AGENDA

Meeting of the
Scotts Valley City Council
In-Person and Remote Access
Date: December 4, 2024
Time: 6:00 PM

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066 OR Zoom Video Conference https://us02web.zoom.us/j/83295730901	Agenda posted on 11-27-2024 at City Hall, SV Senior Center, SV Public Works Building, and on the Internet at: www.scottsvalley.gov

ELECTED OFFICIALS	CITY STAFF MEMBERS
Randy Johnson, Mayor Derek Timm, Vice Mayor Jack Dilles, Council Member Donna Lind, Council Member Allan Timms, Council Member	Mali LaGoe, City Manager Kirsten Powell, City Attorney Cathie Simonovich, City Clerk

MEETING NOTICE AND AGENDA PACKET MATERIALS

Notice regarding City Council Meetings:
The City Council meets regularly on the 1st and 3rd Wednesday of each month at 6:00 PM in the City Hall Council Chambers located at 1 Civic Center Drive, Scotts Valley, CA 95066, and via Zoom Webinar remote access.

Agenda and Agenda Packet Materials:
The City Council agenda and the complete agenda packet are available for review by 5:00 PM the Friday before the Wednesday meeting on the Internet at the City's website: www.scottsvalley.gov and in the lobby of City Hall at 1 Civic Center Drive, Scotts Valley, CA. Pursuant to Government Code §54957.5, materials related to an agenda item, submitted after distribution of the agenda packet, are available for public inspection in the lobby of City Hall during normal business hours, Monday-Friday, 8am-12 pm and 1-5 pm. In accordance with AB 1344, such documents will be posted on the City's website at www.scottsvalley.gov.

Public Participation:
The meeting will be available on Zoom and livestreamed to the City of Scotts Valley's YouTube channel: https://www.youtube.com/@cityofscottsvalley
For those wishing to participate via Zoom you can join the following ways:
Zoom Webinar meeting link: https://us02web.zoom.us/j/83295730901
Or dial one of these numbers: (669) 900-9128 or (669) 444-9171

Webinar ID: 832 9573 0901

Whether attendance is in-person or remote, you will be given opportunities to provide public comment at the appropriate times throughout the meeting. The time limit is up to 3 minutes for an individual, or 5 minutes for someone who is representing a group of three or more, at the discretion of the Mayor. Please note that this is not a question-and-answer time, but simply a time to provide comments to the Council. At the appropriate times during the meeting for public comment, on items not on the agenda, and on specific agenda items, the Mayor will announce that public comment will be accepted.

How to comment via in-person attendance:
Please proceed to the public comment podium when the Mayor opens the item for public comment.

How to comment via Zoom Webinar:
Use the webinar attendee option to “raise hand” when the Mayor opens the item for public comment. The Clerk will unmute you when it is your turn. If you have joined via Zoom phone call, dial *9 or your phone to “raise your hand”, and the Clerk will unmute you when it is your turn.

CALL TO ORDER 6:00 PM

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

SPECIAL SET MATTER

1. Mayor's Proclamation for the 25 Year Anniversary of Scotts Valley High School

COMMITTEE REPORTS

Council members are appointed to committees which are either City committees or committees dealing with other jurisdictions. This portion of the agenda allows the committee member to present oral or written reports to the Council regarding their committee assignments. It also allows the Council to make comments and give the committee member direction, as required.

CITY MANAGER REPORT

PUBLIC COMMENT TIME

This is the opportunity for individuals attending in person to make oral comments to the Council on any items within the purview of the Council, which are NOT part of the Agenda. No action on the item may be taken, but the Council may request the matter be placed on a future agenda. Written public comment may be emailed to the City Clerk by 5:00 PM on the day of the meeting at csimonovich@scottsvalley.gov.

ALTERATIONS TO CONSENT AGENDA

Council can remove or add items to the Consent Agenda.

CONSENT AGENDA

The Consent Agenda is comprised of items which are intended to be non-controversial and are approved without discussion. Persons wishing to speak on any item may request the item be moved to the Regular Agenda by raising their hand to be recognized by the Mayor. An item will only be moved from the Consent Agenda to the Regular Agenda if a City Council Member requests it to be moved and a majority of the Council agrees.

1. Approve City Council minutes of 11-20-2024
2. Approve check register dated 11-16-2024 through 11-27-2024
3. Delegate the Authority to the City Manager to Award Bids for On Call Services for City Facilities in Amounts Not to Exceed $100,000
4. Approve Site Lease Agreement and Settlement Agreement with T-Mobile West, LLC for Property at 701 Lundy Lane
5. Second reading and adoption of Ordinance No. 16.142 amending Scotts Valley Municipal Code Title 17 (Zoning) to include two new chapters regulating Accessory Dwelling Units (ADUs) and additional amendments required to implement the 2023-2031 Housing Element.
6. Adopt Resolution Number 2055 approving an application for funding under the 2024 Community Development Block Grant (CDBG) Notice of Funding Availability (NOFA)
7. Investment Report for the Quarter Ended September 30, 2024

ALTERATIONS TO REGULAR AGENDA

Council can remove or add items to the Regular Agenda.

REGULAR AGENDA

Persons wishing to speak on any item may do so by raising their hand to be recognized by the Mayor.

1. Consideration of Purchase and Sale Agreement for the purchase of real property commonly referred to as Assessor's Parcel Numbers 022-721-07, -08, and -09, otherwise known as the "Town Center" land.

2. Review and approval of the updated preferred vision of the future Town Center development

3. Future Council Agenda Items

CONVENE TO CLOSED SESSION

CLOSED SESSION SUBJECT(S)

1. Conference with legal counsel regarding liability claim
   Legal Authority: Government Code Section 54956.9
   Name of Case: Toste Claim
   Staff Present: City Manager, City Attorney, Police Chief

RECONVENE TO OPEN SESSION

REPORT ON ACTION TAKEN DURING CLOSED SESSION

ADJOURNMENT

ADA NOTICE

The City of Scotts Valley does not discriminate against persons with disabilities. The City Council Chambers is an accessible facility. If you wish to attend a City Council meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the City Clerk's office at (831) 440-5600 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a City Council meeting be available in an alternative format consistent with a specific disability, please call the City Clerk’s Office. The California State Relay Service (TTY/VCO/HCO to Voice: English 1-800-735-2929, Spanish 1-800-855-3000; or, Voice to TTY/VCO/HCO: English 1-800-735-2922, Spanish 1-800-855-3000), provides Telecommunications Devices for the Deaf and Disabled and will provide a link between the TDD caller and users of telephone equipment.

PROCEDURAL INFORMATION FOR THE PUBLIC

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN APPROVAL OF A RESOLUTION:

1. Move the Resolution number for approval.
2. Second the motion.
3. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN INTRODUCTION/ADOPTION OF AN ORDINANCE:

1. Move the Ordinance number for introduction (or adoption).
2. Move the Ordinance be introduced by title only and waive the reading of the text.
3. Read the Ordinance title.
4. Second the motion.
5. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN PUBLIC COMMENT/PUBLIC HEARINGS:

Unless otherwise determined by the presiding officer of the meeting:

1. Three minutes allowed per individual to speak.
2. Five minutes allowed per individual representing a group of three or more.

❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖

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City of Scotts Valley

Mayor's Proclamation

Scotts Valley High School's 25 Year Anniversary

WHEREAS, a visionary Scotts Valley City Council and dedicated group of Scotts Valley citizens initiated the approval of a Scotts Valley high school beginning in 1990 with the leadership of Mayor Peggy Lopez and Councilmember Gina Koshland; and

WHEREAS, the "Citizens for a High School in Scotts Valley," led by Mike Smith, devoted incredible time and energy to bring Scotts Valley High School (SVHS) to fruition; and

WHEREAS, Scotts Valley citizens supported a high school by approving multiple bond measures to provide funding; and

WHEREAS, Scotts Valley High School opened its doors to 135 freshmen on September 8, 1999 after overcoming challenges related to site location, construction costs, and lawsuits because forward-thinking citizens understood the benefits of a high school in Scotts Valley for students, families and the community; and

WHEREAS, the SVHS Class of 2003 and their families took an incredible risk by choosing SVHS which was unfinished at the time of its opening with students learning in portable classrooms in the SVHS parking lot with Principal Albert Montalbano ringing a bell to signal the start of the school day; and

WHEREAS, Scotts Valley High School placed an emphasis on academic success from its very beginning by awarding International Baccalaureate diplomas and certificates since 2003; and

WHEREAS, SVUSD and SVHS teachers and staff have worked together collaboratively to create a strong foundation for SVHS based on respect, integrity and compassion; and

WHEREAS, Scotts Valley High School has graduated thousands of students who have gone on to positively contribute to their communities in their professional and personal capacities; and

WHEREAS, SVHS student-athletes have consistently competed at the highest levels including at the Olympics, national, state, regional and local championships;

WHEREAS, SVHS student leaders have helped create a vibrant community where students are engaged and included; and

WHEREAS, SVHS students have given tens of thousands of hours in community service to the Scotts Valley community; and

WHEREAS, SVHS is celebrating its 25th anniversary during the 24-25 school year with multiple events to commemorate this milestone.

NOW, THEREFORE, I, Randy Johnson, as Mayor of the City of Scotts Valley, on behalf of the entire City Council, do hereby honor Scotts Valley High School for 25 years of service to the students and to the Community.

Randy Johnson, Mayor

Signed and sealed this 4th day of December 2024

MINUTES

Meeting of the
Scotts Valley City Council
Date: November 20, 2024
Time: 6:00 PM

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066 OR Zoom Video Conference https://us02web.zoom.us/j/83295730901	The agenda was posted on 11-15-2024 at City Hall, SV Senior Center, SV Public Works Building, and on the Internet at www.scottsvalley.gov.

CALL TO ORDER 6:00 PM

The City Council meeting was called to order at 6:00 PM.

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

ELECTED OFFICIALS PRESENT: Randy Johnson, Mayor Derek Timm, Vice Mayor Donna Lind, Council Member Allan Timms, Council Member **ELECTED OFFICIALS ABSENT:** Jack Dilles, Council Member	**CITY STAFF MEMBERS PRESENT**: Mali LaGoe, City Manager Kirsten Powell, City Attorney Taylor Bateman, Community Services Director Stephanie Hill, Administrative Services Director Rodolfo Onchi, Public Works Director Scott Garner, Police Captain Sarah Wikle, Senior Planner Ben Noble, Contract Planner Cathie Simonovich, City Clerk

SPECIAL SET MATTER

1. Mayor's proclamation for the Honorable Bruce McPherson

Mayor Randy Johnson presented this proclamation to the Honorable Bruce McPherson for his 30 years of public service. Supervisor McPherson spoke about his positive experiences working with the City of Scotts Valley, including the residents, the City Council and the City Staff. The Council Members thanked and honored Supervisor McPherson for his many years of dedicated service to our community, the County and the State.

Supervisor McPherson presented proclamations to our outgoing Council Members, Mayor Johnson and Council Member Dilles, for their years of service and commitment to the City of Scotts Valley.

COMMITTEE REPORTS

CM Lind attended a Criminal Justice Council board meeting where they received information about the Caminos Hacia el Éxito program, which is a diversion program for Watsonville youth. Due to the success of this program, the Santa Cruz County Office of Education will be launching a similar countywide program, Ascend, in April 2025.

CM Lind attended a Santa Cruz Metropolitan Transit District (METRO) Personnel Board meeting where they received a report on the wage study program for management and the associated salary adjustment policy.

CM Lind has been working with the Exchange Club on the Light up the Night event to be held on December 7th at the Community Center from 5:00 PM to 7:30 PM. The event includes Santa and Mrs. Claus entering on a fire engine, entertainment from local youth and adults, the Scotts Valley Police Officers Association (SVPOA) toy drive, and a food drive for Valley Churches United.

CM Lind attended the 25th anniversary celebration for ParaCruz. Mayor Johnson elaborated on the importance of this service and requested that his appreciation be passed on to ParaCruz.

CM Lind, along with the other Council Members, attended the grand opening celebration of Great Clips in the Target shopping center.

CM Lind attended the Scotts Valley Senior Center's Thanksgiving Luncheon and she thanked the Brookdale Senior Living Community for donating the food.

VM Timm attended the Association of Monterey Bay Area Governments (AMBAG) meeting where they received an update on the 2050 Metropolitan Transportation Plan/Sustainable Communities Strategy.

VM Timm attended the Chamber of Commerce's Economic Development Committee meeting and noted that the restaurant business in Scotts Valley is down. He urged the Council and the public to support our local restaurants and to 'think local first' when dining and shopping.

CITY MANAGER REPORT

Shop Local Holiday Bingo Card: This is a fun way to encourage people to shop locally. Twenty-four businesses have signed up to participate and each are offering a unique incentive. Once residents receive a Bingo, they can bring their card to City Hall and be entered into a raffle. The Shop Local Holiday Bingo will run from November 30th through January 3rd.

Police Officers Association (POA) Toy Drive: The Scotts Valley Police Officers Association will be collecting toys on Black Friday, 11/29, outside of Target on Mount Hermon Road.

Storm Preparations: Our crews are prepping for the forecasted storms.

FY 2024-25 Strategic Plan Update: The update for the first quarter of the 2024-25 fiscal year is posted to the website and social media, and it contains the 39 strategies and 106 tactics to work on to achieve the City Council's 10 goals, including summaries of the activities toward those goals.

PG&E Meeting: City Manager LaGoe and Public Works Director Onchi met with PG&E to discuss their vegetation management program, their plans for tree trimming throughout the City, encroachment permit processes and community outreach strategies.

New Council Members: City Manager LaGoe met with the two new Council Members, both in the audience tonight, to start talking about the onboarding process, committee assignments and commission appointments.

Budget Calendar for FY 2025-26: Administrative Services Director Hill is finalizing the budget calendar to set the timeline for the FY 2025-26 budget. The Finance staff is also working on the audit for FY 2023-2024.

Playground Equipment Surveys: We have received over 350 surveys for the big kid playground equipment at Skypark.

Reminders:

- City Hall and City Offices will be closed on Thursday, November 28th and Friday, November 29th for the Thanksgiving holiday.
- Follow the City of Scotts Valley on social media!
- Subscribe to the City of Scotts Valley's bi-weekly newsletter!

PUBLIC COMMENT TIME

Robert Aldana, a resident of Scotts Valley, thanked Mayor Randy Johnson for his 28 years of service. He also thanked CM Dilles for his 8 years of service.

City Manager LaGoe noted we will be honoring our outgoing Council Members during the December 18, 2024 City Council Meeting, and she encouraged the public to join us.

ALTERATIONS TO CONSENT AGENDA

M/S: Lind/Timms
To approve the Consent Agenda with no alterations.
Carried 4/0/1 (AYES: Johnson, Timm, Lind, Timms; NOES: None; ABSENT: Dilles)

CONSENT AGENDA

1. Approve City Council minutes of 11-06-2024

2. Approve check register dated 11-02-2024 through 11-15-2024

PUBLIC HEARINGS

1. Consideration of the Planning Commission's recommendation to amend Scotts Valley Municipal Code Title 17 (Zoning), to include two new chapters regulating Accessory Dwelling Units (ADUs), and other changes to the Zoning Code and General Plan required to implement the 2023-2031 Housing Element of the General Plan.

CDD Bateman introduced Ben Noble, Consultant Planner with Kimley-Horn, who presented this item. Consultant Planner Noble and Director Bateman responded to questions and comments from the Council Members. The Council Members discussed an amendment to remove the owner occupancy requirement for houses with Junior Accessory Dwelling Units (JADUs), and all Council Member present supported this amendment.

Mayor Johnson opened the Public Hearing at 7:11 PM.

Krista Jett, a resident of Scotts Valley, asked if the JADU occupancy requirement is designed to protect the renter.

Robert Aldana, a resident of Scotts Valley, asked if this new ordinance creates any restrictions on landlords renting their ADUs.

Mayor Johnson closed the Public Hearing at 7:14 PM.

Director Bateman addressed the public comments.

M/S: Timms/Timm
To introduce Ordinance No. 16.142 with amendments to Municipal Code Title 17 (Zoning) to implement the Housing Element, and to waive the reading thereof as amended to remove section 17.58.030(C) Junior Accessory Dwelling Unit (JADU) Owner Occupancy Requirements.

M/S: Timms/Timm
To adopt Resolution No. 1119.36 to amend General Plan Policy CSP-1.9 concerning the use of private wells.
Carried 4/0/1 (AYES: Johnson, Timm, Lind, Timms; NOES: None; ABSENT: Dilles)

ALTERATIONS TO REGULAR AGENDA

M/S: Timms/Timm
To approve the Regular Agenda with no alterations.
Carried 4/0/1 (AYES: Johnson, Timm, Lind, Timms; NOES: None; ABSENT: Dilles)

REGULAR AGENDA

1. Future Council Agenda Items

None.

ADJOURNMENT

The meeting adjourned at 7:25 PM.

Approved: ___________________________
Randy Johnson, Mayor

Attest: ______________________________
Cathie Simonovich, City Clerk

Cash Account: 999-10100-000-000-000000

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
132917	11/18/24	ACC BUSINESS	1,227.00	O	Payment Manager
132918	11/18/24	AMAZON CAPITAL SERVICES	40.58	O	Regular
132919	11/18/24	AT&T	8.86	O	Regular
132920	11/18/24	AT&T	1,061.44	O	Regular
132921	11/18/24	FRESH PULP HOLDINGS LLC	1,880.40	O	Regular
132922	11/18/24	GOVERNANCE SCIENCES GROUP, INC	6,900.00	O	Regular
132923	11/18/24	LIEBERT CASSIDY WHITMORE	8,389.00	O	Regular
132924	11/18/24	NATIONAL COMTEL NETWORK INC.	9.26	O	Regular
132925	11/18/24	NBS GOVERNMENT FINANCE GROUP	6,623.71	O	Regular
132926	11/18/24	PALACE BUSINESS SOLUTIONS	213.98	O	Regular
132927	11/18/24	SANTA CRUZ COUNTY CONFERENCE	31,299.10	O	Regular
132928	11/18/24	SANTA CRUZ LIVE SCAN, INC.	30.00	O	Regular
132929	11/18/24	STANDARD INSURANCE COMPANY	1,101.80	O	Regular
132930	11/18/24	STERICYCLE INC	247.09	O	Regular
132931	11/18/24	THOMSON REUTERS-WEST	396.48	O	Payment Manager
132932	11/18/24	U.S. BANCORP OFFICE	1,300.62	O	Regular
132933	11/27/24	ACE PORTABLE SERVICES	678.16	O	Payment Manager
132934	11/27/24	ADAMS ASHBY GROUP, INC	5,000.00	O	Regular
132935	11/27/24	ALLISON PFEFFERKORN	22.87	O	Regular
132936	11/27/24	ALVAREZ IND INC CLEAN BLDG	256.00	O	Regular
132937	11/27/24	AMAZON CAPITAL SERVICES	207.61	O	Regular
132938	11/27/24	AT&T	87.48	O	Regular
132939	11/27/24	AXON ENTERPRISE, INC	41,916.47	O	Regular
132940	11/27/24	BATTERIES + BULBS #314	282.24	O	Regular
132941	11/27/24	BENJAMIN NOBLE	4,166.25	O	Regular
132942	11/27/24	BRASS KEY LOCKSMITH	336.08	O	Regular
132943	11/27/24	BUSINESS WITH PLEASURE	47.18	O	Regular
132944	11/27/24	CAL-WEST LIGHTING & SIGNAL INC	2,909.51	O	Regular
132945	11/27/24	CITY OF SANTA CRUZ	374.35	O	Regular
132946	11/27/24	COMCAST	1,053.60	O	Payment Manager
132947	11/27/24	CRYSTAL SPRINGS WATER CO	113.75	O	Regular
132948	11/27/24	DAWN BANKS	98.00	O	Regular
132949	11/27/24	DOCTORS ON DUTY	120.00	O	Regular
132950	11/27/24	ERIC PEREZ	600.00	O	Regular
132951	11/27/24	ERNIE'S AUTO CENTER	11.56	O	Regular
132952	11/27/24	Foster & Foster Inc,	2,100.00	O	Regular
132953	11/27/24	GOOD CITY COMPANY	1,950.00	O	Regular
132954	11/27/24	GRAINGER	1,903.02	O	Regular
132955	11/27/24	HACH COMPANY	1,829.65	O	Regular
132956	11/27/24	HERWIT ENGINEERING	7,925.00	O	Regular
132957	11/27/24	HINDERLITER, DE LLAMAS & ASSOC	1,787.29	O	Regular
132958	11/27/24	IDEXX LABORATORIES, INC.	2,306.55	O	Payment Manager
132959	11/27/24	INTERWEST CONSULTING GROUP	2,942.50	O	Regular
132960	11/27/24	JEREMY LONG	131.35	O	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
132961	11/27/24	JOANNA HAROS	500.00	O	Regular
132962	11/27/24	K & D LANDSCAPING, INC.	1,083.00	O	Regular
132963	11/27/24	KIMLEY-HORN & ASSOCIATES INC	24,477.00	O	Regular
132964	11/27/24	Maria Kelly	357.93	O	Regular
132965	11/27/24	MARY LOUISE DEFALCO	7.00	O	Regular
132966	11/27/24	MICRONICS ENGINEERED FILTRATIO	3,292.64	O	Regular
132967	11/27/24	MISSION UNIFORM SERVICE	357.75	O	Payment Manager
132968	11/27/24	MONTEREY BAY ANALYTICAL SVCS	146.00	O	Regular
132969	11/27/24	NICHOLAS STOEBERL	46.00	O	Regular
132970	11/27/24	OLIN CORPORATION AS SOLE	5,031.67	O	Regular
132971	11/27/24	PACE ANALYTICAL SERVICES, LLC	1,082.00	O	Regular
132972	11/27/24	PALACE BUSINESS SOLUTIONS	71.62	O	Regular
132973	11/27/24	PASCALE DROZEK	1,000.00	O	Regular
132974	11/27/24	PHILLIP D NEUMAN	34,741.04	O	Regular
132975	11/27/24	PLACEWORKS, INC.	7,175.70	O	Regular
132976	11/27/24	PRESS BANNER	215.20	O	Regular
132977	11/27/24	PRINICPAL LIFE INSURANCE CO	8,490.62	O	Regular
132978	11/27/24	S.V. WATER DISTRICT	18,904.06	O	Regular
132979	11/27/24	SANTA CRUZ CO ENVIRONMENTAL	410.00	O	Regular
132980	11/27/24	SANTA CRUZ COUNTY	756.98	O	Regular
132981	11/27/24	SARAH WIKLE	522.60	O	Regular
132982	11/27/24	SCARBOROUGH LUMBER	721.07	O	Regular
132983	11/27/24	SCOTTS VALLEY SPRINKLER	476.22	O	Regular
132984	11/27/24	SHARRON BARTH	43.00	O	Regular
132985	11/27/24	SOUTH BAY REGIONAL PUBLIC	3,740.00	O	Regular
132986	11/27/24	STRATEGIC CULTURE CORP	16,033.83	O	Regular
132987	11/27/24	TAMARA CUCCHIARA-SITKA	24.00	O	Regular
132988	11/27/24	THE CARD SHARK INC	338.93	O	Payment Manager
132989	11/27/24	TOWNE FORD	108,687.72	O	Regular
132990	11/27/24	TYLER HEBARD	65.69	O	Regular
132991	11/27/24	URETSKY SECURITY	1,660.30	O	Regular
132992	11/27/24	USA BLUE BOOK	1,411.40	O	Payment Manager
132993	11/27/24	WIZIX TECHNOLOGY GROUP, INC	19.50	O	Payment Manager
132994	11/27/24	YESHE JACKSON FINE ART	800.00	O	Regular

69	Checks total:	376,786.89
0	ACH total:	
0	EFTPS total:	
0	Wire transfer total:	
9	Payment Manager total:	7,789.37
78	GRAND TOTALS	384,576.26

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE:	12/4/2024
TO:	Honorable Mayor and City Council
FROM:	Rodolfo Onchi, Public Works Director
APPROVED:	Mali LaGoe, City Manager
SUBJECT:	**Delegate the Authority to the City Manager to Award Bids for On Call Services for City Facilities in Amounts Not to Exceed $100,000**

SUMMARY OF ISSUE

Given the limited staff and resources the City has, staff has identified the use of on-call service contracts to enable staff to work expeditiously to address maintenance and repair issues on public property and facilities throughout the City. Staff has identified particular services that would be more economical to be handled by outside vendors including, but not limited to, tree trimming, plumbers, electricians or mechanical work. Because this work would be performed on City facilities, any contract for services is subject to the Public Contract Code. For projects less than $200,000, informal bids may be received for the work. Pursuant to Scotts Valley Municipal Code section 2.70.074, informal bids may be awarded by the City Council or the City Council may delegate that authority to the City Manager on a project by project basis. Staff is recommending that the City Manager be granted the authority to award bids for on call services that are $100,000 or less. This would be within the City Manager's signing authority.

FISCAL IMPACT

There is no direct fiscal impact to authorizing the City Manager to more efficiently execute on-call service contracts. All on-call service contracts will follow public works bidding regulations including competitive pricing for the services provided.

STAFF RECOMMENDATION

Staff recommends that the City Council approve the Resolution of the City Council of the City of Scotts Valley Delegating Authority to the City Manager to Award Informal Bids for On-Call Service Contracts in Accordance with Scotts Valley Municipal Code Section 2.70.074

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1. Resolution No. 2056 On-Call Services Delegation

RESOLUTION NO. 2056

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY DELEGATING AUTHORITY TO THE CITY MANAGER TO AWARD INFORMAL BIDS FOR ON CALL SERVICE CONTRACTS IN ACCORDANCE WITH SCOTTS VALLEY MUNICIPAL CODE SECTION 2.70.074

WHEREAS, given the limited staff and resources the City has, staff has identified the use of on-call service contracts to enable staff to work expeditiously to address maintenance and repair issues on public property and facilities throughout the City; and

WHEREAS, because on call services would be performed on City facilities, any contract for services is subject to the Public Contract Code; and

WHEREAS, for projects less than $200,000, informal bids may be received for the work in accordance with California Public Contract Code section 22032, et seq.; and

WHEREAS, pursuant to Scotts Valley Municipal Code section 2.70.074, informal bids may be awarded by the City Council or the City Council may delegate that authority to the City Manager on a project by project basis; and

WHEREAS, the City Council desires to delegate the authority to the City Manager to award bids for on call services that are $100,000 or less, which is within the City Manager's signing authority.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED as follows:

The City Manager is hereby delegated to award bids and enter into contracts for on call services for City facilities which do not exceed $100,000.00.

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 4th day of December, 2024 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved:____________________________
Randy Johnson, Mayor

Attest: ______________________________
Cathie Simonovich, City Clerk

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: 12/4/2024

TO: Honorable Mayor and City Council

FROM: Kirsten Powell, City Attorney

APPROVED: Mali LaGoe, City Manager

SUBJECT: **Approve Site Lease Agreement and Settlement Agreement with T-Mobile West, LLC for Property at 701 Lundy Lane**

SUMMARY OF ISSUE

In the 1990s, Pacific Mobile Services (Pacific Bell Wireless) installed wireless facilities on a PG&E tower located adjacent to the City's Waste Water Treatment Facility. In 2004, the Center entered into a lease agreement with Pacific Bell Wireless d.b.a. Cingular Wireless to locate ground mounted equipment on the City's property near the PG&E tower (the "Premises"). The lease was subsequently assigned to T-Mobile West, LLC ("TMobile") as a successor to Cingular Wireless. TMobile inadvertently stopped payment of rent to the City in January 2015. The lease expired on July 20,2020. TMobile has remained on the Premises since that time as a holdover tenant.

In order to address the missed rental payments and to continue to use the Premises for its wireless services, TMobile is proposing a settlement agreement and a new lease. Under the settlement agreement, TMobile will pay the rent that should have been paid since January 2015, including a rental amount of 200% of the lease amount since the lease expired. The total amount to be paid within 30 days of execution of the settlement agreement is $91,538.34.

The lease agreement provides for an initial term of 5 years, with four 5-year renewal terms and nine 1-year extended terms, for a total term of up to 34 years. During any extended term, the City can terminate with 6-months' written notice. The initial rent will be $890.00 per month for the initial term. Rent for each renewal term and extended term will be increased by 4%. The rent under the previous lease would be $853.66. In addition, TMobile will pay an activation fee of $20,000.00 within 30 days of the execution of the lease. TMobile will maintain adequate insurance during the term of the lease and name the City as an additional insured.

FISCAL IMPACT

Approval of the Settlement Agreement will result in a payment to the General Fund of $91,538,34. Execution of the Site Lease Agreement will generate $53,400.00 in rent for the initial term and increase by 4% for each renewal term and extended term. In addition, the City will receive a $20,000.00 activation fee.

STAFF RECOMMENDATION

Authorize the City Manager to Execute the Site Lease Agreement and Settlement Agreement with T-Mobile West, LLC and make any modifications of a non-substantive or conforming nature, in a form to be approved by the City Attorney.

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1. T-Mobile Settlement Agreement
2. T-Mobile Proposed Lease

SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (this "Agreement") is entered into by and between T-Mobile West LLC, a Delaware limited liability company, and its parents, subsidiaries and affiliates (collectively, "T-Mobile"), and City of Scotts Valley, a public body of the State of California ("Claimant"). Claimant and T-Mobile shall be referred herein collectively as the "Parties".

WHEREAS, Claimant is the owner of the property located at 700 Lundy Lane, Scotts Valley, CA 95066 ("Property"); and

WHEREAS, pursuant to that certain Site License Acknowledgement between Pacific Mobile Services d/b/a Pacific Bell Wireless, predecessor to T-Mobile, and Pacific Gas and Electric Company ("PG&E"), predecessor in interest to Golden State Licensing, LLC ("SBA"), dated May 12, 1998, as amended (collectively, the "SLA"), T-Mobile leases a portion of space on the tower located on the Property as described in the SLA for the placement of its Antenna Facilities ("Facilities"); and

WHEREAS, pursuant to that certain Ground Lease Agreement between Pacific Bell Wireless, LLC, a Nevada limited liability company, d/b/a Cingular Wireless, predecessor in interest to T-Mobile, and Claimant, dated July 21, 2004, T-Mobile leased a portion of the Property for the placement of a portion of its Facilities ("Premises"), which Ground Lease Agreement expired on July 20, 2020; and

WHEREAS, pursuant to the terms of the Lease, T-Mobile remained on the Premises and was subject to the hold over provisions of Article 12 of the SLA; and

WHEREAS, T-Mobile inadvertently stopped payment of rent to Claimant on or about January 31, 2015 ("Stoppage Date"); and

WHEREAS, Claimant and T-Mobile intend to enter into a new lease to allow T-Mobile continued occupation of the Premises; and

WHEREAS, without any admission of liability, the Parties desire to enter into this Agreement to resolve certain Claims (as defined below) that Claimant has alleged against T-Mobile and to settle the outstanding issues and disputes between the Parties with respect to the Claims that may remain unsettled as of the Effective Date.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants and agreements herein contained, adequacy and sufficiency of which are expressly acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

1. Recitals. The recitals set forth above are incorporated in and made a part of this Agreement.

2. Settlement Terms.

(a) Within thirty (30) days of the Effective Date of this Agreement, T-Mobile shall pay Claimant the total sum ($91,538.34) Ninety one thousand, five hundred thirty eight dollars and thirty four cents ("Settlement Payment") as the rent amount for T-Mobile's occupancy of the Premises from the Stoppage Date through November 30, 2024, which sum represents a full and final settlement and satisfaction of any and all of Claimant's claims against T-Mobile for occupancy of the Property without payment of Rent ("Claim"). The parties have negotiated a new lease which shall be in effect as of December 1, 2024. The Settlement payment shall be made to City of Scotts Valley, 1 Civic Center Drive, Scotts Valley, CA 95066.

3. Release. Upon the Effective Date hereof, Claimant, for itself, and its respective employees and elected officials, and any person or entity claiming any right derivative of it (collectively, the "Claimant Parties"), does hereby unconditionally, knowingly, and completely release and discharge T-Mobile, together with its past and present parent companies, predecessors, subsidiaries, affiliates, agents, employees, officers, directors, partners, related entities, stockholders, members, managers, tenants, licensees, sublessees, sublessors, contractors, lenders, insurers, attorneys, heirs, successors, and assigns, and all other persons acting on behalf of or claiming under T-Mobile (the "Released Parties"), of and from any and all claims, lawsuits, liabilities, demands, obligations, actions and/or causes of action, and debts and fees of any kind or character whatsoever, including any claim for attorney's fees, interest, or costs of litigation, whether at law or in equity, whether known or unknown, suspected or unsuspected, asserted or unasserted, fixed or contingent which Claimant had, now has, or may have in the future against the Released Parties related to and/or that arose or may have arisen from the Claim from the beginning of time through the Effective Date hereof, save and except the Parties' obligations under this Agreement.

4. Release Includes Unknown claims. Claimant and T-Mobile each agrees that it shall be deemed to have waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of Section 1542 of the *California Civil Code,* which provides:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Accordingly, each Party agrees that this Agreement extinguishes and releases all known and/or unknown claims relating to the Claim that arose or may have arisen prior to the date of this Agreement.

5. No Admission of Liability. This Agreement represents and constitutes a full and final settlement of any claims and nothing in this Agreement should be construed as or shall be an admission of liability, obligation, or wrongdoing whatsoever by T-Mobile.

6. Binding Effect. This Agreement shall be binding on and inure to the benefit of the Parties' parents, subsidiaries and affiliates, shareholders, board members, officers, partners, directors, insurers, employees, representatives, investors, heirs, executors, administrators, successors, assigns, agents, legal representatives, bankruptcy trustees, attorneys and elected officials. Neither party may delegate its obligations under this Agreement.

7. Attorneys' Fees. Each Party shall bear its own costs and fees of any kind, including attorneys' fees, in connection with the negotiation or enforcement of this Agreement.

8. Amendments and Waivers. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter contained herein. This Agreement may not be amended or modified except by a written instrument signed by the Parties which expressly states that modification of this Agreement is intended. No failure or delay in exercising any right under this Agreement shall operate as a waiver thereof or of any other right.

9. Knowing and Voluntary Execution. This Agreement has been read in its entirety and has been knowingly and voluntarily executed by the Parties. Claimant acknowledges that Claimant has had the opportunity to consult with an attorney prior to executing this Agreement. Claimant represents that it has the full right and authority to enter into this Agreement and that no consent or approval of any other person or entity is required for Claimant to enter into this Agreement.

10. Counterpart and Electric Delivery. This Agreement may be executed by original, facsimile, or electronic signatures (complying with the U.S. Federal ESIGN Act of 2000, 15 U.S.C. 96) and in any number of counterparts which shall be considered one instrument. Counterparts, signed facsimile, and electronic copies of this Agreement shall legally bind the Parties to the same extent as original documents.

11. Governing Law. This Agreement shall be governed by, construed, interpreted, applied, and enforced in accordance with the laws of the state or commonwealth in which the Property is located, without regard to the conflicts of laws principles of such state or commonwealth.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date of the last party to sign this Agreement ("Effective Date").

T-Mobile West LLC

DocuSigned by:

By: Geri Roper

17354A79CD98480...

Name: Geri Roper

Title: Director

Date: 11/6/2024

City of Scotts Valley

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

SITE LEASE AGREEMENT

This **SITE LEASE AGREEMENT** (this "**Lease**") is effective the date of the last signature on this Lease (the "**Effective Date**") by and between **City of Scotts Valley, a municipal corporation** ("**Landlord**") and **T-Mobile West LLC**, a Delaware Limited Liability Company ("**Tenant**").

RECITALS

WHEREAS, pursuant to that certain Site License Acknowledgement between Pacific Mobile Services d/b/a Pacific Bell Wireless, predecessor to Tenant, and Pacific Gas and Electric Company ("PG&E"), predecessor in interest to Golden State Licensing, LLC ("SBA"), dated May 12, 1998, as amended (collectively, the "SLA"), Tenant leases a portion of space on the tower located on the Property as described in the SLA for the placement of its antenna facilities; and

WHEREAS, pursuant to that certain Ground Lease Agreement between Pacific Bell Wireless, LLC, a Nevada limited liability company, d/b/a Cingular Wireless, predecessor in interest to Tenant, and Landlord, dated July 21, 2004 ("Prior Lease"), Tenant leased a portion of the Property for the placement of a portion of its Ground Facilities as defined herein below, which the Prior Lease expired on July 20, 2020; and

WHEREAS, pursuant to the terms of the Prior Lease, Tenant remained on the Premises (as defined herein below) and was subject to the holdover provisions of Article 12 of the Prior Lease; and

WHEREAS, Tenant inadvertently stopped payment of rent to Landlord on or about January 31, 2015; and

WHEREAS, Landlord and Tenant entered a Settlement Agreement dated _________ ("Settlement Agreement") whereby Landlord and Tenant agreed to enter a new lease to allow Tenant continued occupation of the Premises.

NOW THEREFORE, Landlord and Tenant agree to the following:

1. **Property Description**. Landlord is the owner of the real property located at 701 Luny Lane, Scotts Valley, CA, as further described on **Exhibit A** (the "**Property**"). The Property includes 318 square feet of space required for the use and operation of its facilities, plus a non-exclusive pedestrian and vehicular access for ingress and egress across the Property and access on, over and across a portion of the Property for the installation of utilities including, but not limited to, cable runs and associated cable trays from the base transceiver station(s) (also referred to as the BTS) and the installation of power, telephone and other utility service cables as shown on **Exhibit B** (the "**Premises**"). However, it is expressly agreed that the exact and precise location of the Tenant's Antenna Facilities (as defined below) are subject to review and approval by the planning and/or zoning boards having jurisdiction over the Property. The specific locations, number and type of equipment described in **Exhibit B** is for illustrative purposes only and in no way limits Tenant's ability to alter, replace, add to, expand, enhance, modify, supplement, replace, relocate or upgrade, subject to Landlord's approval as set forth below. Tenant acknowledges that Landlord is currently using the Property for the operation of a sewer treatment facility and will be installing a new building for the operation of the Public Works Department on the adjacent parcel. Tenant agrees that it will not interfere in any manner with Landlord's operations on the Property or adjacent parcel.

2. **Landlord Cooperation.** After the Effective Date Landlord shall cooperate with Tenant's due diligence activities, which shall include, but not be limited to, access to the Property for inspections, testing, permitting related to the Permitted Uses (as defined below). Tenant is authorized to sign, file, submit and obtain all zoning, land use and other applications for permits, licenses and approvals required for the Permitted Uses from all applicable governmental and quasi-governmental entities (collectively, the "**Governmental Approvals**"), and to the fullest extent necessary Landlord grants Tenant and its agents power of attorney to take all such actions on behalf of and in the name of Landlord. Landlord's cooperation shall include the prompt execution and delivery of any documents necessary to obtain and maintain Governmental Approvals or utility services. Landlord shall not take any actions which are in conflict with or interfere with Tenant's Governmental Approvals.

3. **Antenna Facilities and Permitted Uses.** Tenant leases the Premises for its equipment, personal property and improvements associated with Tenant's wireless communications business (the **"Antenna Facilities")**. The Premises may be used for the construction, installation, operation, maintenance, repair, addition, modification, expansion, enhancement, upgrading, removal, relocation or replacement of any and all Antenna Facilities (the "**Permitted Uses**"). Tenant shall obtain Landlord's written approval prior to adding new Equipment to the Antenna Facilities, which approval shall not be unreasonably withheld, delayed denied or conditioned upon the receipt of additional consideration. Landlord shall have ten (10) days from the date of receipt of final construction drawings to approve or disapprove of the final construction drawings. Failure to respond within thirty (30) days shall be deemed an approval. Landlord shall approve the final construction drawings by initialing or signing the same. If the Landlord disapproves the construction drawings, Landlord must inform Tenant of such disapproval in writing and Tenant shall have the right to revise the construction drawings until approval is obtained. The Antenna Facilities shall remain the exclusive property of Tenant and shall not be considered fixtures. Tenant, at its expense, may use any and all reasonable means as Tenant deems necessary to control, secure or restrict access to the Antenna Facilities; however, Tenant has no right to limit access to the Property to Landlord, its employees, elected officials, contractors and members of the public. Landlord hereby waives any and all lien rights it may have concerning the Antenna Facilities. If necessary to maintain service, Tenant shall have the right to locate a temporary antenna facility, (e.g. a cell-on-wheels) on the Property, including all utilities associated with the use of the temporary antenna facility. Landlord shall cooperate with the placement of the temporary facility at a mutually acceptable location.

Upon the expiration of the Term or any Renewal Term, Tenant shall remove all improvements, trade fixtures, equipment, inventory and any and all items of personal property place in, on or about the Premises by Tenant and return the Premises to its condition prior to the Tenant's or its predecessor's use of the Premises, reasonable wear and tear excepted. In the event Tenant fails to remove such equipment, Landlord may do so at Tenant's sole cost and expense.

4. **Lease Term.**

a) The Initial Term of the Lease shall be five (5) years commencing on the Effective Date(the "**Commencement Date**"), and ending on the day immediately preceding the fifth (5^{th}) anniversary of the Commencement Date (the "**Initial Term**"). The Initial Term, together with any Renewal Terms and Extended Periods are referred to collectively as the "**Term**."

b) The Initial Term shall automatically renew for four (4) additional successive renewal terms of five (5) years each (each a "**Renewal Term**"), provided, however, that Tenant may elect not to renew by providing notice prior to the expiration of the then current Term.

c) Upon the expiration of the final Renewal Term, Tenant shall have the right to continue to occupy the Premises and the Term shall automatically extend for up to nine (9) successive one (1) year periods (each, an "**Extended Period**"). Landlord may elect not to renew by providing notice to Tenant at least six (6) months prior to the expiration of the then current Extended Period. Tenant may terminate any Extended Period at any time by delivery of notice to Landlord.

d)
At the expiration or early termination of the Term or any Renewal Term, Tenant shall peaceably and quietly leave and surrender the Premises. If Tenant holds over in possession after the termination of the Term or any Renewal Term or Extended Period, such holding over shall not be deemed to extend the Term or renew this Lease or act as a Renewal Term. So long as Tenant continues to occupy the Premise as a tenant at will only, Tenant shall pay a daily rental rate equal to two hundred percent (200%) of the daily rental rate in effect at the end of the Term or Renewal Term.

5. **Rent/Other Charges.**

a) Upon the Commencement Date, Tenant shall pay Landlord rent in the amount of Eight Hundred Ninety and 00/100 Dollars ($890.00) per month (the "**Rent**"). Tenant shall deliver Rent to Landlord at the address specified in the Notice section, or by electronic payment. The first Rent payment shall be due within thirty (30) days after the Commencement Date. Subsequent Rent shall be payable by the fifth day of each month.

b) The Rent for each successive Renewal Term and each Extended Period shall be increased by four (4%) percent of the Rent for the immediately preceding Term.

c) Rent for any partial month shall be prorated on a per day basis, based on the number of days in the month in question. Landlord shall cooperate with Tenant regarding the use of any electronic rent payment systems or the provision of any associated documentation. Tenant may condition payment of Rent and any other sums payable under this Lease upon Tenant's receipt of a duly completed IRS form W-9, or similar governmental form.

d) Any charges payable under this Lease other than Rent shall be billed by Landlord to Tenant within twelve (12) months from the date the charges were incurred or due; otherwise the charges shall be deemed time-barred and forever waived and released by Landlord. Additionally, if it is determined by Tenant that Tenant overpaid Landlord for any charges due under the Lease, Tenant is permitted, upon written notice to Landlord, to deduct any such overpayment from Rent amounts due under this Lease.

e) Within thirty (30) days of the Commencement Date, Tenant shall pay to Landlord a one-time activation fee in the amount of Twenty Thousand and 00/100 Dollars ($20,000.00).

7. **Interference.** Tenant shall not interfere with the radio frequency communications of Landlord or any of Landlord's existing tenants as of the Effective Date. After the Effective Date, Landlord shall not install, or permit any third party to install, any equipment or structures that interfere with or restrict the operations of Tenant. Any such interference shall be deemed a material breach of this Lease by Landlord and Landlord shall remove the cause of the interference within forty-eight (48) hours of notice notwithstanding any other cure periods in this Lease. Tenant shall have the right to exercise all legal and equitable rights and remedies to end the interference, including the right to terminate this Lease. Tenant shall not interfere with Landlord's operation of the sewer treatment plant on the Property or the operations of the Public Works Department.

8. **Utility Services.** Tenant shall have the right to connect to, maintain, repair, modify, upgrade, remove or replace existing utility related equipment and/or construct and install new utility related equipment and lines, including a generator, optical fiber facilities and alternative energy related equipment, to service its Antenna Facilities (collectively, the "**Utility Facilities**") located in the area designated for utilities on Exhibit B. The Utility Facilities may be brought by Tenant to the Property and the Premises, and the charges for utility usage (the "**Utility Fees**") shall be payable, by one of the following methods:

a) **Separate Meter**. Tenant may install a separate meter on the Premises at any time during the Term of the Lease in a location mutually agreeable to the parties and will remit payment directly to the utility provider.

9. **Access and Easements.**

a) Landlord shall furnish, at no additional charge to Tenant, unimpeded and secure access to the Premises including the Utility Facilities on a 24-hours-a-day, 7-days-a-week basis to Tenant and Tenant's employees, agents, contractors and other designees, unless such access is prohibited due to no fault of Landlord or in the event of an emergency. In the event that Landlord does not provide Tenant with access as described, Rent will be abated for the time period where Tenant was denied access to the Antenna Facilities.

b) Upon the Effective Date, Landlord shall provide all applicable access key(s) and a defined and accessible location on the Property for Tenant to install a secure lockbox to store any such access key(s) necessary to allow for 24-hours-a-day, 7-days-a-week physical access to all of Tenant's equipment or conduits. Landlord shall not change the method(s) of access or access key(s), without providing Tenant prior written notice and an updated set of access keys or new access code(s).

c) Landlord acknowledges that denial of access may adversely impact Tenant's requirement as an FCC licensee to provide 9-1-1 emergency calling services and may adversely impact Tenant's ability to provide wireless services to its customers. Failure to provide Tenant access to the Premises, as required above, , within 24 hours after receiving written notice of such failure shall be deemed a material Default, unless such access is prohibited due to no fault of Landlord or in the event of an emergency. In the event Landlord, its employees or agents impede or deny access to Tenant, its employees or agents, Tenant shall, without waiving any other rights that it may have at law or in equity, have the right to deduct from the Rent due under this Lease one hundred and no/100 dollars ($100.00) per day for each day that access is impeded or denied.

10. **Termination.** Tenant may terminate this Lease upon thirty (30) days prior written notice to Landlord, for any of the following reasons: (i) changes in local or state laws or regulations which adversely affect Tenant's ability to operate; (ii) a Federal Communications Commission ("**FCC**") ruling or regulation that is beyond the control of Tenant; (iii) in its sole discretion for technical, or economic reasons; or (iv) if Tenant is unable to obtain or maintain any Governmental Approval required for the construction or operation of Tenant's Antenna Facilities. Upon ninety (90) days prior written notice to Landlord, Tenant may terminate this Lease for any or no reason.

11. **Casualty and Condemnation.** If the Premises or Antenna Facilities are damaged or destroyed by wind, fire or other casualty, Tenant shall be entitled to negotiate, compromise, receive and retain all proceeds of Tenant's insurance and other claims and Tenant may terminate the Lease by written notice to Landlord. If the Premises, any Easements or Antenna Facilities are taken or condemned by power of eminent domain or other governmental taking, then: (a) Tenant shall be entitled to negotiate, compromise, receive and retain all awards attributable to (i) the Antenna Facilities, (ii) Tenant's leasehold interest in the Property, (iii) any moving

or relocation benefit available to Tenant and (iv) any other award available to Tenant that is not attributable to Landlord's title to or interest in the Property. If the Antenna Facilities are not operational or accessible, due to casualty, condemnation, or damages, Tenant shall have the right to abate the Rent for that period time. In addition, Tenant may terminate the Lease by written notice to Landlord.

12. **Default and Right to Cure.**

(a) The following will be deemed a default by Tenant and a breach of this Lease (i) non-payment of Rent if such Rent remains unpaid for more than thirty (30) days after receipt of written notice from Landlord of such failure to pay; or (ii) Tenant's failure to perform any other term or condition under this Lease within thirty (30) days after receipt of written notice from Landlord specifying the failure. No such failure, however, will be deemed to exist if Tenant has commenced to cure such default within such thirty (30) day period and provided that such efforts are prosecuted to completion with reasonable diligence. Delay in curing a default will be excused if due to causes beyond the reasonable control of Tenant.

(b) The following will be deemed a default by Landlord and a breach of this Lease. Landlord's failure to perform any term, condition or breach of any warranty or covenant under this Lease within thirty (30) days after receipt of written notice from Tenant specifying the failure. No such failure, however, will be deemed to exist if Landlord has commenced to cure the default within such period and provided such efforts are prosecuted to completion with reasonable diligence. Delay in curing a default will be excused if due to causes beyond the reasonable control of Landlord.

13. **Taxes.** Landlord shall pay when due all real estate taxes and assessments for the Property, including the Premises. Notwithstanding the foregoing, Tenant shall reimburse Landlord for any personal property tax paid for by Landlord which is solely and directly attributable to the presence or installation of Tenant's Antenna Facilities during the Term. Landlord shall provide notice of any tax or assessment within fifteen (15) days for which Tenant is liable in whole or in part. Tenant shall have the right to challenge any tax or assessment and Landlord shall cooperate with Tenant regarding such challenge. In the event that Landlord fails to pay any taxes or other fees and assessments for the Property, including the Premises, Tenant shall have the right, but not the obligation, to pay such owed amounts and deduct them from Rent amounts due under this Lease. Landlord shall provide Tenant with written notice of any taxes due that Landlord fails to pay.

14. **Insurance and Subrogation and Indemnification.**

a) During the Term, Tenant shall maintain Commercial General Liability Insurance in amounts of Two Million and no/100 Dollars ($2,000,000.00) per occurrence and Five Million and no/100 Dollars ($5,000,000.00) aggregate. Each party may satisfy this requirement by obtaining the appropriate endorsement to any master insurance policy such party may maintain. Tenant and Landlord shall each maintain "all risk" or "special causes of loss" property insurance on a replacement cost basis for their respectively owned real or personal property.

b) Landlord and Tenant hereby mutually release each other (and their successors or assigns) from liability and waive all right of recovery against the other for any loss or damage covered by their respective first party property insurance policies for all perils insured thereunder. In the event of an insured loss, neither party's insurance company shall have a subrogated claim against the other party.

c) Subject to the property insurance waivers set forth in the preceding subsection (b), Landlord and Tenant each agree to indemnify and hold harmless the other party from and against any and all administrative and judicial actions and rulings, claims, causes of action, demands and liabilities, including reasonable attorneys' fees, to the extent caused by or arising out of: (i) any negligent acts or omissions or willful misconduct in the operations or activities on the Property by the indemnifying party or the employees, agents, contractors, licensees, tenants or subtenants of the indemnifying party, (ii) any spill or other release of any Hazardous Substances (as defined below) on the Property by the indemnifying party or the employees, agents, contractors, licensees, tenants or subtenants of the indemnifying party, or (iii) any breach of any obligation of the indemnifying party under this Lease. The indemnifying party's obligations under this subsection are contingent upon its receiving prompt written notice of any event giving rise to an obligation to indemnify the other party and the indemnified party's granting it the right to control the defense and settlement of the same. In no event shall either party be liable for any consequential, special, indirect or punitive damages or causes of loss, whether arising from breach of strict liability, contract, tort or otherwise, and regardless of whether or not such party was advised of, or should have known, the possibility of such damages.

d) The provisions of subsections (b) and (c) above shall survive the expiration or termination of this Lease.

15. **Notices.** All notices, requests, demands and other communications shall be in writing and shall be effective three (3) business days after deposit in the U.S. mail, certified, return receipt requested or upon receipt if personally delivered or sent via a nationally recognized courier to the addresses set forth below. Landlord or Tenant may from time to time designate any other address for this purpose by providing written notice to the other party.

If to Tenant, to:
T-Mobile USA, Inc.
12920 SE 38th Street
Bellevue, WA 98006
Attn: Lease Compliance/ SF05878A

If to Landlord, to:
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066
Attn. City Manager

Per the W-9 Form Rent is to be paid to:
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066

16. **Quiet Enjoyment, Title and Authority.** Landlord covenants and warrants that: (a) Landlord has full right, power and authority to execute and perform this Lease to grant Tenant the leasehold interest and Easements contemplated under this Lease; (b) Landlord has good and unencumbered title to the Property, free and clear of any liens and will not interfere with Tenant's Permitted Uses and any rights under this Lease; (c) the execution and performance of this Lease shall not violate any laws, ordinances, covenants, or the provisions of any Mortgage, lease, or other agreement binding on Landlord; and (d) Tenant's use and quiet enjoyment of the Premises will not be disturbed.

17. **Environmental Laws.** Landlord and Tenant shall comply with all federal, state and local laws in connection with any substances brought onto the Property that are identified by any law, ordinance or regulation as hazardous, toxic or dangerous (collectively, the "**Hazardous Substances**"). Tenant agrees to be responsible for all losses or damage caused by any Hazardous Substances that it may bring onto the Property and will indemnify Landlord for all such losses or damages. Landlord agrees to be responsible for all losses or damage caused by any Hazardous Substances that it may bring onto the Property, except those brought onto the Property by Tenant, and will indemnify Tenant for all such losses or damages including the cost of any investigation or remediation, or other actions required to comply with applicable law. Landlord represents that it has no knowledge of any Hazardous Substances on the Property.

18. **Assignment.**

a) Tenant shall have the right to assign or transfer the Lease or sublet the Premises or a portion thereof to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all assets of Tenant, upon written notice to Landlord. Upon an assignment or transfer, Tenant shall be relieved of all liabilities and obligations and Landlord shall look solely to the transferee for performance under this Lease. Upon receipt of a written request from Tenant, Landlord shall promptly execute an estoppel certificate.

Landlord shall have the right to assign and transfer this Lease only to a successor owner of the Property. Only upon Tenant's receipt of written verification of a sale, or transfer of the Property shall Landlord be relieved of all liabilities and obligations and Tenant shall look solely to the new landlord for performance under this Lease. Until Tenant receives required information and documents, Tenant shall not be responsible for any failure to make payments under this Lease and reserves the right to hold payments due under this Lease. Landlord shall not attempt to assign, or otherwise transfer this Lease separate from a transfer of ownership of the Property (the "**Severance Transaction**"), without the prior written consent of Tenant, which consent may be withheld or conditioned in Tenant's sole discretion.

19. **Relocation.**

a) Landlord must provide Tenant at least six (6) months written notice of any repairs, maintenance or other work (the "**Work**") during the Term of the Lease which would require the temporary relocation of the Antenna Facilities. Landlord agrees that the Work will not limit or interfere with Tenant's Permitted Uses of the Premises. Landlord will reimburse Tenant for all expenses incurred by Tenant required to accommodate the Work and impose no additional fees, considerations, or conditions upon Tenant. If necessary, in Tenant's sole determination, Tenant may elect to install a temporary communications facility (e.g. a "cell on wheels," or "COW") in another mutually agreeable location on the Property that provides Tenant coverage and service levels similar to those of the Antenna Facilities at the original location, while the Work is being performed. Tenant shall have the right to reinstall its Antenna Facilities immediately upon the completion of the Work. Tenant or its designee shall have the right to accompany Landlord, its agents or contractors whenever the Work is being performed on the Premises. Notwithstanding anything to the contrary, Landlord shall not have the right to permanently relocate the Antenna Facilities except as set forth herein.

b) If Landlord desires to redevelop, modify, remodel, or in any way alter its Property or any improvements thereon ("**Redevelopment**"), Landlord shall in good faith use its best efforts to fully accommodate Tenant's continuing use of the Premises. If both parties to this Lease determine that the Redevelopment necessitates permanent relocation of the Antenna Facilities, Landlord shall have the right, subject to the following provisions of this section, to relocate the Antenna Facilities, or any part thereof, to an alternate location on the Property (the "**Relocation Premises**"), provided, however, that: (i) Landlord may only relocate Tenant once during the Lease; (ii) Landlord may only relocate Tenant after the Initial Term; (iii) Landlord must give Tenant at least twelve (12) months' written notice prior to such relocation; (iv) all costs and expenses associated with or arising out of such relocation (including, without limitation, approval and permitting costs) shall be paid by Landlord; (v) such relocation shall be performed exclusively by Tenant or its agents; and (vi) such relocation shall not limit or interfere with Tenant's Permitted Uses of the Premises. Landlord shall exercise its relocation right by delivering written notice to Tenant pursuant to the Lease and shall identify in the notice the proposed Relocation Premises on the Property. If, in Tenant's reasonable judgment, no suitable Relocation Premises can be identified on the Property, then Landlord shall not be permitted to exercise its relocation right under this section.

20. **Marking and Lighting Requirements.** If any tower or other support structure for Tenant's Antenna Facilities is owned by Landlord, Landlord acknowledges that Landlord shall be responsible for compliance with all marking and lighting requirements of the Federal Aviation Administration and the FCC. Landlord shall indemnify and hold Tenant harmless from any fines or other liabilities caused by Landlord's failure to comply with these requirements.

21. **Miscellaneous.**

a) The prevailing party in any litigation or other legal proceedings arising under this Lease (including any appeals and any insolvency actions) shall be entitled to reimbursement from the non-prevailing party for reasonable attorneys' fees and expenses.

b) With the exception of the Settlement Agreement, this Lease constitutes the entire agreement and understanding of the parties, and supersedes all offers, negotiations and other agreements with respect to the subject matter and Property. Any amendments to this Lease must be in writing and executed by both parties. Landlord agrees to cooperate with Tenant in executing any documents which Tenant deems necessary to insure and protect Tenant's rights in, or use of, the Premises. Landlord shall execute and deliver:
(i) a Memorandum of Lease in substantially the form attached as **Exhibit C**; and (ii) if the Property is encumbered by a deed, mortgage or other security interest (each, a "**Mortgage**"), a subordination, non-disturbance and attornment agreement using Tenant's form.

c) This Lease shall be construed in accordance with the laws of the state or territory in which the Property is located, without regard to the principles of conflicts of law.

d) If any term of this Lease is found to be void or invalid, the remaining terms of this Lease shall continue in full force and effect. Any questions of particular interpretation shall be interpreted as to their fair meaning.

e) Each party hereby represents and warrants to the other that this Lease has been duly authorized, executed and delivered by it, and that no consent or approval is required by any lender or other person or entity in connection with the execution or performance of this Lease.

f) If either party is represented by any broker or any other leasing agent, such party is responsible for all commission fee or other payment to such agent.

g) This Lease and the interests granted herein shall run with the land, and shall be binding upon and inure to the benefit of the parties, their respective successors, personal representatives and assigns.

h) This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute a single instrument. Signed, scanned and emailed copy and electronic copies of this Lease shall legally bind the parties to the same extent as original documents.

i) Force Majeure. In the event either party is prevented or delayed from performing any act or discharging any obligation hereunder, except for the payment of rent by Tenant, because of any and all causes beyond either party's reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the Tenant's occupancy of the Premises, or any other casualties beyond the reasonable control of either party except casualties resulting from Tenant's negligent operation or maintenance of the Premises ("Force Majeure"), performance of such act shall be excused for the period of such delay, and the period for performance of such act shall be extended for a period equivalent to the period of such delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability on the part of either party hereto.

h) Partial Invalidity. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby. Each provision shall be valid and enforceable to the fullest extent permitted by law.

i) Waiver. No provision of this Lease or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by Landlord of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach thereof, or of any other term, covenant or condition contained in this Lease. Landlord's subsequent acceptance of partial rent or performance by Tenant shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by Tenantof any term, covenant or condition of this Lease or of any right of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's knowledge of such preceding breach at the time of Landlord's acceptance. The failure on the part of Landlord to require exact or full and complete compliance with any of the covenants, conditions of agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping Landlord from enforcing in full the provisions hereof. No custom or practice which may arise between the parties hereto in the course of administering this Lease shall be construed to waive, estop or in any way lessen Landlord's right to insist upon Tenant's full performance of, or compliance with, any term, covenant or condition of this Lease or to inhibit or prevent Landlord's exercise of its rights with respect to any default, dereliction or breach of this Lease by Tenant.

LANDLORD: City of Scotts Valley

By: ____

Printed Name: ______________________________

Title: ______________________________________

Date: ______________________________________

TENANT: T-Mobile West LLC

By: ____

Printed Name: ______________________________

Title: ______________________________________

Date: ______________________________________

____

T-Mobile Legal Approval

EXHIBIT A
Legal Description

Property address of 701 Lundy Lane, Scotts Valley, CA 95066
Assessor's tax parcel number of 021-271-01

The Property is legally described as follows:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Beginning at the most westerly corner of the 0.996 acre parcel of land described in the deed from Donald A. Gordon and wife to Pacific Gas and Electric Company, dated April 20, 1965 and recorded in Book 1689, of Official Records, at Page 427, Santa Cruz County Records and running thence along the southerly boundary line of said 0.996 acre parcel of land (1) South 75 ° 56' 45" East, 192.26 feet to the most southerly corner of said 0.996 acre parcel of land; thence running along the easterly boundary line of said 0.996 acre parcel of land (2) Northerly on a curve to the right with a radius of 300.00 feet, through a central angle of 0 ° 10' 00" and tangent at the southerly terminus thereof to a line which has a bearing of North 0 ° 02' 35" West, an arc distance of 0.87 feet; thence leaving said easterly boundary line (3) North 22 ° 39' 49" West, 285.20 feet to a point in the northwesterly boundary line of said 0.996 acre parcel of land; thence running along said northwesterly boundary line (4) South 67 ° 24' 45" West, 5.00 feet to the northwest corner of said 0.996 acre parcel of land; thence running along the westerly boundary line of said 0.996 acre parcel of land (5) South 18 ° 28' 45" West, 227.15 feet, more or less, to the point of beginning, and being a portion of said 0.996 acre parcel of land.

APN: **021-271-01**

EXHIBIT B

Subject to the terms and conditions of this Lease, the location of the Premises is generally described and depicted as shown below or in the immediately following attachment(s).

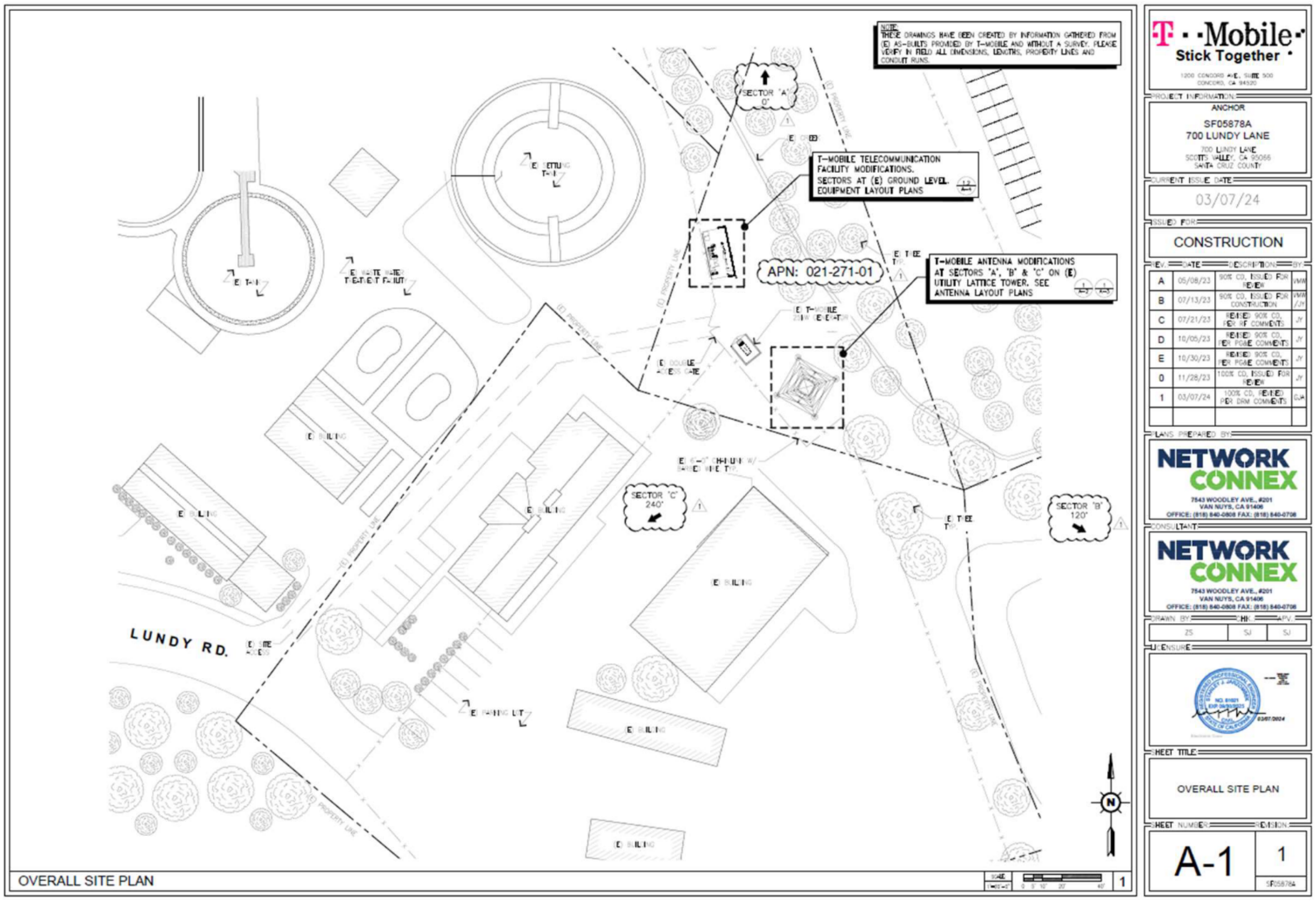

EXHIBIT C
Memorandum of Lease

[CONFIRM HEADING/MARGINS/FORMAT CONFORM TO STATE AND LOCAL REQUIREMENTS]

(Separate Document to be Executed)

Memorandum
of
Lease

After Recording, Mail To:
T-Mobile USA, Inc.
12920 SE 38th Street
Bellevue, WA 98006
Attn: Lease Compliance
Site Number: SF05878A

APN: 021-271-01
Loan No.

MEMORANDUM OF LEASE

A Site Lease Agreement (the "Lease") by and between **City of Scotts Valley, a municipal corporation ("Landlord") and T-Mobile West LLC, a Delaware Limited Liability Company ("Tenant")** was made regarding a portion of the following property (as more particularly described in the Lease, the "Premises"):

See Attached **Exhibit A** incorporated herein for all purposes.

Without limiting the terms and conditions of the Lease, Landlord and Tenant hereby acknowledge the following:

1. Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to such terms in the Lease.
2. The initial term of the Lease shall be for five (5) years and will commence on the Effective Date of the Lease.
3. Tenant shall have the right to extend the Lease for four (4) additional and successive five (5)-year terms which may be extended for up to nine (9) additional and successive one-year periods.
4. This memorandum is not a complete summary of the Lease. It is being executed and recorded solely to give public record notice of the existence of the Lease with respect to the Premises. Provisions in this memorandum shall not be used in interpreting the Lease provisions and in the event of conflict between this memorandum and the said unrecorded Lease, the unrecorded Lease shall control.

5. This memorandum may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have respectively executed this memorandum effective as of the date of the last party to sign.

LANDLORD: City of Scotts Valley
a municipal corporation

By: ______________________________

Printed Name: ______________________

Title: _____________________________

Date: _____________________________

TENANT: T-Mobile West LLC
a Delaware Limited Liability Company

By: ______________________________

Printed Name: ______________________

Title: _____________________________

Date: _____________________________

[Notary block for Landlord]

STATE OF ______________________)
) ss.
COUNTY OF ____________________)

This instrument was acknowledged before me on __________________________ by ______________________________, [title] ______________________________ of ______________________________ a ______________________________ [type of entity], on behalf of said __________________________________[name of entity].

Dated: __________________________

____
Notary Public
Print Name ___________________________________
My commission expires _________________________

(Use this space for notary stamp/seal)

[Notary block for Tenant]

STATE OF ______________________)
) ss.
COUNTY OF ____________________)

I certify that I know or have satisfactory evidence that ____is the person who appeared before me, and said person acknowledged that she/he signed this instrument, on oath stated that she/he was authorized to execute the instrument and acknowledged it as the ____of **<Market Entity Name>**, a Delaware <T-Mobile Type of Entity>, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: __________________________

____
Notary Public
Print Name ___________________________________
My commission expires _________________________

(Use this space for notary stamp/seal)

Memorandum of Lease - Exhibit A
Legal Description

The Property is legally described as follows
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SANTA CRUZ, STATE OF
CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Beginning at the most westerly corner of the 0.996 acre parcel of land described in the deed from Donald A. Gordon and wife to Pacific Gas and Electric Company, dated April 20, 1965 and recorded in Book 1689, of Official Records, at Page 427, Santa Cruz County Records and running thence along the southerly boundary line of said 0.996 acre parcel of land (1) South 75 ° 56' 45" East, 192.26 feet to the most southerly corner of said 0.996 acre parcel of land; thence running along the easterly boundary line of said 0.996 acre parcel of land (2) Northerly on a curve to the right with a radius of 300.00 feet, through a central angle of 0 ° 10' 00" and tangent at the southerly terminus thereof to a line which has a bearing of North 0 ° 02' 35" West, an arc distance of 0.87 feet; thence leaving said easterly boundary line (3) North 22 ° 39' 49" West, 285.20 feet to a point in the northwesterly boundary line of said 0.996 acre parcel of land; thence running along said northwesterly boundary line (4) South 67 ° 24' 45" West, 5.00 feet to the northwest corner of said 0.996 acre parcel of land; thence running along the westerly boundary line of said 0.996 acre parcel of land (5) South 18 ° 28' 45" West, 227.15 feet, more or less, to the point of beginning, and being a portion of said 0.996
acre parcel of land.

APN: **021-271-01**

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: 12/4/2024

TO: Honorable Mayor and City Council

FROM: Sarah Wikle, Senior Planner

APPROVED: Mali LaGoe, City Manager

SUBJECT: **Second reading and adoption of Ordinance No. 16.142 amending Scotts Valley Municipal Code Title 17 (Zoning) to include two new chapters regulating Accessory Dwelling Units (ADUs) and additional amendments required to implement the 2023-2031 Housing Element.**

SUMMARY OF ISSUE

On November 20, 2024, the City Council introduced Ordinance No. 16.142, to amend Scotts Valley Municipal Code Title 17 (Zoning) to include two new chapters regulating Accessory Dwelling Units (ADUs) and additional amendments required to implement the 2023-2031 Housing Element.

FISCAL IMPACT

The action does not create a fiscal impact.

STAFF RECOMMENDATION

It is recommended that the City Council adopt Ordinance No. 16.142 to amend Scotts Valley Municipal Code Title 17 (Zoning), to include two new chapters regulating Accessory Dwelling Units (ADUs) and additional amendments required to implement the 2023-2031 Housing Element.

TABLE OF CONTENTS

1. Ordinance No. 16.142 - Amending Scotts Valley Municipal Code Title 17 (Zoning) to implement Housing Element programs

ORDINANCE NO. 16.142

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AMENDING SCOTTS VALLEY MUNICIPAL CODE TITLE 17 (ZONING) TO IMPLEMENT HOUSING ELEMENT PROGRAMS

WHEREAS, on December 20, 2023, the City Council adopted the 2023-2031 Housing Element of the General Plan (Housing Element);

WHEREAS, the Housing Element contains programs that call for the City to amend Municipal Code Title 17 (Zoning Code) to implement Housing Element goals and policies;

WHEREAS, the Planning Commission held a study session on August 8, 2023 to provide input on an approach to the City's accessory dwelling unit regulations included in the Housing Element Zoning Code amendments;

WHEREAS, City staff used Planning Commission direction to prepare Chapter 17.56 (Accessory Dwelling Units) and 17.57 (Junior Accessory Dwelling Units) to be added to Title 17 (Zoning) of the City of Scotts Valley Municipal Code;

WHEREAS, City staff prepared additional draft amendments to Municipal Code Title 17 to implement the Housing Element and bring accessory structure standards into alignment with accessory dwelling unit regulations;

WHEREAS, the Planning Commission held a duly noticed public hearing on October 10, 2024 at which time it considered all evidence presented, both written and oral, and at the end of the hearing voted to recommend that the City Council adopt this Ordinance; and

WHEREAS, the City Council held a duly noticed public hearing on this Ordinance on November 20, 2024, at which time it considered all evidence presented, both written and oral.

NOW, THEREFORE, the City Council of the City of Scotts Valley does hereby ordain as follows:

Section 1. The Table of Contents of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to add a new Chapter 17.41, Housing Element Opportunity Site Combing District, as follows:

"<u>Chapter 17.41 - HOUSING ELEMENT OPPORTUNITY SITE COMBINING DISTRICT</u>

<u>17.41.010 Purpose</u>

<u>17.41.020 Applicability</u>

<u>17.41.030 Permitting Process</u>

<u>17.41.040 Density</u>

17.41.050 Replacement Units for Non-Vacant Sites

17.41.060 Sunset”

Section 2. The Table of Contents for Chapter 17.44, General and Special Provisions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“Chapter 17.44 - GENERAL AND SPECIAL PROVISIONS

17.44.020 - Commercial and industrial performance standards.

17.44.030 - Off-street parking and loading requirements.

17.44.040 - Prezoning of unincorporated territory.

17.44.050 - Underground utilities.

17.44.060 - Condominium conversions and condominiums.

17.44.070 - Mobile home park conversion regulations.

17.44.080 - Tree protection regulations.

17.44.100 - Congregate senior housing facilities.

17.44.110 - Emergency shelters.

17.44.120 - Cultural resource preservation commission.

17.44.130 - Cultural resource preservation.

17.44.140 - Historic landmark preservation.

17.44.150 - External antennae.

17.44.170 - ~~Transitional housing.~~ Reserved

17.44.180 - Multi-Unit Residential Design Standards.

17.44.190 – Employee Housing”

Section 3. The Table of Contents for Chapter 17.46, Exceptions and Modifications, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“Chapter 17.46 - EXCEPTIONS AND MODIFICATIONS

17.46.010 - Applicability of chapter.

17.46.020 - Building lines.

17.46.030 - Special uses requiring use permits.

17.46.040 - Private stables.

17.46.050 - Height limits.

17.46.060 - Area requirements.

17.46.070 - Yard exceptions and modifications.

17.46.080 - Swimming pools, spas and hot tubs.

17.46.090 - Moving of buildings.

17.46.100 - Kennels and small animal hospitals.

17.46.110 - Fences, walls and ornamental structures.

17.46.120 - Animal raising.

17.46.125 - Beekeeping permits issued by the community development director.

17.46.130 - ~~Reserved.~~ Accessory Structures

17.46.140 - Temporary construction offices.

17.46.150 - Covenants for easements.

17.46.160 - Construction standards."

Section 4. The Table of Contents for Chapter 17.50, Administrative Procedures, Required Permits and Appeals, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"Chapter 17.50 - ADMINISTRATIVE PROCEDURES, REQUIRED PERMITS AND APPEALS

17.50.010 - Variances.

17.50.015 - Large family child care homes.

17.50.020 - Conditional use permits.

17.50.030 - Design review procedures.

17.50.035 - Ministerial design review.

17.50.040 - Home occupations.

17.50.050 - Special Permits Issued by Community Development Director.

17.50.060 - Appeals.

17.50.070 - Notice of hearing on appeal— Generally.

17.50.080 - Special consideration of appealable actions.

17.50.090 - Notice of public hearing procedures—Mail or delivery.

17.50.100 - Notice of public hearing— Publication or posting.

17.50.110 - Authority of the city council."

Section 5. A Table of Contents for new Chapter 17.57, Accessory Dwelling Units and new Chapter 17.58, Junior Accessory Dwelling Units, is hereby added to read as follows:

"Chapter 17.57 – ACCESSORY DWELLING UNITS

17.57.010 Purpose

17.57.020 Permitting Process

17.57.030 General Requirements

17.57.040 Statewide Exemption ADUs

17.57.050 Development Standards

17.57.060 Objective Design Standards

Chapter 17.58 – JUNIOR ACCESSORY DWELLING UNITS

17.58.010 Purpose

17.58.020 Permitting Process

17.58.030 JADU Standards

17.58.040 Deed Restriction"

Section 6. The Table of Contents for Chapter 17.62, Density Bonus, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"Chapter 17.62 - DENSITY BONUS

~~17.62.010 - Intent and purpose.~~

~~17.62.020 - Definitions.~~

~~17.62.030 - Types of bonuses and incentives allowed.~~

~~17.62.040 - Density bonus for donations of land.~~

~~17.62.050 - Condominium conversions.~~

~~17.62.060 - Childcare facilities.~~

~~17.62.070 - General provisions governing density bonus calculations.~~

~~17.62.080 - Incentives and concessions for affordable housing.~~

~~17.62.090 - Waivers and modifications of development standards.~~

~~17.62.100 - Parking incentives.~~

~~17.62.110 - Standards for density bonus housing developments.~~

~~17.62.120 - Application requirements.~~

~~17.62.130 - Application review.~~

~~17.62.140 - Developer affordable housing agreement.~~

17.62.010 - Purpose

17.62.020 - Definitions

17.62.030 - Application Procedures

17.62.040 - General Provisions

17.62.050 - Affordable Unit Design and Construction

17.62.060 - Regulatory Agreements

17.62.070 - Interpretation"

Section 7. Section 17.04.040, "A" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to add the following definitions to read as follows:

"“Accessory dwelling unit” means a residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary dwelling. An accessory dwelling unit shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An accessory dwelling unit includes an efficiency unit and a manufactured home, as defined in Section 18007 of the Health and Safety Code.

“Accessory dwelling unit, attached” means an accessory dwelling unit that is established as an addition to or extension of the primary residence.

“Accessory dwelling unit, converted” means an accessory dwelling unit that is fully contained within the existing space of the primary dwelling or an accessory structure.

“Accessory dwelling unit, detached” means an accessory dwelling unit in a new structure that is entirely separated from the primary dwelling. The term includes a second story accessory dwelling built above a detached garage.”

Section 8. Section 17.04.050, "B" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the definition of “Building, main” to read as follows:

“"Building, main" means a structure in which is conducted the ~~principal~~ primary use of the site on which it is situated.””

Section 9. Section 17.04.060, "C" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the following definitions to read as follows:

"“Clerestory window” means a window where the bottom of the glass is at least six feet above the finished floor height.

"Combining district" means a zoning district which must be attached to or combined with an underlying zoning district to become effective. Once the district designation is combined with an underlying district (the base district), the combining district regulations are applied to all uses of the base district, in addition to those applicable in the base district. When in conflict, the ~~most restrictive~~ combining district regulations shall control.

"Community care facility" means any facility, place, or building, as defined in Health and Safety Code Section 1502, which is maintained and operated to provide nonmedical residential care, day treatment, adult daycare, or foster family agency services ~~or care services~~ for children, adults, or adults and children, including, but not limited to, the physically handicapped, mentally impaired, ~~or~~ incompetent person, and abused or neglected children. All community care facilities shall be appropriately licensed or registered pursuant to state law, unless exempted therefrom by state law. This definition and all other definitions relating to community care facilities shall be interpreted so as to be consistent with definitions found in state law or state administrative regulations.~~ This could include foster homes, sober living environments, assisted living for elderly or disabled people~~. A community care facility does not include a group home as defined in this chapter.

A “small community care facility” is a community care facility of~~ is allowed~~ six or fewer residents. When determining the number of residents, that number does not include persons operating the facility, their family members or staff. A “large community care facility” has seven or more residents.”

Section 10. Section 17.04.070, "D" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the following definitions to read as follows:

“"Dwelling, multifamily" means a building, or portion thereof, designed or used for residential~~ce~~ purposes by two or more families or housekeeping units. This term includes single-room occupancy facilities and group homes as defined by this chapter.

“Dwelling, primary” means a dwelling unit on a lot that is not an accessory dwelling unit or a junior accessory dwelling unit as defined by this chapter.

"Dwelling, single-family" means a detached building designed or used for residential~~ce~~ purposes by one family or housekeeping unit. This term includes a single-family dwelling used as a group home as defined by this chapter.”

~~Dwelling Unit, Second. See "Second dwelling unit" (Section 17.04.220).~~

Section 11. Section 17.04.080, "E" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the definition of “Emergency shelters” to read as follows:

“"Emergency shelters" means housing with minimal supportive services that is limited to occupancy of six months or less. No individual or household may be denied emergency shelter because of an inability to pay; as defined and used in Section 50801(e) of the California Health and Safety Code. However, emergency shelter providers are not obligated to accept individuals if the shelter is at its approved capacity. An emergency shelter may also include other interim interventions, including, but not limited to, a navigation center, bridge housing, and respite or recuperative care.”

Section 12. Section 17.04.090, "F" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the definition of “Family” to read as follows:

“"Family" means one or more persons, whether or not related by blood, marriage or adoption, living together in a single residential unit, with common access to, and common use of, all living areas and all areas and facilities for the preparation and storage of food~~a person or persons related by blood, marriage or adoption or a group of not more than five persons, excluding servants, not related by blood, marriage or adoption, living together as a single housekeeping unit in a dwelling unit. “~~

Section 13. Section 17.04.100, "G" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the following definitions to read as follows:

> “"Garage, private" means an accessory structure or a portion of a ~~main~~ primary structure designed for the storage of motor vehicles, boats or trailers, having a permanent roof and designed to be enclosed on all sides. The minimum size of a private garage shall be twenty-two feet by twenty-two feet for two cars and twenty-two feet by twelve feet for one car.
>
> “Group home” means housing shared by unrelated persons with disabilities that provide peer and other support for their residents’ disability related needs and in which residents share cooking, dining, and living areas, and may, in some group homes, participate in cooking, housekeeping, and other communal living activities.
>
> ~~"Guesthouse" means accessory living quarters, without kitchen or cooking facilities, of a permanent type of construction, clearly subordinate and incidental to the main building on the same lot, and not separately rented, let or leased, whether compensation be direct or indirect. “~~

Section 14. Section 17.04.130, "J" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to add a definition to read as follows:

> ““Junior accessory dwelling unit (JADU)” means a converted accessory dwelling unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.”

Section 15. Section 17.04.130, "L" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to add a definition to read as follows:

> ““Low Barrier Navigation Center” means a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing, as defined in Government Code Section 65660.”

Section 16. Section 17.04.180, "O" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the following definitions to read as follows:

> ““Objective standards” means standards that involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal.
>
> "Offices, professional" means offices pertaining to the practice of the professions and arts, including but not limited to architecture, dentistry, engineering, law and medicine, but not including the sale of drugs or prescriptions, except as incidental

to the ~~principal~~ primary use and where there is no external evidence of such incidental use."

Section 17. Section 17.04.220, "S" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the following definitions to read as follows:

~~""Second dwelling unit" means an additional dwelling unit which contains no greater than eight hundred square feet of living space, not including the garage, which shares a lot with a primary residence. The second unit is served by the same driveway access to the street as the existing main dwelling.~~

"Single-room occupancy (SRO)" means a residential facility with single-room dwelling units where each dwelling unit is the primary residence of its occupants. An SRO unit may contain kitchen or bathroom facilities, but not both.

"Structure, accessory" means a detached structure, the use of which is subordinate and incidental to and customarily associated with, the ~~main~~ primary structure or the ~~principal~~ primary use of the site and which is located on the same site as the primary structure or ~~principal~~ primary use. The term includes, but is not limited to detached garages or carports, cabanas, gazebos, arbors, sheds and buildings connected to a ~~main~~ primary structure by a breeze way.

"Structure, ~~principal~~primary" means a structure housing the ~~principal~~ primary use of a site or functioning as the ~~principal~~ primary use."

Section 18. Section 17.04.240, "U" terms, of Chapter 17.04, Definitions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to revise the following definitions to read as follows:

""Use, accessory" means a use which is clearly incidental and secondary to the ~~main~~ primary use and which does not change the character thereof. (See also "Structure, accessory," Section 17.04.220).

"Use, primary" means the main purpose for which a site is developed and occupied."

Section 19. Section 17.06.020, Combining zoning districts, of Chapter 17.06, Establishment and Designation of Zoning Districts, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The zoning districts set forth in this section are termed combining districts. The combining district regulations are in addition to the regulations of the base zoning district to which the combining district is attached. Notwithstanding any provision in this title to the contrary, in the event of a conflict between the regulations of the base zoning district and the regulations of the combining district, the regulations of the combining district will control.

Symbol	District name
TP	Timberland production zoning district
ST	Special treatment combining district

FW	Floodway combining district
HR	Hillside residential combining district
HE	Housing element opportunity site combining district

Section 20. Subsection D of Section 17.09.020, Permitted uses, of Chapter 17.09, R-VH Very High-Density Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"D. Accessory ~~structures and~~ uses located on the same site with a permitted use which are incidental to the permitted use, including but not limited to home occupations (subject to the provisions of Section 17.50.040 of this title), the keeping of four cats, four dogs or a combination thereof not to exceed a total of four and private garages and parking areas."

Section 21. Section 17.09.020, Permitted uses, of Chapter 17.09, R-VH Very High-Density Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection F to read as follows:

"F. Accessory dwelling units pursuant to chapter 17.57 of this title."

Section 22. Section 17.09.040, Development standards, of Chapter 17.09, R-VH Very High-Density Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection G as follows:

"G. Accessory Structures. See Section 17.46.130 (Accessory Structures)."

Section 23. Section 17.10.020, Permitted uses, of Chapter 17.10, R-H High-Density Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"A. Small family child care homes;

B. Mobile homes and manufactured housing;

C. Multifamily dwellings conforming to the density requirements of this chapter;

~~D. Single-family dwellings;~~

D~~E~~. Accessory ~~structures and~~ uses located on the same site with a permitted use which are incidental to the permitted use, including but not limited to home occupations (subject to the provisions of Section 17.50.040 of this title), the keeping of four cats, four dogs or a combination thereof not to exceed a total of four and private garages and parking areas;

E~~F~~. Small community care facilities.

F~~G~~. Transitional housing and supportive housing.

G. Accessory dwelling units pursuant to chapter 17.57 of this title."

Section 24. Subsection C.2.b of Section 17.10.040, Development standards, of Chapter 17.10, R-H High-Density Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"b. Conditional Uses. The side yard for a conditional use ~~and its accessory structures~~ shall be ten percent of the average width of the site, with a minimum of ten feet and a maximum of twenty feet required, subject to the following exceptions:

i. On the street side of a corner lot, the side yard shall be not less than twenty percent of the width of the site, with a minimum of fifteen feet and a maximum of forty feet required.

ii. One foot shall be added to each side yard for each two feet of height above which the top plate line exceeds twenty feet of height (see Figure 17.10.040).

iii. One foot shall be added to the interior side yard for each five feet by which a wall of a structure within twenty-five feet of the side property line exceeds thirty feet in length parallel or approximately parallel to the side property line."

Section 25. Section 17.10.040, Development standards, of Chapter 17.10, R-H High-Density Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection F to read as follows:

<u>"F. Accessory Structures. See Section 17.46.130 (Accessory Structures)."</u>

Section 26. Subsections E and H of Section 17.12.020, Permitted uses, of Chapter 17.12, R-M-6 and R-M-8 Multiple Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"E. Accessory ~~structures and~~ uses located on the same site with a permitted use which are incidental to the permitted use, including but not limited to home occupations (subject to the provisions of Section 17.50.040 of this title), private garages and parking areas and the keeping of not to exceed four cats and four dogs or a combination thereof not to exceed a total of four;

<u>H. Accessory dwelling units and junior accessory dwelling units pursuant to Chapter 17.57 and 17.58 of this Title.</u> "

Section 27. Section 17.12.040, Development standards, of Chapter 17.12, R-M-6 and R-M-8 Multiple Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection F as follows:

<u>"F. Accessory Structures. See Section 17.46.130 (Accessory Structures)."</u>

Section 28. Section 17.12.050, Other required conditions, of Chapter 17.12, R-M-6 and R-M-8 Multiple Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"A. Architectural and site plan review by the design review board shall be required for all structures (excluding single-family ~~homes~~ dwelling and accessory structures on a lot with a single-family dwelling), alterations to structures and signage in the R-M zoning district.

B. No building shall be located closer than 25~~twenty-five~~ feet from the top of the bank of a perennial or intermittent stream, as shown in Section 17.04.230 of this title. All proposed structures shall be constructed above the one-hundred-year floodplain."

Section 29. Section 17.14.020, Permitted uses, of Chapter 17.14, R-1 Single-Family Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"A. Foster homes where the total number of children, including those of the proprietary family, is six or fewer;

B. Mobile homes and manufactured housing;

C. Single-family dwellings;

~~D. Secondary dwelling units conforming to the requirements of Chapter 17.41 of this title and the Uniform Building Code;~~

~~E~~D. Accessory ~~structures in conformance with Section 17.46.070 of this title and~~ uses located on the same site with a permitted use which are incidental to the permitted use, including but not limited to home occupations (subject to the provisions of Section 17.50.040 of this title), the keeping of four cats, four dogs or a combination thereof not to exceed a total of four and private garages and parking areas.

~~F~~E. Small family child care homes;

F~~G~~. Small community care facilities.

G~~H~~. Transitional housing and supportive housing.

H. Accessory dwelling units and junior accessory dwelling units pursuant to chapter 17.57 and 17.58 of this title."

Section 30. Section 17.14.040, Development standards, of Chapter 17.14, R-1 Single-Family Residential Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The following development standards shall apply to all land and buildings in the R-1 zoning district:

A. Lot Area and Density Requirements. All lots hereafter created shall comply with the following minimum standards:

Zone	Minimum Lot Area	Maximum Lot Density	Minimum Lot Width	Minimum Lot Depth
R-1-10	10,000 sq. ft.	10,000 sq. ft./dwelling unit	60 feet	100 feet

R-1-20	20,000 sq. ft.	20,000 sq. ft./dwelling unit	90 feet	125 feet
R-1-40	40,000 sq. ft.	40,000 sq. ft./dwelling unit	100 feet	150 feet

B. Minimum Lot Frontage. The minimum lot frontage shall be sixty (60) feet.

C. Maximum Site Coverage. The maximum site coverage in the R-1 zoning district shall be fifty percent (50%).

D. Yards. Yard requirements are as follows:

Zone	Front Yard	Side Yard	Rear Yard
R-1-10	20 feet	10% of lot width with a maximum of 10 feet	15 feet
R-1-20	30 feet	10% of lot width with a maximum of 10 feet	15 feet
R-1-40	30 feet	10% of lot width with a maximum of 10 feet	20 feet

E. Building Height. No single-family dwelling in the R-1 zoning district shall exceed thirty-five feet in height unless otherwise provided in Section 17.46.050 of this title. ~~Detached accessory structures, secondary dwelling units, and guesthouses may have building heights up to 35 feet when all required yard setbacks conform with the same yard setbacks required for the main dwelling.~~

F. ~~Room~~ Additions. For an addition that increases the footprint of the primary dwelling, ~~Roof Forms and Pitches. T~~the roof forms, ~~and~~ roof pitches, exterior building materials, and exterior colors of the ~~secondary dwelling units, guesthouses, room~~ addition~~s, and site-built detached accessory structures~~shall be architecturally compatible with those of the ~~main~~ primary dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.

G. Accessory Structures. See Section 17.46.130 (Accessory Structures).

~~G. Exterior Building Materials and Colors. The exterior building materials and colors of secondary dwelling units, guesthouses, room additions, and site-built detached accessory structures shall be architecturally compatible with the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~H. Conversion of Use. The partial or complete conversion of an existing one- or two-story detached accessory structure with existing three (3) feet reduced~~

~~yard setbacks (in conformance with Section 17.46.070J. of the City's Municipal Code) into a secondary dwelling unit or guesthouse is prohibited. The conversion of an existing, legal, nonconforming detached accessory structure with yard setbacks greater than three (3) but less than the required yard setbacks for the main dwelling, into a secondary dwelling unit or guesthouse, may be allowed with Use Permit approval from the Planning Commission at a public hearing, in accordance with Section 17.50.020 of the City's Municipal Code.~~

~~I.~~ ~~Building Height of Detached Accessory Structures. The maximum building height of a detached accessory structure with reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) shall be 18 feet. "~~

Section 31. Section 17.16.020, Permitted uses, of Chapter 17.16, R-R-2.5 Residential-Rural Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"Permitted uses are as follows:

A. Family day care homes;

B. Foster homes where the total number of children, including those of the proprietary family, is six or fewer;

C. Single-family dwellings;

~~D.~~ ~~Secondary dwelling units conforming to the requirements of Chapter 17.41 of this title and the Uniform Building Code;~~

D~~E~~. Accessory ~~structures in conformance with Section 17.46.070 of this title and~~uses located on the same site with a permitted use which are incidental to the permitted use, including but not limited to crop and tree farming for family use only, family animal raising, guesthouse, home occupations (subject to the provisions of Section 17.50.040 of this title), the keeping of four cats or four dogs or a combination thereof not to exceed a total of four, and private garages and parking areas, and private stables on a minimum lot size of 2.5 acres, in accordance with Section 17.46.040 of this title;

E~~F~~. Small family child care homes;

F~~G~~. Small community care facilities.

G~~H~~. Transitional housing and supportive housing.

H. Accessory dwelling units and junior accessory dwelling units pursuant to Chapter 17.57 and 17.58 of this Title."

Section 32. Section 17.16.040, Development standards, of Chapter 17.16, R-R-2.5 Residential-Rural Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The following development standards shall apply to all land and buildings in the R-R-2.5 zoning district:

A. Lot Area and Density Requirements. All lots hereafter created shall comply with the following minimum standards:

Zone	Minimum Lot Area	Maximum Lot Density	Minimum Lot Width	Minimum Lot Depth
R-R-2.5	2.5 acres	2.5 acres/dwelling unit	100 feet	150 feet

B. Minimum Lot Frontage. The minimum lot frontage shall be one hundred feet.

C. Maximum Site Coverage. The maximum site coverage in the R-R-2.5 zoning district shall be thirty-five percent.

D. Yards. Yard requirements are as follows:

Zone	Front Yard	Side Yard	Rear Yard
R-R-2.5	40 feet	15 feet	20 feet

E. Building Height. No single-family dwelling in the R-R-2.5 zoning district shall exceed thirty-five feet in height unless otherwise provided in Section 17.46.050 of this title. ~~Detached accessory structures, secondary dwelling units, and guesthouses may have building heights up to thirty-five feet when all required yard setbacks conform with the same yard setbacks required for the main dwelling.~~

F. ~~Roof Forms and Pitches~~Additions. For an addition that increases the footprint of the primary dwelling, t~~T~~he roof forms, roof ~~and~~ pitches, exterior building materials, and exterior colors of ~~secondary dwelling units, guesthouses,~~ room additions~~, and site-built detached accessory structures~~ shall be architecturally compatible with those of the ~~main~~ primary dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.

G. Accessory Structures. See Section 17.46.130 (Accessory Structures)

~~G. Exterior Building Materials and Colors. The exterior building materials and colors of secondary dwelling units, guesthouses, room additions, and site-built detached accessory structures shall be architecturally compatible with the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~H. Conversion of Use. The partial or complete conversion of an existing one- or two-story detached accessory structure with existing three feet reduced yard setbacks (in conformance with Section 17.46.070J. of the City's Municipal Code) into a secondary dwelling unit or guesthouse is prohibited. The conversion of an existing, legal, nonconforming detached accessory structure with yard setbacks greater than three but less than the required yard setbacks for the main dwelling, into a secondary dwelling unit or guesthouse, may be~~

~~allowed with Use Permit approval from the Planning Commission at a public hearing, in accordance with Section 17.50.020 of the City's Municipal Code.~~

~~I.~~ ~~Building Height of Detached Accessory Structures. The maximum building height of a detached accessory structure with reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) shall be eighteen feet. "~~

Section 33. Section 17.18.020, Permitted uses, of Chapter 17.18, MT-5 Residential-Mountain Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"Permitted uses are as follows:

A. Crop and tree farming;

B. Small family child care homes;

C. Foster homes where the total number of children, including those of the proprietary family is six or less;

D. Public parks and recreation areas;

E. Single-family dwellings;

~~F.~~ ~~Secondary dwelling units conforming to the requirements of Chapter 17.41 of this title and the Uniform Building Code;~~

F~~G~~. Accessory ~~structures and~~ uses located on the same site with a permitted use which are incidental to the permitted use, including but not limited to crop and tree farming for family use only, family animal raising, guest house, home occupations (subject to the provisions of Section 17.50.040 of this title), the keeping of four cats or four dogs or a combination thereof not to exceed a total of four and private garages and parking areas, and private stables on a minimum lot size of 2.5 acres, in accordance with Section 17.46.040 of this title;

G~~H~~. Small community care facility.

H~~I~~. Transitional housing and supportive housing.

I. Accessory dwelling units and junior accessory dwelling units pursuant to chapter 17.57 and 17.58 of this title."

Section 34. Section 17.18.040, Development standards, of Chapter 17.18, MT-5 Residential-Mountain Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The following development standards shall apply to all land and buildings in the R-MT-5 zoning district:

A. Lot Area and Density Requirements. All lots hereafter created shall comply with the following minimum standards:

Zone	Minimum Lot Area	Maximum Lot Density	Minimum Lot Width	Minimum Lot Depth
R-MT	5 acres	5 acres/dwelling unit	100 feet	150 feet

B. Minimum Lot Frontage. The minimum lot frontage shall be one hundred feet.

C. Maximum Site Coverage. The maximum site coverage in the R-MT zoning district shall be thirty-five percent.

D. Yards. Yard requirements are as follows:

Zone	Front Yard	Side Yard	Rear Yard
R-MT	40 feet	20 feet	25 feet

E. Building Height. No single-family dwelling in the R-MT-5 zoning district shall exceed thirty-five feet in height unless otherwise provided in Section 17.46.050 of this title. ~~Detached accessory structures, secondary dwelling units, and guesthouses may have building heights up to thirty-five feet when all required yard setbacks conform with the same yard setbacks required for the main dwelling.~~

F. ~~Roof Forms and Pitches~~Additions. For an addition that increases the footprint of the primary dwelling, ~~T~~the roof forms, ~~and~~ roof pitches, exterior building materials, and exterior colors of ~~secondary dwelling units, guesthouses, room~~ the addition~~s, and site-built detached accessory structures~~ shall be architecturally compatible with those of the ~~main~~ primary dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.

G. Accessory Structures. See Section 17.46.130 (Accessory Structures).

~~G. Exterior Building Materials and Colors. The exterior building materials and colors of secondary dwelling units, guesthouses, room additions, and site-built detached accessory structures shall be architecturally compatible with the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~H. Conversion of Use. The partial or complete conversion of an existing one- or two-story detached accessory structure with existing three feet reduced yard setbacks (in conformance with Section 17.46.070J. of the City's Municipal Code) into a secondary dwelling unit or guesthouse is prohibited. The conversion of an existing, legal, nonconforming detached accessory structure with yard setbacks greater than three but less than the required yard setbacks for the main dwelling, into a secondary dwelling unit or guesthouse, may be allowed with Use Permit approval from the Planning Commission at a public hearing, in accordance with Section 17.50.020 of the City's Municipal Code.~~

~~I. Building Height of Detached Accessory Structures. The maximum building height of a detached accessory structure with reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) shall be 18 feet. "~~

Section 35. Section 17.20.020 Permitted uses, of Chapter 17.20, C-S Service Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"Permitted uses are as follows:

A. Retail establishments;

B. Banks;

C. Business and personal service establishments;

D. Emergency shelters (≤25 occupants), subject to compliance with Section 17.44.110;

E. Medical, professional and general business offices;

F. Radio and television broadcast studios (excluding transmission towers); and

G. Accessory ~~structures and~~ uses located on the same site with a permitted use which are customarily incidental to the permitted use, including, but not limited to, incidental storage facilities and signs which pertain only to a permitted use on the premises and which are in accordance with the standards of Chapter 17.56 of this title;

H. ~~Multiple-family dwellings located either above the ground-level commercial use or at ground level at the rear of a commercial space on sites designated in the Housing Element~~Day care centers.

I. A low barrier navigation center that meets the requirements specified in Government Code Section 65662.

J. Supportive housing that meets the requirements specified in Government Code Section 65651.

K. Accessory dwelling units pursuant to chapter 17.57 of this title."

Section 36. Section 17.20.030 Conditional uses, of Chapter 17.20, C-S Service Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"Permitted uses are as follows:

A. Animal hospitals;

B. Automobile sales, including sale of used cars in conjunction with the sale of new cars;

C. Automotive repair and related services (such as auto supply and detail shops) in an enclosed building. This conditional use category excludes auto body repair and auto painting as well as any other use that is incompatible with surrounding uses or that may be detrimental to the health, safety and welfare of the surrounding neighbors;

D. Automotive service stations;

E. Carwash;

F. Coin-operated laundries;

G. Commercial recreation;

H. Equipment rental yards;

I. Hotels and motels;

J. ~~1.~~ Multiple-family dwellings located either above the ground-level commercial use or at ground level at the rear of a commercial space. Residential uses must occupy less than 50 percent of the total gross square feet on the property except as otherwise allowed in the Housing Element;

K~~J~~. Outdoor Storage;

L~~K~~. Public utility service yards;

M~~L~~. Recreational vehicle sales, including boat sales;

N~~M~~. Restaurants and bars;

O~~N~~. Wholesale establishments;

P~~O~~. Service shops, including printing, photographic, cabinet repair, electrical repair, heating and ventilating shops, and catering services;

Q~~P~~. Social halls, lodges, fraternal organizations and clubs;

R~~Q~~. Churches, synagogues and other places of worship;

S~~R~~. Other uses the planning commission finds to be of a similar nature to those listed above, subject to the requirements of Section 17.50.020 of this title;

T~~S~~. Transitional Housing. No person shall operate a transitional housing facility without obtaining a conditional use permit in accordance with Section 17.50.020 and subject to the requirements of Section 17.44.170 of this title;

U~~T~~. Emergency shelters (>25 occupants), subject to compliance with Section 17.44.110;

V~~U~~. Firearms retail."

Section 37. Section 17.20.040 Development standards, of Chapter 17.20, C-S Service Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection P to read as follows:

"P. Accessory Structures. See Section 17.46.130 (Accessory Structures)."

Section 38. Section 17.20.045, Development standards for mixed use projects, of Chapter 17.20, C-S Service Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"A. Density range is fifteen to twenty residential units per acre.

B. Parking for both the non-residential and the residential units shall be as specified in the zoning ordinance. The planning commission may reduce parking standards in cases where shared parking is feasible and viable.

~~C. Each dwelling shall have private, usable outdoor space, i.e. decks, balconies, yards or patios of one hundred square feet per residential unit. The planning commission may determine that the required private outdoor space is not appropriate in a particular building design and allow the required outdoor space to be common open space for all residential units.~~

D. Truck docks shall not be located within fifty feet of any residential.

E. Minimum setbacks for residential:

1. Front from the street: Ten feet; and front from a garage: Twenty feet.
2. Rear: Fifteen feet.
3. Side: Ten feet.
4. Corner from the street, ten feet and corner from a garage, twenty feet."

Section 39. Section 17.22.020, Permitted uses, of Chapter 17.22, C-SC Shopping Center Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"Permitted uses are as follows:

A. Professional offices;

B. Retail and personal service establishments;

C. Emergency shelters (≤25 occupants), subject to compliance with Section 17.44.110; and

D. Accessory ~~structures and~~ uses located on the same site with a permitted use which are customarily incidental to the permitted use, including but not limited to a permitted use on the premises and which are in accordance with the standards of Chapter 17.56 of this title.

E. A low barrier navigation center that meets the requirements specified in Government Code Section 65662.

F. Supportive housing that meets the requirements specified in Government Code Section 65651.

G. Accessory dwelling units pursuant to chapter 17.57 of this title."

Section 40. Section 17.22.030, Conditional uses, of Chapter 17.22, C-SC Shopping Center Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The following conditional uses may be permitted upon the granting of a use permit in accordance with the provisions of Section 17.50.020 of this title:

A. Automobile sales, including the sale of used cars in conjunction with the sale of new cars;

B. Churches, synagogues and other places of worship;

C. Commercial recreation;

D. Institutional uses;

E. Day care center;

F. Radio and/or television broadcasting studios;

G. Theatres;

H. Restaurants;

I. Permitted uses in the C-S district, provided they are compatible with surrounding land uses;

J. Multiple-family dwellings located either above the ground-level commercial use or at ground level at the rear of a commercial space. Residential uses must occupy less than 50 percent of the total gross square feet on the property except as otherwise allowed in the Housing Element;

K~~J~~. Other uses the planning commission finds to be of a similar nature to those listed above, subject to the requirements of Section 17.50.020 of this title;

K~~K~~. Emergency shelters (>25 occupants), subject to compliance with Section 17.44.110;

L~~L~~. Firearms retail."

Section 41. Subsection D of Section 17.24.020, Permitted uses, of Chapter 17.24, C-P Professional Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"D. Accessory uses ~~and structures~~ located on the same site with a permitted use which are customarily incidental to the permitted use, including but not limited to incidental storage facilities and signs which pertain only to a permitted use on the premises and which are in accordance with the standards of Chapter 17.56 of this title."

Section 42. Section 17.24.040, Development standards, of Chapter 17.24, C-P Professional Commercial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection K to read as follows:

"K. Accessory Structures. See Section 17.46.130 (Accessory Structures)."

Section 43. Subsection I of Section 17.26.020, Permitted uses, of Chapter 17.26, I-L Light Industrial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

“I. Accessory uses ~~and structures~~ located on the same site with a permitted use, including but not limited to incidental storage facilities, offices, gift shops, food service for employees and signs which pertain only to a permitted use on the premises and which are in accordance with the standards of Chapter 17.56 of this title;”

Section 44. Section 17.26.040, Development standards, of Chapter 17.26, I-L Light Industrial Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection O to read as follows:

<u>“O. Accessory Structures. See Section 17.46.130 (Accessory Structures).”</u>

Section 45. Section 17.30.020, Permitted uses, of Chapter 17.30, P Public/Quasi-Public Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

“Permitted uses are as follows:

A. All facilities and structures owned by any federal, state, county or city government or agency thereof or by any school district or community college district, special district, including but not limited to a water district or a fire district or any agency thereof, which is used for administrative, office, educational or recreational purposes or for the provision of services to the public;

B. Emergency services, including but not limited to police and fire stations, Red Cross and immediate medical services;

C. Emergency shelters (≤25 occupants), subject to compliance with Section 17.44.110;

D. Single-family dwellings; and

E. Accessory uses ~~and structures~~ located on the same site with a permitted use which are customarily incidental to the permitted use, including but not limited to incidental storage facilities and signs which pertain only to a permitted use on the premises and which are in accordance with the standards of Chapter 17.56 of this title.

<u>F Accessory dwelling units pursuant to Chapter 17.57 of this Title.”</u>

Section 46. Section 17.30.040, Development standards, of Chapter 17.30, P Public/Quasi-Public Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection I to read as follows:

<u>“I. Accessory Structures. See Section 17.46.130 (Accessory Structures).”</u>

Section 47. Section 17.32.020, Permitted uses, of Chapter 17.32, OS Open-Space Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

“Permitted uses are as follows:

A. Fish and wildlife management activities or facilities;

B. Flood-control channels and drainage facilities;

C. Public and private recreation areas, parks, playgrounds, wildlife preserves and timber preserves;

D. Watershed management activities or facilities, including but not limited to aquifer recharge areas, stream restoration projects and related activities

E. Accessory uses ~~and structures~~ located on the same site with a permitted use which are customarily incidental to the permitted use, including but not limited to incidental storage facilities and signs which pertain only to a permitted use on the premises and which are in accordance with the provisions of Chapter 17.56 of this title.

F Accessory dwelling units pursuant to Chapter 17.57 of this Title."

Section 48. Section 17.32.030, Conditional uses, of Chapter 17.32, OS Open-Space Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The following conditional uses may be permitted upon the granting of a use permit in accordance with the provisions of Section 17.50.020 of this title:

A. Commercial and private stables and riding academies;

B. Crop and tree farming and grazing of horses, cattle, sheep and goats;

C. Golf courses, driving ranges and other similar commercial recreational facilities, but not including drive-in movie theaters or any facility where the ~~principal~~ primary use is enclosed in a building;

D. General outdoor recreational uses, including but not limited to tennis and basketball courts; soccer, softball and baseball fields; campgrounds; picnicking grounds; and recreational trails;

E. Kennels, aviaries and other wholesale animal-raising facilities

F. One or more single-family dwellings~~, with accessory structures,~~ at a density not to exceed one dwelling unit per ten acres; if more than two dwellings are involved, the development proposal must be clustered and in conformance with an approved planned unit development;

G. The growing and harvesting of Christmas trees;

H. The growing and harvesting of timber and other forest products (not including Christmas trees), in conformance with the development standards of this section and Chapter 17.34 of this title;

I. Other uses which the planning commission determines to be of a similar nature to those listed above, subject to the requirements of Section 17.50.020 of this title."

Section 49. Section 17.32.040, Development standards, of Chapter 17.32, OS Open-Space Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to add a new Subsection I as follows:

"I. Accessory Structures. See Section 17.46.130 (Accessory Structures)."

Section 50. Section 17.34.030, Permitted uses, of Chapter 17.34, TP Timberland Production Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"The following uses are permitted in the TP zoning district:

A. Fish and wildlife habitat;

B. Grazing and other agricultural uses on that portion of the land not under timber production;

C. The growing and harvesting of timber and other forest products, including Christmas trees, in conformance with the provisions of this chapter;

D. One single-family dwelling ~~, with accessory structures and utilities,~~ on a separate legal parcel with a minimum area of forty acres;

F. Accessory dwelling units pursuant to Chapter 17.57 of this Title."

Section 51. Subsection D of Section 17.34.040, Conditional uses, of Chapter 17.34, TP Timberland Production Zoning District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"D. One or more single-family dwellings ~~, with accessory structures,~~ at a density not to exceed one dwelling unit per ten acres; if more than two dwellings are involved, the development proposal must be clustered and in conformance with an approved planned unit development (PUD) permit."

Section 52. Subsection A of Section 17.40.060, Construction criteria on a hillside lot, of Chapter 17.40, HR Hillside Residential Combining District Regulations, of Title 17, Zoning, of the Scotts Valley Municipal Code is hereby amended to read as follows:

"1. Avoid Unreasonable Interference With Views and Privacy. The height, elevations and placement on the site of the proposed main or accessory structure, when considered with reference to the nature and location of residential structures on adjacent lots, will avoid unreasonable interference with views and privacy;

2. Preserve Natural Landscape. The natural landscape will be preserved insofar as practicable by designing structures to follow the natural contours of the site and minimizing tree and soil removal; grade changes will be minimized and will be in keeping with the general appearance of neighboring developed areas;

3. Minimize Perception of Excessive Bulk. The proposed main or accessory structure in relation to the immediate neighborhood will minimize the perception of excessive bulk;

4. Compatible Bulk and Height. The proposed main or accessory structure will be compatible in terms of bulk and height with existing residential structures within the immediate neighborhood and within the same zoning district, and shall not unreasonably impair the light and air of adjacent properties nor unreasonably impair the ability of adjacent properties to utilize solar energy;
5. Current Grading and Erosion Control Standards. The proposed site development or grading plan incorporates current grading and erosion control standards used by the city;
6. Increased Setbacks and Height. One foot shall be added to each side yard for each one foot of height above which the top plate line exceeds fifteen feet in height;
7. Subfloors Clearance. All new ~~main~~ primary structures and accessory structures or additions thereto, shall be designed to follow the slope of the site so as to reduce the clearance between ground floor levels and finish grade to not more than four feet. Five feet is permitted if a landscape and irrigation plan which will screen the subfloor area is submitted with the application for a building permit and landscaping is installed prior to final inspection of the structure.
8. Residential Design Handbook. All projects for the construction or expansion of a single-family ~~main~~ primary structure or an accessory structure in the hillside residential combining district shall be consistent with the policies described in the Residential Design Handbook, as adopted by resolution of the city council, and as the same may be amended from time to time hereafter. Such handbook embodies and illustrates the intent of the construction criteria provisions prescribed in Section 17.40.060."

Section 53. Chapter 17.41, Secondary Dwelling Units and Guesthouses, is hereby deleted from Title 17, Zoning, of the Scotts Valley Municipal Code.

~~**Chapter 17.41 Secondary Dwelling Units and Guesthouses**17.41.010 Statement of findings.~~

~~The city recognizes that some of its existing housing resources could provide a cost-effective solution for current housing needs by allowing secondary dwelling units as defined elsewhere in this title. However, there are environmental and service constraints the city faces, which limit the addition of second dwelling units. In particular, such units may not be appropriate on hillside lots because of environmental constraints. The addition of a second dwelling unit is limited by urban service capacity, public safety standards, traffic conditions, fire hazards, privacy impacts and compatibility with neighboring uses and structures. This chapter addresses these limitations.~~

~~17.41.020 Building permit required.~~

~~A secondary dwelling unit may be created or occupied only if the unit meets all of the restrictions and standards set out in Section 17.41.030 of this title.~~

~~17.41.030 Restrictions and standards.~~

~~The plans for secondary dwelling units shall comply with all of the following standards before a building permit may be granted:~~

~~A. The lot upon which the secondary dwelling unit will be created shall be located in a residential zoning district (R) and must be a minimum of ten thousand square feet in size, excluding all rights-of-way;~~

~~B. The building site upon which the secondary dwelling unit will be constructed shall not have an average slope in excess of twenty percent;~~

~~C. The size of the secondary dwelling unit shall be no larger than eight hundred square feet of habitable living space (excluding garages, decks and porches);~~

~~D. Secondary dwelling units shall comply with applicable building, health and fire codes;~~

~~E. Secondary dwelling units shall comply with all applicable zoning regulations (including, but not limited to required setbacks and height limits);~~

~~F. A minimum of one off-street parking space shall be provided for each bedroom shown on the plans for the secondary dwelling unit in addition to the off-street parking spaces required for the main dwelling. Such parking space(s) shall be located in close proximity to the secondary dwelling unit so as to provide convenient access for the tenant;~~

~~G. Secondary dwelling units shall conform to all requirements of the Uniform Building Code, Fire District Codes, and Santa Cruz County Environmental Health Services Department. Secondary dwelling units may be served by an existing or new septic system when the subject property is located more than 200 feet from an existing sewer main; all other secondary dwelling units shall be served by sanitary sewer.~~

~~H. Secondary dwelling unit shall be served by the same driveway access to the street as the existing main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~I. Secondary dwelling units shall be attached to or detached from the main dwelling. If the secondary dwelling unit is attached to the main dwelling, each shall be served by separate outside entrances. The interior wall(s) of an attached unit which separate it from the main unit shall not be connected by a doorway or opening to the main dwelling;~~

~~J. Secondary dwelling units shall be located to the side or at the rear of the main dwelling, if possible, and must be clearly secondary and incidental to the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~K. No more than one secondary dwelling unit or guesthouse shall be allowed on any lot located in a R-1 Single-family Residential Zoning District, R-R-2.5~~

~~Residential-Rural Zoning District, and R-MT-5 Residential-Mountain Zoning District.~~

~~L. The roof forms and pitches of secondary dwelling units shall be architecturally compatible with those of the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~M. The exterior building materials and colors of secondary dwelling units shall be architecturally compatible those of the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~N. The partial or complete conversion of an existing one- or two-story detached accessory structure with existing three (3) or six (6) feet reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) into a secondary dwelling unit is prohibited. The conversion of an existing, legal, nonconforming detached accessory structure with yard setbacks greater than three (3) but less than the required yard setbacks for the main dwelling, into a secondary dwelling unit, may be allowed with Use Permit approval from the Planning Commission at a public hearing, in accordance with Section 17.50.020 of the City's Municipal Code.~~

~~O. The maximum building height of a detached accessory structure with reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) shall be 18 feet.~~

~~P. Vehicles of any kind, with or without wheels, and trailers are prohibited as secondary dwelling units.~~

~~Q. Secondary dwelling units shall conform to all requirements of the Uniform Building Code, Fire District Codes, and Santa Cruz County Environmental Health Services Department. Secondary dwelling units may be served by an existing or new well when the subject property is located more than 200 feet from an existing water main; all other secondary dwelling units shall be served by municipal water.~~

~~17.41.040 Inspection.~~

~~A. During review of the submittal of a building permit application for a secondary dwelling unit, an inspection of the property shall be conducted to determine that the proposed secondary unit will comply with all applicable building, health, fire and zoning codes. Such inspection(s) shall be performed by the city or by an independent contractor retained by the city for such purpose and the cost thereof shall be paid by the applicant.~~

~~B. The inspections to be conducted pursuant to this section shall not constitute an assumption by the city, or by anyone acting in its behalf, of any liability with respect to the physical condition of the property.~~

~~17.41.050 Reserved.~~

~~17.41.060 Reserved.~~

~~17.41.070 Legalization of existing secondary dwelling units.~~

~~A. The owner of any lot containing a secondary dwelling unit shall either discontinue such use or apply for a building permit pursuant to this title. If such application is filed, the normal building permit plancheck deposit fee shall be charged. An application shall be deemed "filed" when the same is submitted to the community development director and accepted by the community development director as being complete and all required fees have been paid.~~

~~B. Whenever in this section, the legalization of an existing secondary dwelling unit or the occupancy thereof depends upon the establishment of any event occurring on or before a specified date, the burden of proof justifying the legalization and impact fees charged shall be upon the applicant.~~

~~17.41.080 Illegal secondary dwelling unit.~~

~~The establishment or continuance of a secondary dwelling unit without a building permit or contrary to the provisions of this article is declared to be unlawful and shall constitute a misdemeanor and a public nuisance.~~

~~17.41.090 State law applicable.~~

~~The provisions of this article shall be subordinate to and superseded by the controlling provisions(s) of any applicable state law or laws.~~

~~Article II. Guesthouses~~

~~17.41.100 Guesthouses.~~

~~Guesthouses, whenever permitted in the zoning district, shall be subject to the regulations of this article.~~

~~17.41.110 Restrictions and standards.~~

~~Guesthouses shall comply with all of the following standards:~~

~~A. For purposes of this section, the building site upon which a guesthouse is to be constructed shall not have an average slope in excess of twenty percent (20%).~~

~~B. The guesthouse shall not exceed six hundred square feet.~~

~~C. The guesthouse is subject to all applicable building, health and fire codes.~~

~~D. The guesthouse shall comply with all applicable zoning regulations (including, but not limited to, lot coverage, required setbacks and height limits).~~

~~E. Guesthouses shall conform to all requirements of the Uniform Building Code, Fire District Codes, and Santa Cruz County Environmental Health Services Department. Guesthouses may be served by an existing or new septic system~~

~~when the subject property is located more than 200 feet from an existing sewer main; all other guesthouses shall be served by sanitary sewer.~~

~~F. The guesthouse shall be served by the same driveway access to the street as the existing main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~G. The guesthouse may be attached to or detached from the main dwelling. If the guesthouse is attached to the main dwelling, each residential unit shall be served by separate outside entrances. The interior wall(s) of an attached unit which separate it from the main unit shall have no connecting doorway or opening to the main dwelling.~~

~~H. The guesthouse should be located on the side or at the rear of the main dwelling, if possible, and must be clearly secondary and incidental to the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~I. No more than one guesthouse or one secondary dwelling unit shall be allowed on any parcel.~~

~~J. The guesthouse shall be compatible with the exterior appearance and character of the existing neighborhood, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~K. The guesthouse shall be compatible with the existing main dwelling in terms of architectural style, bulk, height, materials, colors and landscaping. The roof forms and pitches and exterior building materials and colors of guesthouses shall be architecturally compatible with the main dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.~~

~~L. The partial or complete conversion of an existing one- or two-story detached accessory structure with existing three (3) or six (6) feet reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) into a guesthouse is prohibited. The conversion of an existing, legal, nonconforming detached accessory structure with yard setbacks greater than three (3) but less than the required setbacks for the main dwelling, into a guesthouse, may be allowed with Use Permit approval from the Planning Commission at a public hearing, in accordance with Section 17.50.020 of the City's Municipal Code.~~

~~M. The maximum building height of a detached accessory structure with reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) shall be 18 feet.~~

~~N. Vehicles of any kind, with or without wheels, and trailers are prohibited as guesthouses.~~

O. ~~Guest houses shall conform to all requirements of the Uniform Building Code, Fire District Codes, and Santa Cruz County Environmental Health Services Department. Guesthouses may be served by an existing or new well when the subject property is located more than 200 feet from an existing water main; all other guest houses shall be served by municipal water.~~

~~17.41.120 Recordation of agreement prohibiting a secondary dwelling unit.~~

~~An agreement between the City of Scotts Valley and the owner of the property shall be required and shall be recorded as a covenant running with the land in the office of the county recorder prohibiting the use of the guesthouse as a second dwelling unit.~~

Section 54. A new Chapter 17.41, Housing Element Opportunity Site Combining District, is hereby added to Title 17, Zoning, of the Scotts Valley Municipal Code to read as follows:

"Chapter 17.41 Housing Element Opportunity Site Combining District

17.41.010 Purpose

The purpose of the housing element opportunity site (HE) combining district is to facilitate affordable housing production on opportunity sites identified in the General Plan Housing Element.

17.41.020 Applicability.

The HE combining district applies to the following parcels:

A. Non-vacant sites listed in General Plan Housing Element Table F-10: Scotts Valley 6th Cycle Candidate Sites that were Identified in 5th cycle housing elements.

B. Vacant sites listed in General Plan Housing Element Table F-10: Scotts Valley 6th Cycle Candidate Sites that were Identified in the 4th and 5th cycle housing elements.

C. Residential and Mixed Use Rezone sites as listed in General Plan Housing Element Table F-10 and shown in Figure F-1.

17.41.030 Permitting Process

The following permitting requirements apply to a proposed multiple family residential development project with 20 percent or more of units affordable to lower-income households:

A. The proposed project shall be reviewed by the City through a by-right approval process. As used in this section, by-right approval means that project conformance with objective standards is the sole basis to approve or deny the application. The review authority may not consider project conformance with subjective policies or requirements when acting on the application.

B. The proposed project requires ministerial design review as provided in Section 17.50.045 (Ministerial Design Review).

C. A project that requires a subdivision map must comply with City subdivision requirements and the California Subdivision Map Act (Government Code Sections 66410 – 66499.40).

17.41.040 Density

A. For a project that creates one or more new dwelling units on a development site, the minimum density is 20 dwelling units per acre.

B. The City shall allow at least 16 dwelling units on each development site in the HE combining district, regardless of lot size.

17.41.050 Replacement Units for Non-Vacant Sites

A development project that eliminates existing units affordable to lower income households must replace these units with new affordable units as required in Subsection (3) of subdivision (c) of Government Code Section 65915.

17.40.060 Sunset

This section shall remain in effect only until December 15, 2031, and as of that date is repealed.

Section 55. Subsection E of Section 17.43.030, Permitted uses, of Chapter 17.43, Timberland Preserve Zone District, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“E. One single-family dwelling~~,~~ with ~~accessory structures and~~ utilities~~,~~ on a separate legal parcel with a minimum of forty acres.”

Section 56. Subsection D of Section 17.43.040 Conditional uses, of Chapter 17.43, Timberland Preserve Zone District, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“D. One or more single-family dwelling~~s, with accessory structures,~~ at a density in conformance with the General Plan but not to exceed one dwelling unit per ten acres; if more than two new dwellings are involved, the development proposal must be clustered and in conformance with an approved P.U.D.”

Section 57. Subsection B, Definitions, of Section 17.44.030, Off-street parking and loading requirements, of Chapter 17.44, General And Special Provisions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“1. Driveway" means a roadway or access way connecting a public or private street with the required parking space(s), dwelling or other structure of an individual parcel.

2. Garage, Private. "Private garage" means an accessory structure or a portion of a ~~main~~ primary structure designed for the storage of motor vehicles, boats or trailers, having permanent roof and designed to be enclosed on all sides. The minimum size of a private garage shall be twenty-two feet by twenty-two for two cars and twenty-two feet by twelve feet for one car.

3. Garage, Public. "Public garage" means a structure or portion thereof, other than a private garage, used for the storage, sale, care, repair or refinishing of motor vehicles or trailers.
4. "Off-street loading facilities" means a site or a portion of a site devoted to loading or unloading motor vehicles, trucks or tractor-trailers, including loading berths, aisles, access drives and landscaped areas.
5. "Off-street parking facilities" means a site or portion of a site devoted to the off-street parking of motor vehicles, including parking spaces, aisles, access drives and landscaped areas.
6. "Parking space" means an area reserved for parking a motor vehicle, trailer, mobile home, airplane or boat, while it is not in use. The area must be accessible from a driveway. The size of the area must be suitable for the vehicle served but not less than eight and one-half feet wide by eighteen feet long."

Section 58. Subsection A of Section 17.44.060, Condominium conversions and condominiums, of Chapter 17.44, General And Special Provisions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"A. Intent. Residential condominiums provide for individual ownership of separate dwelling units which usually are proximate to one another. The area surrounding the dwelling units is a common area that is managed and maintained by the individual owners of dwelling units in accordance with the rules of an associated agreement. This mix of individual and common ownership is different from detached single-family residences and apartment house use; in single-family ~~homes~~ dwellings the dwelling is physically separate and the yard areas are under the more or less complete control of the owner; in conventional apartments there is an implied guarantee of continuous and effective management of the project. The occupant is not the owner of the unit and does not have the financial commitment or problems of use, maintenance or resale associated with ownership. The unique nature of condominium projects tends to magnify the effects associated with higher urban densities to the point where they may have deleterious effects upon the occupant, seller and buyer, who often do not appreciate the implications of condominium living and ownership; this may lead to conditions of mismanagement, neglect and blight that affect the public health, safety, welfare and economic prosperity of the larger community. To ensure that such problems are avoided in both the short and long term, it is the express intent of the city to treat such projects differently from other multiple-family dwelling developments of other structures which are not residential condominium projects. It is found that the implementation of this section requires adoption of special requirements contained in this section for new condominium developments and the conversion of existing community apartment projects to residential condominiums."

Section 59. Subsection B of Section 17.44.110, Emergency shelters, of Chapter 17.44, General And Special Provisions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"B. Standards. In addition to development standards in the applicable zoning district, emergency shelters shall comply with the following standards~~Operational standards and management standards for emergency shelters. Emergency shelters shall be subject to and comply with the following standards and regulations~~:

1. Length of Stay. The maximum term of staying at an emergency shelter is six months in a consecutive twelve-month period.

~~1. Limited terms of stay. The facility shall operate on a first come, first serve basis with clients only permitted on-site and admitted to the facility between 6:00 p.m. and 7:00 a.m. (PDT), and 5:00 p.m. and 7:00 a.m. (PST). Clients must vacate the facility by 8:00 a.m. and have no guaranteed bed for the next night. A curfew of 10:00 p.m. (or earlier) shall be established and strictly enforced. Clients shall not be admitted after the curfew.~~

2. Siting. To avoid over concentration of emergency shelter facilities, a minimum distance of three hundred feet shall be maintained from any other emergency shelter, as measured from the property line.

~~3. Restroom Facilities. Service providers shall provide sufficient numbers of male and female toilets/restrooms for clients and prospective clients to have access to use on a twenty-four-hour basis. For group housing and other similar shelter programs, adequate private male and female showers shall be provided along with lockers for clients to temporarily store their belongings.~~

~~4. Outdoor Storage. Any outdoor storage, including but not limited to, items brought on-site by clients for overnight stays, shall be screened from public view by a minimum six-foot tall decorative wall or fence. Shopping carts are not permitted on site.~~

3~~5~~. Waiting Areas. ~~Adequate w~~Waiting areas must be provided within the premises for clients and prospective clients ~~including~~ of at least ten square feet per bed and a minimum of one hundred square feet ~~to ensure that public sidewalks or private walkways are not used as queuing or waiting areas~~regardless of the number of beds. ~~Facility improvements shall comply with the Scotts Valley Municipal Code and the most current adopted Building and Safety Code, specific to the establishment of dormitories.~~

4~~6~~. Off-Street Parking. An emergency shelter facility shall provide off-street parking at the ratio of ~~one space per three beds, and/or 1.0 per bedroom designated as a family unit with children, plus~~ one space per staff member when the greatest number of employees are on duty. ~~Service providers are responsible to provide and maintain adequate parking and freight~~

~~loading facilities for employees, clients, and other visitors who drive to the premises.~~

5~~7~~. Bicycle Parking. Secure bicycle rack parking shall be provided at the facility at a rate of one space per three staff members when the greatest number of employees are on duty ~~space per three beds~~.

6~~8~~. Lighting. ~~Adequate e~~External lighting shall be provided for security purposes. The lighting shall be stationary, directed away from adjacent properties and public rights-of-way~~, and of intensity compatible with the neighborhood~~.

~~9. Additional Service Areas. The facility may provide the following services in a designated area separate from sleeping areas:~~

~~a. A recreation area inside the shelter or in an outdoor area visually separated from public view by a minimum six-foot tall visually screening decorative wall or fence.~~

~~b. A counseling center for job placement, education, health care, legal services, or mental health services.~~

~~c. Kitchen and dining area.~~

~~d. Client storage area.~~

~~10. Outdoor Activity. For the purpose of noise abatement, organized outdoor activities may only be conducted between the hours of 9:00 a.m. and 10:00 p.m. (PDT and PST)~~

~~11. Refuse. Emergency shelters shall provide a refuse storage area that is in accordance with the requirements of the public works department.~~

7. ~~12. Business License. Emergency shelter operators shall obtain a city business license.~~Onsite Management. The emergency shelter shall provide onsite management during all hours of operation.

~~13. Shelter Management Plan. A shelter management plan shall be submitted as part of the permit application, which addresses all the following:~~

~~a. All graffiti on the premises shall be removed by the shelter operator within twenty-four hours.~~

~~b. Installation of anti-loitering signs.~~

~~c. Service providers shall maintain sufficient monetary resources to enable them to operate the facility per the shelter management plan, and shall demonstrate to the city prior to approval of the permit application that such funds shall be available for use upon first occupancy of the proposed shelter and shall reasonably be expected to be available for the life of the project.~~

~~d. A minimum one staff member per fifteen beds shall be awake and on-duty when the facility is open. Facility staff shall be trained in operating procedures, safety plans, and assisting clients. The facility~~

~~shall not employ staff members who have been convicted of a felony or who are required to register as a sex registrant under Penal Code 290.~~

~~e. Service providers shall maintain up-to-date information and referral sheets to give clients and other persons who, for any reason, cannot be served by the emergency shelter.~~

~~f. Service providers shall provide criteria to screen clients for admittance eligibility, with the objective to provide first service to individuals with connections to Scotts Valley.~~

~~g. Service providers shall continuously monitor waiting areas to inform prospective clients whether they can be served within a reasonable time. If they cannot be served by the provider because of time or resource constraints, the monitor shall inform the client of alternative programs and locations where he or she may seek similar service.~~

~~h. Service providers will educate on-site staff to provide adequate knowledge and skills to assist clients in obtaining permanent shelter and income, including referrals to outside assistance agencies. An annual report on this activity will be provided to the city.~~

~~i. Service providers shall provide the timely removal of litter attributable to clients within the vicinity of the facility every twenty-four-hour period.~~

~~j. Service providers will maintain good communication and have procedures in place to respond to operational issues which may arise from the neighborhood, city staff, or the general public.~~

~~k. Service providers shall establish standards for responding to emergencies and incidents expelling clients from the facility. Re-admittance policies for clients who have previously been expelled from the facility shall be established.~~

~~l. Alcohol and illegal drug use is prohibited on-site. Service providers shall expel clients from the facility if found to be using alcohol or illegal drugs.~~

~~m. The facility shall implement other conditions and/or measures as determined by the city, in consultation with other city/county agencies necessary to ensure that management and/or clients of the emergency shelter maintain the quiet, safety, and cleanliness of the premises and the vicinity of the use.~~

8~~14~~. Code Requirements. The facility shall comply with all other laws, rules, and regulations that apply including, but not limited to, building and fire codes. The facility shall be subject to city inspections prior to the commencement of operation. ~~In addition, the city may inspect the facility at any time for compliance with the facility's management plan and other applicable laws and standards. "~~

Section 60. Section 17.44.170, Transitional housing, of Chapter 17.44, General and Special Provisions, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby deleted.

17.44.170 ~~Transitional housing~~Reserved.

~~A. No person shall operate a transitional housing facility without obtaining a conditional use permit in accordance with Section 17.50.020. In addition the applicant will supply the following information:~~

~~1. A letter of certification of final approval from the state or county licensing authority,~~

~~2. A site plan of the property showing parking, outdoor exercise area, and fencing,~~

~~3. A letter from the fire department approving the safety of the structure for the use,~~

~~4. A letter application describing the type of use, number of residents, age of residents, any special resident care that is provided, and a daily work schedule showing the number of employees at the facility, and~~

~~5. Landscaping and other information as required by the community development director.~~

~~6. Show that there is one parking space for each single resident and/or one space for each family unit living in the facility.~~

Section 61. Section 17.44.190, Employee housing, is hereby added to Chapter 17.44, General and Special Provisions, of Title 17, Zoning, of the Scotts Valley Municipal Code to read as follows:

"17.44.190 Employee housing.

A. Qualified Employee Housing Defined. As used in this section, "qualified employee housing" means accommodations for employees as defined in Section 17008 of the California Health and Safety Code which has qualified or where the owner intends to qualify for a permit to operate under the Employee Housing Act (Health and Safety Code Section 17000 et seq.).

B. Housing for Six or Fewer Employees. Qualified employee housing providing accommodations for six or fewer employees, pursuant to Health and Safety Code Section 17021.5(b), shall be deemed a single-family dwelling and is allowed in residential zoning districts.

C. Housing for Seven or More Employees. Qualified employee housing providing accommodations for seven or more employees and consisting of no more than 36 beds in group quarters or 12 units or spaces designed for use by a single family or household, pursuant to Health and Safety Code Section 17021.6(b), shall be deemed an agricultural land use and is allowed as such in zoning districts where agriculture is a permitted land use.

D. Standards. Qualified employee housing is subject to all City standards and regulations generally applicable to other residential dwellings of the same type in the same zoning district.”

Section 62. Subsection A of Section 17.46.050, Height limits, of Chapter 17.46, Exceptions And Modifications, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“A. Towers, spires, or cupolas for the housing of equipment used solely to operate and maintain a building; chimneys, water tanks, flagpoles, monuments, noncommercial radio and television aerials and transmission towers, fire towers and similar structures and necessary mechanical appurtenances covering not more than ten percent of the ground area covered by a ~~main~~ primary structure may be erected to a height not more than twenty-five feet above the height limit prescribed by the regulations for the district in which the site is located. Utility poles and commercial towers shall not be subject to the height limits prescribed in the district regulations.”

Section 63. Section 17.46.070 Yard exceptions and modifications, of Chapter 17.46, Exceptions And Modifications, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

“A. On a residentially zoned site situated between sites improved with buildings, the minimum front yard depth shall be the average depth of the front yards on the improved sites adjoining the side lines of the site.

B. Where a site is not situated between sites improved with buildings and where sites comprising forty percent of the frontage on a block are improved with buildings, the minimum front yard depth shall be the average of the existing front yard depths on the block.

C. In computing average front yard depths, the figure of thirty feet shall be used in lieu of any front yard depth greater than thirty feet.

D. Where an official plan line has been established by the city, the required yards on the street side of any lot shall be measured from such official plan lines, and in no case shall the provisions of this title be construed as permitting any structure to extend beyond such official plan line.

E. Architectural features including sills, chimneys, cornices, bay windows and eaves may extend into a required side yard no more than fifty percent of the required side yard nor more than two feet into a required front or rear yard.

F. Open unenclosed, uncovered balconies, porches, decks, platforms, stairways and landing places may extend into any required front or rear yard not more than six feet nor more than three feet into any required side yard.

G. In cases where the rear lot line abuts the side lot line of a key lot, a rear yard of fifteen feet shall be maintained from the rear lot line of such abutting lot.

H. In cases where a building site is less than sixty feet in width, a side yard of not less than five feet shall be required, except in commercial districts.

I. The minimum exterior side yard on a corner lot shall be ten feet.

~~J.~~ ~~Except in C, RM, RH and I districts, accessory structures may be located in a required rear yard, provided, that they shall not be located closer than three feet to the rear or side property lines. The partial or complete conversion of a one- or two- story detached accessory structure into a secondary dwelling unit or guesthouse is prohibited.~~

J~~K~~. Where there is more than one structure on a site exceeding sixteen feet in height, the minimum distance between the structures shall be ten feet. The minimum distance between such structures shall be increased one foot for every two feet of height above sixteen feet of height of the lowest of such structures.

K~~L~~. On the street side of a reversed corner lot, the side yard shall not be less than one-half of the required front yard of the adjoining key lot.

~~M.~~ ~~On a reversed corner lot, an accessory structure shall be located not closer to the rear property line than the required side yard on the adjoining key lot and not closer to the side property line adjoining the street than the required front yard of the adjoining key lot.~~

~~N.~~ ~~No accessory structure shall be located within six feet of the side lines of the front half of any adjacent lot. The partial or complete conversion of an existing one- or two-story detached accessory structure with six (6) feet reduced yard setbacks (located in the front half of the property) into a secondary dwelling unit or guesthouse is prohibited. The conversion of an existing, legal, nonconforming detached accessory structure with yard setbacks greater than six (6) feet but less than the required yard setbacks for the main dwelling, into a secondary dwelling unit or guesthouse, may be allowed with Use Permit approval from the Planning Commission at a public hearing, in accordance with Section 17.50.020 of the City's Municipal Code.~~

~~O.~~ ~~Detached accessory structures shall not be located within six feet of any alley. The partial or complete conversion of such structures into a secondary dwelling unit or guesthouse is prohibited.~~

~~P.~~ ~~In cases where an accessory building is attached to the main building, it shall be considered a part thereof.~~

~~Q.~~ ~~Except in commercial and industrial zoning districts, detached accessory buildings, may be located in the required rear yard, provided, that not more than twenty percent of the area of the required rear yard shall be covered by structures.~~

L~~R~~. In all cases where the front and rear property lines of a lot abut a street (a double frontage lot), ~~the main~~ buildings ~~and accessory buildings thereon~~ shall not be located closer to either street than the required front yard; provided, however, that in all cases where either street upon which the lot abuts is a street to which access to the subject lot has been legally precluded, then the setback required shall apply only from the street from which access is allowed.

M~~S~~. In cases where the elevation of the front half of the lot at a point fifty feet from the centerline of the traveled roadway is seven feet above or below the grade of the centerline (fourteen percent or greater slope), a private garage attached or detached may be built to within five feet of the front property line.

~~T. The maximum building height of a detached accessory structure with reduced yard setbacks (in conformance with Sections 17.46.070J. and 17.46.070N. of the City's Municipal Code) shall be 18 feet. "~~

Section 64. Section 17.46.130, Reserved, of Chapter 17.46, Exceptions And Modifications, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby replaced with a new Section 17.46.130, Accessory Structures, to read as follows:

"17.46.130 ~~Reserved~~Accessory Structures.

A. Applicability. This section applies to all accessory structures except for fences, walls and ornamental structures as provided in Section 17.46.110 and accessory dwelling units (ADUs) as provided in Chapter 17.57.

B. All Zoning Districts.

1. Accessory structures that comply with this section are permitted in all zoning districts.
2. An accessory structure shall comply with all regulations applicable to the primary structure on the site unless specifically stated otherwise in this section or elsewhere in this title.
3. An accessory structure shall be clearly incidental and subordinate to the primary structure on the site.
4. An accessory structure shall be located on the same parcel as the primary structure.
5. An accessory structure attached to a primary structure shall be considered a part of the primary structure and shall comply with development standards applicable to the primary structure.

C. Residential Zoning Districts.

1. Development Standards. Accessory structures in residential zoning districts shall comply with the standards in Table 17.46-1.

Table 17.46-1: Accessory Structure Standards in Residential Zoning Districts

	Zoning District	
	R-1, R-R, R-MT	R-M, R-H, R-VH
Property Line Setbacks (min)		
Front and Street Side	Same as primary dwelling	
Rear and Interior Side	3 ft. for structures less than 8 ft. in height and 120 sq. ft. in size. Same as primary dwelling for all other structures. [1]	

Height (max)		
Structure complies with district yards	18 ft. on lots less than 10,000 sq. ft. [6] 25 ft. on lots 10,000 – 20,000 sq. ft. [6] 35 ft. on lots more than 20,000 sq. ft. [6]	18 ft. [2]
Structure does not comply with district yards	10 ft.	
Site Coverage (max) [5]	50%	55%
Floor Area (max)		
Structure complies with district yards	1,200 sq. ft. [3]	No maximum, subject to design review [2]
Structure does not comply with district yards	120 sq. ft.	
Number of Structures per Lot (max)		
Habitable structures	2 structures [4]	No maximum, subject to design review [2]
Non-habitable structures	No maximum	
Distance Between Structures (min)		
Structures less than 16 ft.	As required by building code	
Structures 16 ft. or more	10 ft. plus 1 ft. for every 2 ft. of height above 16 ft. of lowest structure	

Notes:

[1] No minimum setbacks for landscaping features such as planter boxes and open trellises, and children's play equipment, movable dog houses, and similar movable objects.

[2] On R-M, R-H and R-VH lots occupied by a single-family dwelling, accessory structure standards for height, floor area, and maximum number are the same as in the R-1 zoning district.

[3] An accessory structure greater than 1,200 square feet is allowed if the property owner records a deed restriction that limits the floor area of any portion of the accessory structure later converted to an ADU to no more than 1,000 square feet. The floor area of an accessory structure subject to such a deed restriction shall not exceed 100 percent of the primary dwelling floor area.

[4] Includes accessory dwelling units.

[5] Applies to all impervious surfaces on lot.

[6] In no case may an accessory structure exceed the height of the primary dwelling on the lot.

2. Reverse Corner Lots. On a reversed corner lot, an accessory structure 10 feet or more in height and/or 120 sq. ft. in size shall comply with the following minimum setbacks:

   a. Rear property line: Same as the required side yard on the adjoining key lot.

   b. Side property line adjoining the street: Same as the required front yard of the adjoining key lot.

3. Alleys. An accessory structure shall be setback a minimum of 6 feet from an alley.

4. Double-Frontage Lots. An accessory structure on a double frontage lot shall comply with Section 17.46.070.L.

5. Hillside Lots.

   a. See 17.46.070.M for front setback standards for garages on sloped lots.

   b. See 17.40.060 for design criteria in the hillside residential combining district.

6. Design of Site-built Accessory Structures. In the R-1, R-R, and R-MT zoning districts, the roof forms and pitches and exterior building materials and colors of site-built accessory structures shall be architecturally compatible with those of the primary dwelling, to the extent practical and feasible as determined by the Community Development Director, subject to review and approval by the Community Development Director.

D. Non-Residential Zoning District.

1. Accessory structures in non-residential zoning districts are subject to the same development standards as primary structures in the applicable zoning district.

2. See “accessory use” definition in 17.04.240 for limitations on the floor area of incidental uses in commercial and industrial zoning districts.

E. Habitable Accessory Structures.

1. An accessory structure with habitable space must either:

   a. Contain a bathroom and kitchen facility and comply with the City’s accessory dwelling unit requirements in Chapter 17.57; or

   b. Contain no plumbing connections or fixtures.

2. Habitable accessory structures with plumbing connections or fixtures but without kitchen facilities are not allowed.”

Section 65. Subsection D of Section 17.50.030, Design review procedures, of Chapter 17.50, Administrative Procedures, Required Permits and Appeals, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"D. Standards for Review. All design review manuals approved or adopted by the council as city policy shall be used by the planning commission as a guideline for review of applications before it. A list of these manuals shall be kept on file in the office of the planning department. The manuals are intended to help the applicant become aware of the issues that the planning commission considers important in the design of a project. In implementing the purposes of these manuals, the planning commission shall consider in each specific case any or all of the following items as may be appropriate:

1. The siting of any structure on the property as compared to the siting of other structures in the immediate neighborhood;
2. Materials, colors, proportion, mass and detail. All structures shall be in good proportion, have simplicity of mass and detail and be compatible in appearance with surrounding structures. There shall be an appropriate use of materials; colors shall be appropriate within the context of use and should blend with surrounding structures;
3. The size, location, design, color, number, lighting and materials of all signs and outdoor advertising structures. No sign shall be approved in excess of the maximum limits set by this title, but the size or number of signs in any area subject to design control may be reduced below this maximum number or limit;
4. Landscaping and Irrigation. Landscaping and irrigation plans shall be required on the site. Landscaping shall be in keeping with the character or design of the building. Existing trees shall be preserved wherever possible;
5. The size, location and arrangement of on-site parking and paved areas;
6. Ingress, Egress and Internal Traffic Circulation. All the above factors shall be related to the setting or established character of the neighborhood or surrounding area.
7. Height and access to sunlight, setbacks, landscaping and use of materials for articulation and visual relief for fences and walls over eight feet tall or fences over three feet tall in front yards when across from Hwy. 17.
8. Arbors in front yards, over twenty square feet in roof area or between eight and ten feet in height: the design compatibility with the ~~main~~ <u>primary</u> structure and structures in the neighborhood, the mass and scale of the arbor, line of sight visibility for pedestrians and motorists in addition to other applicable standards of this section."

Section 66. Subsection E of Section 17.50.030, Design review procedures, of Chapter 17.50, Administrative Procedures, Required Permits and Appeals, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended as to read follows:

"E. Required Findings.

<u>1.</u> The planning commission shall determine from data submitted whether the proposed building, structure or other improvement will meet the design

standards prescribed in this section and in this title. The application may be disapproved, may be approved as submitted or may be conditionally approved. The approval shall be noted by an endorsement of the planning department on the submitted plans as approved.

2. For a proposed multi-unit residential project, the planning commission shall approve design review if the project complies with:

    a. The Multi-Unit Residential Design Standard as adopted by City Council resolution; and

    b. All other applicable objective standards, including standards in this title, the General Plan, and any applicable specific plan."

Section 67. New Section 17.50.035, Ministerial design review, is hereby added to Chapter 17.50, Administrative Procedures, