deed-restricted affordable housing. Some PRH opportunity sites have fully converted hotels or motels to residential units and therefore these sites do not meet this mixed-use threshold. Therefore, new Policy 2.12.4 is proposed to allow 100% residential use on PRH properties.

The proposed Planning Commission Resolution (Exhibit A) details findings supporting these General Plan Amendment findings, including the reason for the amendments, consistency with the rest of the General Plan, and compliance with CEQA. The General Plan amendments triggered a requirement for tribal consultation per California Senate Bill 18. Staff contacted all tribes recommended by Native American Heritage Commission (NAHC) for this project. No tribes responded with requests for consultation within 90 days.

County Code/Local Coastal Plan Amendments

The PRH Combining Zone District would be incorporated into to the County Code as new sections 13.10.424 through 13.10.429. Also, County Code sections 13.10.170(d), 13.10.322, 13.10.332, 13.10.382(A), 13.10.400, and 13.10.700 would be modified to accommodate the new district. SCCC Chapter 13.10 implements the Local Coastal Plan and regulates development in the Coastal Zone when there are not conflicts between Chapters 13.10 and 13.20. The proposed code changes are summarized below and are provided in full text in Exhibit C.

Code sections 13.10.424 through 13.10.429 define PRH and clarify parameters and standards for parcel eligibility for inclusion in the PRH Combining Zone District. Staff developed proposed code language with the goal of including as many existing properties as possible, while ensuring that properties maintain neighborhood compatibility and meet basic health and safety requirements. Staff worked collaboratively with property owners of converted properties to understand what exists on the ground today. Staff also analyzed motel conversion and single room occupancy policies from neighboring jurisdictions. Exhibit F is a summary table comparing standards across jurisdictions.

Zoning District Designation. PRH would be limited to residential, commercial and special use zone districts, on parcels with structures originally used as visitor accommodations or care facilities. Other zone districts (public facilities, agriculture, and industrial zones) were not included because special considerations would be needed in order to allow multifamily residential use in those zones, and there are no known PRH opportunity sites in those zone districts.²

PRH Units. A "PRH Unit" is defined as an independent dwelling space intended for long-term (30 days or more) rental occupancy as separate living quarters, with direct access from outside the building or through a common hall, meeting the development standards in section 13.10.427. This definition allows flexibility for shared kitchens and bathrooms, while emphasizing the importance of "permanent" (long-term) residency.

PRH units may be configured as rooms within multifamily structures or as dwelling groups (multiple detached units on a single property). This recognizes the fact that some PRH opportunity sites are former motel and care facility buildings with single rooms opening onto a hall or outdoor walkway, while other opportunity sites are former vacation cabin properties.

Use and Development Standards. Use and development standards are presented that must be met for PRH to be an allowed use on eligible parcels.

- **Occupancy.** Maximum occupancy must not exceed state law. The State Uniform Housing Code requires that dwellings include one habitable room at least 120 square feet, and a minimum size of 70 square feet for any other habitable rooms, for two occupants. An additional 50 square feet is required for each additional occupant sharing a bedroom. Although the proposed occupancy requirement is no different from state law, it is included in the ordinance to emphasize that the County will not approve residential units that are overcrowded.
- **Number of PRH Units.** Properties in the PRH Combining Zone District would be allowed by right to maintain the number of PRH units present on site at the time that the property is added to the PRH Combining Zone District. Additional PRH units could be added, provided that (1) underlying zone district development standards are not exceeded, and (2) density does not exceed the maximum determined by the applicable General Plan land use designation. One exception to this rule is that property owners would be allowed to add PRH units within existing building envelopes, provided that all other PRH use and development standards are met.

The code was written in this way to ensure that increased density is not allowed unless it is appropriate for the surrounding neighborhood. For instance, there may appear to be room to add more PRH units on certain parcels in the San Lorenzo Valley, but an increase in density could be incompatible with the semi-rural character of the surrounding area. The code is intended to recognize what is already built, and to allow moderate density increases only where appropriate. The PRH Combining Zone District would give property owners the right to tear down and rebuild PRH units at the maximum density allowed per the

² There are a few existing care facilities with PF zoning, but these sites are not considered opportunity sites for PRH at this time since they are in active use as convalescent hospitals. Residential uses are currently allowed in the PF zone with a master use permit, and staff is drafting code modifications to streamline affordable housing on PF-zoned properties, so these existing PF-zoned care facilities potentially could be converted to multifamily residential use in the future, despite being excluded from the PRH district.

aforementioned PRH density limitations. No such tear downs/rebuilds are currently proposed.

Non-PRH visitor accommodations on commercially zoned parcels would continue to be subject to density requirements in SCCC Section 13.10.335(B). The PRH Combining Zone District would not impose restrictions on these visitor accommodation facilities.

- **PRH Unit Size.** Existing units at PRH opportunity sites in Santa Cruz County range from about 170 to about 500 square feet, and some properties also have a larger current or former manager's unit. The proposed ordinance recognizes these former managers' units as PRH units, but new PRH units are limited to 500 square feet to ensure that these units are "affordable by design." This proposed unit size is in line with what is required in other jurisdictions; for instance, the City of Santa Cruz, Monterey County, and City of San Jose all require unit size from 150-400 square feet for single room occupancy hotels. A maximum of 500 square feet is proposed for Santa Cruz County because many of the converted vacation cabins along the Highway 9 corridor are approximately 500 square feet, and additional development of detached units of similar size could be appropriate, depending on density allowances. Properties that do not currently have manager's unit may construct one new PRH manager's unit at a maximum of 1,500 square feet (subject to density and other site development standards).
- **Kitchen Facilities.** The County defines "kitchen or food preparation facilities" quite broadly as "any room or portion of a room used or intended or designed to be used for cooking and/or the preparation of food and containing one or more of the following appliances: any sink having a drain outlet larger than one and one-half inches in diameter, any refrigerator larger than two and one-half cubic feet, any hot plate, burner, stove or oven" (SCCC 13.10.700-K). This definition is too broad to be applied to PRH, because it does not recognize that a habitable residential unit needs to contain or have access to a sink with hot and cold water, food preparation surface, food storage, and the ability to cook food. These minimum requirements are in line with single room occupancy ordinances from other jurisdictions, as well as the United States (U.S.) Department of Housing and Urban Development's Housing Quality Standards.

With these minimum requirements in mind, the ordinance would require each PRH unit to contain *at least* a "Limited Food Preparation Area", defined as "limited kitchen facilities including a sink; a refrigerator; small electric kitchen appliances that do not require electrical service greater than 120 volts; and an appropriately sized preparation counter and storage cabinets." Full-size kitchens would be allowed in PRH units; "Limited Food Preparation Area" simply provides the minimum requirement. Common kitchens are required if Limited Food Preparation Areas are not provided in one or more units.

The development standard reflects the range of kitchen facilities existing at PRH opportunity sites. Former vacation cabins tend to have full kitchens, whereas former hotels and motels tend to have mini refrigerators and hot plates. There are two PRH opportunity sites where converted hotel rooms only have bathroom sinks, not kitchen sinks. These property owners understand that they will need to build common kitchen facilities or renovate units to add kitchen sinks before the County will recognize these rooms as PRH units.

- **Bathroom Facilities.** Each PRH unit must include one full bathroom (sink, toilet, shower or shower/bathtub combination), or common bathroom facilities must be provided on site at a rate of one full bathroom per six units. This requirement is similar to single room occupancy ordinances from other jurisdictions. The ordinance is written in this way to provide flexibility for shared facilities as needed.
- **Health and Safety Requirements.** Since the ordinance is addressing existing structures, it is not appropriate to require units to meet current building code. Also, accessibility upgrades are not triggered by the change in use from visitor accommodation or care facility to residential; PRH units involve conversion from R-1 (hotel) or I (institutional) occupancy to R-2 (residential multifamily) occupancy, and code requirements for R-2 occupancy are lesser than those for R-1 occupancy.

While existing units do not need to meet current code requirements, the County still needs to confirm that units meet basic health and safety requirements before approving units for residential use. The ordinance therefore requires existing PRH buildings to meet minimum health and safety requirements determined by the County, based on the U.S. Department of Housing and Urban Development's Housing Quality Standards. A proposed inspection checklist is attached as Exhibit I. The checklist provides flexibility for the building inspector to use professional judgment to make determinations regarding adequacy of site conditions for habitation. If unpermitted structures or additions or other unsafe conditions are discovered during the inspection process, the inspector may require that the property owner obtain building permits to correct these unsafe conditions. If unpermitted structures cannot obtain permits based on current code standards, property owners may participate in the County's Safe Structures program and obtain a certificate to authorize continued use.

Any new renovations to PRH units would need to meet the current building code in the area of work. Additionally, renovations to historic structures must comply with SCCC 16.42.060 (the development procedures for designated historic resources). It is important to make note of this requirement in the code, as there are two PRH opportunity sites with historic resources: the Bayview Hotel and the Toll House Resort.

Based on discussions with owners of the PRH opportunity sites, it is staff's understanding that units have generally been maintained with safety upgrades over time, but electrical, plumbing, and building repairs will be necessary at some properties. Owners of PRH opportunity sites are familiar with the proposed inspection checklist.

- **Non-Conforming Structures.** Most PRH opportunity sites have at least one building that is considered "non-conforming" with the underlying zone district because it exceeds maximum allowed floor area ratio (FAR) or lot coverage, or encroaches into a front, side or rear yard setback. The PRH district does not include special standards for FAR, lot coverage, or setbacks, so the underlying zone district standards apply. By maintaining these underlying zone district standards, the ordinance provides for neighborhood compatibility on PRH sites. Non-conforming structures in the PRH district would continue to be subject to development limitations as detailed in SCCC 13.10.262.

- **Off-Street Parking.** The ordinance requires at least 0.75 parking spaces per PRH unit, with reduced parking allowances for senior housing, special-needs housing and permanent supportive housing. These parking requirements reflect a review of existing regulations, other jurisdictions' regulations and experiences, and existing conditions at PRH opportunity sites.

The County's current multifamily parking requirement is two spaces for studios and one-bedroom units.³ A lower parking requirement is appropriate for PRH units because most of these units are much smaller than standard multifamily units, with one or sometimes two occupants. Also, since PRH units offer one of the most affordable housing options in the County outside of subsidized affordable housing, those seeking this housing are often lower-income and some residents may not own vehicles. For instance, at the Resetar Hotel in Watsonville (a long-term rental residential hotel), about 20 percent of residents own cars. That said, it is important to require sufficient parking such that parking does not overflow into the surrounding neighborhood. In the City of Santa Cruz, the single room occupancy (SRO) ordinance originally allowed 0.5 spaces per unit, but the City later increased this requirement to 0.75 spaces per unit after neighbors experienced parking impacts. Surrounding jurisdictions with similar ordinances have a wide range of parking requirements, from zero spaces for transitional housing for the formerly homeless, to a maximum of one space per SRO unit in some jurisdictions (see Exhibit F).

Most PRH opportunity sites in Santa Cruz County have at least one parking space per unit, especially those located in the San Lorenzo Valley, where it is difficult (but not impossible) to be mobile without a personal vehicle. However, former care facilities and visitor accommodations in the more urbanized central county are more parking-constrained. The parking requirement of 0.75 spaces per unit allows more of these opportunity sites to meet PRH development standards without having to request an Exception, while still requiring enough on-site parking to minimize potential off-site parking impacts.

- **Short-Term Rentals.** The PRH ordinance allows short-term (less than 30 day) rentals to occur on sites in the PRH Combining Zone District and allows PRH units to operate as short-term rentals for up to three months per year, on properties where short-term rental is an allowed use. This flexibility recognizes the importance of seasonal tourism to property owners, while maintaining the overall focus of the ordinance on preserving long-term housing. Use/Development Permits for individual properties will indicate which units are PRH units and which, if any, units are short-term rentals only. These Use/Development Permits could later be modified to change the configuration of long- and short-term rentals, subject to findings.

Surrounding jurisdictions with residential motel ordinances have included additional development standards concerning topics such as bicycle parking, storage, on-site management, laundry, phone service, and common areas (see Exhibit F). Santa Cruz County differs from other jurisdictions in that our ordinance is primarily focused on preserving *existing* conditions, whereas most other jurisdictions have crafted development standards focused on *new construction*. The County's PRH existing opportunity sites have a range of configurations and amenities, so imposing additional standards could trigger costly renovations.

³ The Sustainable Santa Cruz County Plan (SSCC) recommended lowering the residential parking requirements. This will be considered as part of the County's comprehensive General Plan and County Code update to implement SSCC.

As a result, staff has stopped short of proposing “nice to have” standards and has instead proposed use and development standards necessary to ensure that PRH units are habitable, safe, and affordable by design. In recognition of the particular usefulness of bicycle parking and storage for residents in small housing units, the ordinance encourages and provides guidance on these two topics, but no development standards are required.

Application Processing. Property owners with eligible parcels would apply for Zoning Plan Amendments and Use/Development Permits for rezoning into the PRH Combining Zone District.

Zoning Plan Amendments allow for the possibility of permanent multifamily rental housing on eligible parcels. Amendments are processed as a Level VII legislative action requiring a recommendation by the Planning Commission and approval by the Board of Supervisors. Use/Development Permits define the parameters of the permanent multifamily rental housing use on eligible properties and involve Planning Department review to ensure that eligible parcels meet the use and development standards defined in SCCC 13.10.427. Use/Development Permits are processed with Level IV review, which includes one or more visits to the site by Planning Department staff in conjunction with review of the project description and plans as necessary.

Property owners already using their property as permanent room housing would apply for a Use/Development Permit concurrently with a Zoning Plan Amendment as a Level VII review. Other property owners could apply for a Zoning Plan Amendment with Level VII review first and could later apply for a Use/Development Permit as a Level IV review before using the property for PRH use. Any property applying for inclusion in the PRH district would be required to conduct CEQA review prior to action on a Zoning Plan Amendment.

The required findings for Zoning Plan Amendments are provided in SCCC 13.10.215, and the required permit findings are provided in SCCC 18.10.230.

Coastal Development Permits may be required for properties located within the Coastal Zone that request to be added to the PRH Combining Zone District or modify existing PRH Use/Development Permits in the future. Per SCCC 13.20.062, additions, remodels and alterations to existing structures, and replacement of existing water storage tanks, wells or septic systems serving existing structures are exempt from Coastal Development Permit requirements. However, properties in sensitive environmental areas and properties that intensify the existing use are excluded from that exemption. Properties requiring a Coastal Development Permit must apply for this permit concurrently with the Zoning Plan Amendment, and the California Coastal Commission will review these applications after Board of Supervisors approval. The Coastal Commission review process is detailed in SCCC 13.20.100.

Future applicants for the PRH Combining Zone District would be required to submit an application form, a site plan and floor plans indicating proposed PRH units, and proof of prior site use as visitor accommodation or care facility, and application fees.

Exceptions. Exceptions to PRH standards could be granted on a case-by-case basis, provided that a project is found to be consistent with the PRH Combining Zone District purposes, Use/Development Permit findings, and the following additional findings:

- (1) There are special existing site or improvement characteristics or circumstances that appropriately excuse the project from meeting one or more of the Use and Development Standards in Section 13.10.427; or
- (2) The PRH Combining District Purposes, found in Section 13.10.425, are better achieved by an alternative design; or
- (3) The granting of an Exception will result in a superior project that is consistent with the PRH Combining District Purposes.

Property-Specific Zoning Plan Amendments and Use/Development Permits

Staff has processed Zoning Plan Amendment and Use/Development Permit applications for nine PRH opportunity sites (73 PRH units), concurrent with preparing the proposed General Plan and County Code Amendments. Table 1 and Figure 1 present the PRH Combining Zone District opportunity sites that have submitted applications for review. The findings for Zoning Plan Amendments (SCCC 13.10.215[D]) and Use/Development Permits (SCCC 18.10.230) must be made in conjunction with taking action on each of these applications.

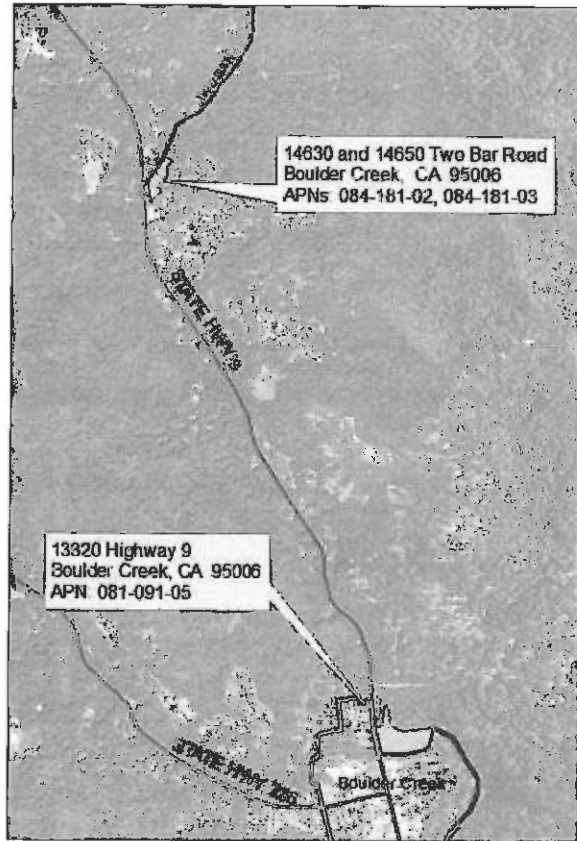
Table 1: Properties proposed for rezoning with the PRH Combining Zone District.

App #	APN	Address	Owner (Agent)	PRH Units	General Plan*	Existing Zoning	Proposed Zoning
181604	041-511-10	10110 Soquel Dr, Aptos	Lissner Properties (Michael Cox)	10	C-S	C-4	C-4-PRH
181605	084-181-02	14630 Two Bar Rd, Boulder Creek	Ken Clausing (John Agnone)	5	R-R	R-1-15	R-1-15-PRH
181606	084-181-03	14650 Two Bar Rd, Boulder Creek	Ken Clausing (John Agnone)	7	R-R	R-1-15	R-1-15-PRH
181607	081-091-05	13320 Hwy 9, Boulder Creek	John & Susan Koeker (Francis Padilla)	11	R-S	SU	SU-PRH
181608	065-081-13	6154 Hwy 9, Felton	Ken Clausing (John Agnone)	10	C-C	C-2	C-2-PRH
181609	064-272-01	Toll House Resort 4700 Hwy 9, Felton	Toll House (Blackburn Noon Property Management)	6	C-N	CT-L	CT-L-PRH
181610	041-011-34	Bayview Hotel 8041 Soquel Dr, Aptos	Christina Locke	6	C-C	C-2-L	C-2-L-PRH
181611	042-032-03	165 East Street, Aptos	John & Susan Koeker (Francis Padilla)	3	R-UH	RM-3	RM-3-PRH
181612	042-032-12	Adobe Hacienda 222 Santa Cruz Ave, Aptos	John & Susan Koeker (Francis Padilla)	15	R-UH	RM-1.5	RM-1.5-PRH

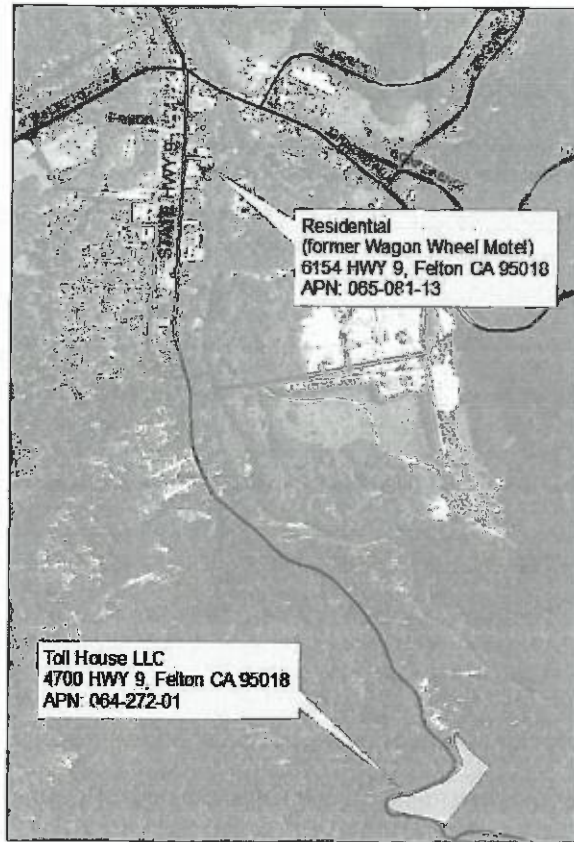
*C-S: Service Commercial. C-C: Community Commercial. C-N: Neighborhood Commercial.
 R-R: Rural Residential. R-S: Suburban Residential. R-UH: Urban High Residential.

Figure 1. Locations of Permanent Room Housing Opportunity Sites.

