

**SANTA CRUZ COUNTY PLANNING DEPARTMENT POLICY/ORDINANCE
INTERPRETATION**

Interpretation No.: AH-01 (Affordable Housing requirements –remodel versus new dwelling unit)

Effective Date: 4/7/08

Revised: none

Question

As it pertains to Affordable Housing regulations found in Chapter 17.10, to what extent can an existing dwelling unit be remodeled before it is considered a replacement dwelling?

Applicable Ordinance Section(s)

17.10.030(a)

17.10.031(a)

17.10.020 (Definition of “New dwelling unit”)

INTERPRETATION:

For the purposes of the Affordable Housing regulations (Chapter 17.10), the remodeling of an existing dwelling unit which removes, replaces, or alters more than 75% of the existing exterior wall framing will result in the creation of a “replacement dwelling” that would be considered a “new dwelling unit”. Elevating structural wall framing members in order to install a new foundation or installing a new roof will not be counted towards the 75% alteration limit. Rotating or relocating a dwelling unit on a lot will not be considered alteration, as long as a minimum of 25% of the exterior walls are retained.

For compliance with building standards, a residence that is rotated or relocated on a lot would still be considered 100% alteration and would be required to meet current building codes. The Building Official, or his or her designated representative, will determine the percentage of the exterior walls that have been altered.

Reason:

Under Chapter 17.10 (Affordable Housing Requirements), the number of new dwelling units in a residential development in part determines whether a project must contribute to inclusionary housing, either as a “residential development project” (17.10.030) subject to inclusionary housing requirements, or as a “small residential project” (17.10.031) subject to in-lieu fees. A “new dwelling unit” is defined in Section 17.10.020 as “a dwelling unit that is newly constructed on a site, including replacement dwellings.” However, Chapter 17.10 does not define “replacement dwelling” or define “newly constructed”.

Other chapters in the County Code provide several thresholds for determining to what extent a structure could be remodeled before it would be considered “new”. For example, the definition of “Reconstruction”, found in Section 13.10.700-R, allows up to 50% of the exterior walls to be reconstructed, and does not count replacement of the foundation

or roof towards the 50%, before the structure is considered “new.” Section 13.10.265 allows for up to 75% of the exterior walls of a non-conforming structure damaged in a natural disaster to be altered or replaced before the structure would be considered “new,” and does not count replacement of the foundation or roof as part of the 75% replacement. For residential non-conforming structures or uses, altering or replacing 50% of the exterior walls within a 5-year period would be considered new development (Section 13.10.261).

For the purposes of affordable housing, establishing a threshold that allows up to 75% of the exterior walls of an existing housing unit to be altered before the unit would be considered a “new dwelling unit” is appropriate for the following reasons:

1. Frequently, existing older dwelling units may require extensive structural alterations or repairs, often due to termite or water damage. Since replacing or altering more than 50% of the exterior walls may be necessary to bring older existing units up to a “sellable” condition, allowing up to 75% of the exterior walls of an existing housing unit to be altered before the unit would be considered “new” seems more appropriate.
2. Allowing up to 75% exterior wall replacement is likely to encourage the retention of a greater number of existing units, since repairing or replacing only 50% of the exterior wall framing of an existing older unit may not be enough to allow for its retention, and the developer may opt at that point to construct an entirely new unit rather than repairing the old unit. Allowing 75% of the exterior walls to be altered may therefore help to implement housing goals in the General Plan, including rehabilitating existing deteriorating affordable units, and preventing the replacement of existing moderately-priced single family housing with larger units.

For the purposes of affordable housing, it also makes sense not to consider relocation or rotation of an existing dwelling unit as constituting an alteration, as long as a minimum of 25% of the exterior walls are retained. Frequently, it makes sense from a planning standpoint to allow for relocating or rotating an existing residence in new subdivisions. For example, relocating an existing residence could allow an existing structure to meet required setbacks, or could provide a better alignment with the street.

Tom Burns, Planning Director

Date