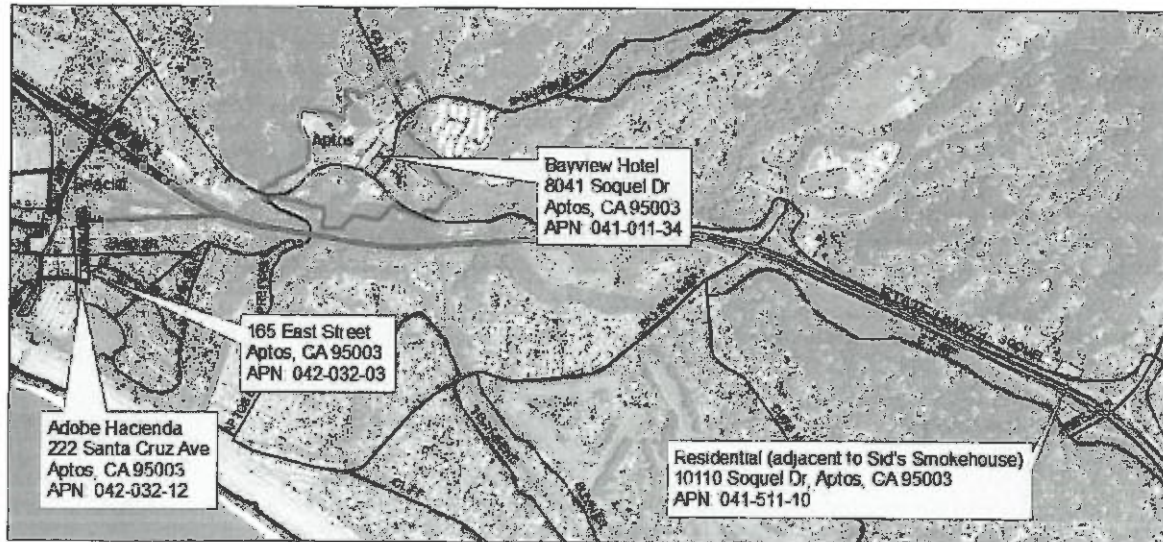
Boulder Creek Area



Felton Area



Central County



Staff has concluded that these nine properties are all appropriate for inclusion in the PRH district. Each project is described below. Zoning Plan Amendment findings for all nine properties are presented in the proposed rezoning ordinance (Exhibit D). Use/Development Permit findings and conditions of approval along with plans for each application are provided as Exhibits G1 – G9. Photographs of the properties are included as Exhibit H.

Application 181604 (10110 Soquel Drive, APN 041-511-10)

Owner: Lissner Properties (Agent: Michael Cox)

Permits Required: Zoning Plan Amendment, Use/Development Permit

Supervisory District: 2nd District (District Supervisor: Zach Friend)

Project Description & Setting: 10110 Soquel Drive is a 0.71-acre parcel developed with a restaurant (Sid's Smokehouse) and a two-story, 10-room former motel. The motel and restaurant were constructed in 1949; the area (Freedom Boulevard/Highway 1) was called "Rob Roy Junction," and the hotel itself was called the "Rio Del Mar Motel & Café" (later changed to "The Arabian"). Nine of the ten rooms have since been converted to studio apartments, but the Assessor's Use Code for this property is still "070-Motel/Under 20 Units." The tenth room is used as storage by the restaurant. The site has a General Plan designation of C-S (Service Commercial) and is zoned C-4. Residential is not an allowed use on service commercial properties. There is no permit history recognizing the former motel as a non-conforming residential use.

The proposed project would add this property to the PRH Combining Zone District, and would classify Units 2 – 10 as PRH units as defined in SCCC 13.10.424. Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to C-4-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use.

Each studio unit is 225-260 square feet with a full bathroom, refrigerator, hot plate, wall heater, and cabinet space. Units all have at least one dedicated parking space. The units do not have kitchen sinks; kitchen sinks must be installed in order to qualify to join the PRH Combining Zone district, as stated in the PRH use and development standards (SCCC 13.10.427). The property owner intends to remove the hot plates and install modular kitchenettes in the units with sinks and two-burner stoves.

Application 181605 (14630 Two Bar Road, APN 084-181-02)

Application 181606 (14650 Two Bar Road, APN 084-181-03)

Owner: Ken W. Clausing (Agent: John Agnone)

Permits Required: Zoning Plan Amendment, Use/Development Permit

Supervisory District: 5th District (District Supervisor: Bruce McPherson)

Project Description & Setting: 14630 and 14650 Two Bar Road are adjacent properties with the same ownership. 14630 Two Bar Road is a 0.63-acre parcel developed with a one-story, 1,124-square foot single-family home and a one-story, four-unit multifamily building. These four units range from 418-496 square feet. The structures were constructed in 1940 as a motel.

14650 Two Bar Road is a 0.46-acre parcel developed with a single-family home, a duplex, and a four-unit multifamily building. The single-family home is 1,076-square feet with two bedrooms and a 286-square foot garage, and was reconstructed in 1997 after having been destroyed by fire. The duplex, constructed in 1957, consists of two one-bedroom, 495 square-foot units. The fourplex, constructed in 1953, consists of four studio units ranging from 212 to 423 square feet.

Both properties have been converted from visitor accommodation to long-term residential units and have full bathrooms, kitchens, and at least one parking space. Both properties have a General Plan designation of R-R (Rural Residential) and are zoned R-1-15. This zoning does not allow motels or multifamily housing.

At 14630 Two Bar Road, the motel was recognized as an existing non-conforming use in 1966 under permit 2556-U. In 2003, it was discovered that the motel had been converted to multifamily housing, which voided Use/Development Permit 2556-U. County Counsel confirmed that the property owners had applied for building permits to upgrade the units under the assumption that Use/Development Permit 2556-U was still valid, and as a result the County granted those building permits. However, multifamily use is considered illegal on this parcel, so no further permits may be issued for the multifamily building under the property's current zoning.

At 14650 Two Bar Road, the property owner has obtained building permits over the years to conduct minor upgrades on the multifamily structures such as reroofs and electrical upgrades. There is no existing use permit for the multifamily use.

Buildings on both parcels are within the 100-year FEMA flood zone of Two Bar Creek. Any "substantial improvement" of these buildings (equal or greater than 50 percent of the market value of the structure) will trigger compliance with the floodplain development criteria and design requirements detailed in SCCC 16.10.070[F][3].

The proposed project would add these properties to the PRH Combining Zone District and would classify all units as PRH units as defined in SCCC 13.10.424. Per SCCC 13.10.428, a Zoning Plan Amendments are required to change the zoning to R-1-15-PRH, and Use/Development Permits are required to approve and define parameters for the PRH use.

Application 181607 (13320 Highway 9, APN 081-091-05)

Owner: John and Susan Koeker (Agent: Francis Padilla)

Permits Required: Zoning Plan Amendment, Use/Development Permit.

Supervisory District: 5th District (District Supervisor: Bruce McPherson)

Project Description & Setting: 13320 Highway 9 is a 3.2-acre parcel developed with a two-story single-family dwelling and nine one-story cabins. The structures were constructed from the late 1930s through the late 1940s. A newspaper from that time advertises the development as "a modern auto court" for visitors, with amenities such as picnic facilities and gardens, as well as a dance floor and swimming pool which were never built. There is also an accessory building on site with a common bathroom and laundry room, permitted in 2001.

The cabins range in size from 191 to 436 square feet. The single-family home includes 1,200 square feet of living area upstairs, with a nearly identical footprint downstairs consisting of a garage, carport, and a downstairs office and guest suite with a separate entrance that was constructed later. The property owner proposes to recognize the downstairs unit as a PRH unit at this time. All 11 units have full kitchens and bathrooms, and at least one parking spot.

The site has a General Plan designation of R-S (suburban residential) and is zoned SU (special use). The R-S designation usually allows a maximum density of 1 net developable acre per unit, and the SU zone allows uses consistent with the General Plan. The owner obtained permits to update the single-family dwelling in 1996 and 1997. The Assessor's Use Code for the property is 041- 5-10 units, but there is no history of permitting on this site that would establish the cabins as nonconforming residential units.

The proposed project would add this property to the PRH Combining Zone District and would classify all 11 housing units as PRH units as defined in SCCC 13.10.424. Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to SU-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use.

Application 181608 (6154 Highway 9, APN 065-081-13)

Owner: Ken W. Clausing (Agent: John Agnone)

Permits Required: Zoning Plan Amendment, Use/Development Permit

Supervisory District: 5th District (District Supervisor: Bruce McPherson)

Project Description & Setting: 6154 Highway 9 is a 0.53-acre parcel developed with the one-story former "Wagon Wheel" motel. A portion of the original motel sign still stands along the roadway. The building includes ten units (one studio and nine one-bedrooms), ranging in size from 297 to 624 square feet. All units have full kitchens and bathrooms. There are 11 marked parking spaces, with additional unmarked parking area at the rear of the lot. The rear of the lot also includes a large garden for use by residents.

The site has a General Plan designation of C-C (Community Commercial) and is zoned C-2. Visitor accommodation is allowed in this zone district, but residential use is only allowed for up to 50% of floor area (or 65% of floor area for deed-restricted affordable housing). Since 100% of the floor area is devoted to residential use, the property use is illegal. The Assessor's Use Code for the property is 041- 5-10 units.

The proposed project would add this property to the PRH Combining Zone District and would classify all ten housing units as PRH units as defined in SCCC 13.10.424. Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to C-2-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use.

Application 181609 (4700 Highway 9, APN 064-272-01)

Owner: Henry S. and Lawrence B. Noon (Agent: Patricia Murray, Blackburn Noon Property Management)

Permits Required: Zoning Plan Amendment, Use/Development Permit

Supervisory District: 5th District (District Supervisor: Bruce McPherson)

Project Description & Setting: 4700 Highway 9 is an 8.1-acre parcel known as the "Toll House" property. The historic toll house was constructed in 1868 adjacent to what is now Henry Cowell State Park, for the purpose of collecting tolls for maintenance of Highway 9. The building was later used as a saloon, and then as a tourist resort office starting in the 1910s, at which time a complex of cabins, campsites and other buildings was developed behind the toll house. The resort was active through the mid-20th century. The cabins were later converted to mostly long-term residential use. Additions to the rear of the toll house building itself were made over time as its use changed from toll house to saloon, to office and reception for the resort. One section of this addition has been used as an apartment since the turn of the 20th century.

Most of the cabins were destroyed by the 1989 Loma Prieta Earthquake, but were rebuilt in their original locations except for cabin 8, which is still standing but is not habitable. Also, cabin 6 was rebuilt but was destroyed again in 1996 by a tree fall and has not been rebuilt. Cabin 12 was rebuilt to be ADA-accessible. Today, there are seven one-bedroom cabins and a duplex that are used as long-term residential rentals, along with the apartment in the toll house building. One additional studio cabin (cabin 2) is currently used as a short-term rental. The units range from about 200-500 square feet. Each long-term rental unit has a kitchen, bathroom, and two parking spaces.

The site has a General Plan designation of C-N (Neighborhood Commercial) and is zoned CT-L (visitor-serving commercial, in the "L" historic landmark combining zone district). The site is considered a state point of historical interest, and its inclusion in the "L" combining zone district means that any new development or renovation on this property is subject to SCCC 16.42.060 (development procedures for designated historic resources). Historic structures that remain on the site include the toll house, the duplex built in 1945, a garage, and two fisherman's cottages built in 1913 (cabins 2 and 8).

The CT zone allows visitor accommodation, but not residential use. However, per an agreement between the property owner and the Planning Department, established in 1990 and amended in 1992, the existing long-term residential units are considered to be a legal non-conforming use. The proposed project would add this property to the PRH Combining Zone District and would classify six of the units as conforming PRH units as defined in SCCC 13.10.424. The PRH units would include cabins 1, 3, 4, 5, 7 and 12. Cabin 9, the toll house and the duplex would continue as legal non-conforming long-term residential uses.

Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to CT-L-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use. In the future, the property owner plans to modify the Use/Development permit to convert cabin 9 and the duplex back to short-term rentals, rebuild cabins 6 and 8, and remodel the toll house as a bed and breakfast establishment.

Application 181610 (8041 Soquel Drive, APN 041-011-34)

Owner: Christina Locke

Permits Required: Zoning Plan Amendment, Use/Development Permit, modification to existing Permit 85-661

Supervisory District: 2nd District (District Supervisor: Zach Friend)

Project Description & Setting: 8041 Soquel Drive is a 0.86-acre parcel developed with the historic Bayview Hotel. This three-story hotel, originally named the Anchor House, was constructed in 1878 in what is now Aptos Village. At the time of its construction, the hotel functioned as a community center, housing the area's first post office and general store, along with a restaurant on the first floor and rooms on the two upper floors. In 1990, there was a one-story addition to the rear of the building, for an office, storage space, and an accessible bathroom. New handrails and exterior stairs were also added to the upper floors at that time.

In 1992, the building was placed on the State and National Registers of Historic Places, so in reviewing development applications on this property, the local building inspector must grant code alternatives provided under State Historical Building Code. The site is also a County historic resource, and any new development or renovation on this property is subject to SCCC 16.42.060 (development procedures for designated historic resources).

The site has a General Plan designation of C-C (Community Commercial) and is zoned C-2-L (commercial, in the "L" historic landmark combining zone district). Existing Use/Development Permit 85-661 defines the hotel and restaurant use. The property owner has lived on the third floor and has used rooms on the second floor for long-term rentals in recent years, and would like to use these rooms for long-term rental with flexibility for seasonal short-term rental in the summer. This would not usually be allowed in the C-2 zone because this would make the residential portion of the building more than 50% of total square footage.

The proposed project would add this property to the PRH Combining Zone District and would classify six of the eight hotel rooms on the second floor as PRH units as defined in SCCC 13.10.424. These units are about 170-210 square feet with bathrooms, fridges and hot plates. In order to meet PRH requirements, the property owner intends to add a common kitchen sink, counter and cabinet space on the second floor.

Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to C-2-L-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use, and modify existing Permit 85-661.

Application 181611 (165 East Street, APN 042-032-03)

Owner: John and Susan Koeker (Agent: Francis Padilla)

Permits Required: Zoning Plan Amendment, Use/Development Permit

Supervisory District: 2nd District (District Supervisor: Zach Friend)

Project Description & Setting: 165 East Street is a 0.074-acre parcel developed with a triplex that was originally built in 1949 as part of a hotel with the adjacent parcel (163 East Street: APN 042-032-04). There are two 414-square foot one-bedroom units and one 285-square foot studio. All units have full kitchens and bathrooms.

The site has a General Plan designation of R-UH (Residential – Urban High) and is zoned RM-3 (multifamily, minimum 3,000 square feet per unit). Based on the lot size, this zoning

effectively only allows a single-family dwelling on this property. The existing development is a non-conforming use based on density.

The proposed project would add this property to the PRH Combining Zone District and would classify all three housing units as PRH units as defined in SCCC 13.10.424. Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to RM-3-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use. There is no parking on site, so an Exception is needed from the PRH requirement of 0.75 spaces per unit, per SCCC 13.10.429.

Application 181612 (222 Santa Cruz Ave, APN 042-032-12)

Owner: John and Susan Koeker (Agent: Francis Padilla)

Permits Required: Zoning Plan Amendment, Use/Development Permit, Modification to existing Permit 04-0468

Supervisory District: 2nd District (District Supervisor: Zach Friend)

Project Description & Setting: 222 Santa Cruz Avenue is a 0.32-acre parcel developed with the "Adobe Hacienda," a former motel constructed in 1946 and expanded in 1961. Over time, the motel rooms were converted from visitor accommodation to long-term residential units. In 2004, the residential use was recognized with Use/Development Permit 04-0468, and the parcel's General Plan designation was amended to R-UH and zoning district was amended to RM-1.5. However, the property is still considered legal non-conforming because it is built at a density higher than that allowed in the R-UH General Plan designation.

The Adobe Hacienda includes 15 units in five separate structures, some of which were converted from multiple original hotel rooms: five studios, eight one-bedrooms, a two-bedroom, and a three-bedroom unit. Units range in size from 225 to 1,000 square feet. All units have kitchens, bathrooms, and a parking space. Two of the units (Units 17 and 18) may only be used for storage at this time, per the conditions of Use/Development Permit 04-0468. That Use/Development permit stipulates that these units may be used for residential purposes again upon review and acceptance by the Planning Department of written verification by a licensed structural engineer that the units comply with applicable State and county statutes, codes or regulations pertaining to structural integrity. This condition was placed on Units 17 and 18 because these units are stacked in a two-story building consisting of an un-reinforced adobe structure on the first floor and a wooden structure on the second floor.

The proposed project would add this property to the PRH Combining Zone District and would classify all 15 units as PRH units as defined in SCCC 13.10.424. Per SCCC 13.10.428, a Zoning Plan Amendment is required to change the property's zoning to RM-1.5-PRH, and a Use/Development Permit is required to approve and define parameters for the PRH use and modify Use/Development Permit 04-0468. The condition placed on Units 17 and 18 would be duplicated in the new Use/Development Permit. These units would be subject to the same health and safety inspection requirements for all PRH units and the Building Official will require structural reinforcement to these units in order to pass this health and safety inspection.

Use/Development Permit Findings and Conditions of Approval

Use/Development Permit Findings and Conditions of approval for each of the nine PRH opportunity sites are provided in Exhibits G1 – G9. All properties must pass an inspection by the Building Official or designee using the Inspection Checklist (Exhibit I) before the PRH Use/Development Permit can be activated. Additional conditions of approval are applicable on a site-by-site basis.

PUBLIC OUTREACH/PUBLIC COMMENT

An initial public meeting was held on September 12, 2018 to inform property owners of PRH opportunity sites about the proposed combining zone district and answer questions.

A community meeting was held on January 14, 2019 at the Board of Supervisors chambers to inform the public about the project and address questions and concerns. One meeting was held for all nine PRH opportunity site properties. Per SCCC 18.10.211, notification was sent to all properties with a 300-foot radius of the exterior boundaries of each PRH opportunity site, as well as to Supervisors Friend and McPherson, the supervisors from the districts in which these properties are located.

ENVIRONMENTAL REVIEW

Establishment of the PRH Combining Zone District is exempt from CEQA review per CEQA §15061(b)(3): “where it can be seen with certainty that there is no possibility the activity may have a significant effect on the environment.” The specific PRH opportunity sites applying for zoning plan amendments and Use/Development Permits at this time are already in use as multifamily residential, so there would be no change in use as a result of these discretionary actions and therefore no new environmental impacts from their addition to the district. A Notice of Exemption has been prepared for your consideration and recommendation (Exhibit E). At a later date, other properties may choose to apply for inclusion in the district and may propose to convert active motel or residential care uses to residential uses. These use changes would require CEQA review on a project-by-project basis. Likewise, if PRH properties apply to intensify their use by adding more PRH units in the future, that intensification would also be subject to CEQA. There are no such applications that are reasonably foreseeable, so there are no environmental impacts to be addressed at this time.

LOCAL COASTAL PROGRAM CONSISTENCY

The proposed amendments will not result in any loss of agricultural land, any loss of coastal access, or any negative impacts to public viewsheds within the Coastal Zone. PRH units would not be allowed on sites in the Coastal Zone with VA zone districts or C-V General Plan designations. The amendments therefore meet the requirements of, and are consistent with, the County’s certified Local Coastal Program (LCP) and the California Coastal Act. However, as an amendment to the County Code Chapter 13.10, the implementation of the PRH Combining Zone District is considered a “Coastal Implementing ordinance” and will therefore require review and certification by the Coastal Commission subsequent to approval by the Board of Supervisors.

STRATEGIC PLAN

The proposed amendments meet the County Strategic Plan's "Affordable Housing" goal within the "Attainable Housing" focus area. This Combining District would legally recognize the conversion of motels, hotels and convalescent homes to multifamily housing. These housing units are affordable by design due to their small size.

FINANCIAL IMPACT

Staff identified 14 properties as opportunity sites for PRH, where former visitor accommodations have already been converted to permanent housing. Zoning Plan Amendments and Use/Development Permits are being processed for nine properties with interested and willing property owners, concurrently with preparing the PRH ordinance and General Plan amendments. The County's offer to process these applications was made in order to reduce barriers to entry for eligible properties, to encourage property owners to work collaboratively with staff in developing the ordinance, and to help properties reach a conforming status so that these affordable-by-design housing units can be properly maintained. Five property owners (representing nine properties) agreed to the County's zoning plan amendment and Use/Development Permit processing.

The remaining identified PRH opportunity sites may apply in the future to be included in the PRH Combining Zone District later, along with other unidentified properties that may be appropriate for inclusion in this zone district, but no other applications are reasonably foreseeable at this time.

If new PRH units are proposed for construction in the future, those new units would be subject to the permitting and impact fees associated with new housing.

Daisy Allen
Senior Planner

Stephanie Hansen
Principal Planner

Exhibits:

- A) Proposed Planning Commission Resolution
- B) Proposed General Plan Amendments
- C) Proposed Ordinance for PRH Combining Zone District
- D) Proposed Ordinance for Zoning Plan Amendments
- E) CEQA Notice of Exemption
- F) Jurisdictional Comparison Table for PRH/SRO standards
- G) Use/Development Permit Findings and Conditions of Approval with Plans:
 - G1) Application 181604: 10110 Soquel Drive (APN 041-511-10)
 - G2) Application 181605: 14630 Two Bar Road (APN 084-181-02)
 - G3) Application 181606: 14650 Two Bar Road (APN 084-181-03)
 - G4) Application 181607: 13320 Highway 9 (APN 081-091-05)
 - G5) Application 181608: 6154 Highway 9 (APN 065-081-13)
 - G6) Application 181609: 4700 Highway 9 (APN 064-272-01)
 - G7) Application 181610: 8041 Soquel Drive (APN 041-011-34)
 - G8) Application 181611: 165 East Street (APN 042-032-03)
 - G9) Application 181612: 222 Santa Cruz Ave (APN 042-032-12)
- H) Photographs of PRH Opportunity Sites
- I) Proposed Inspection Checklist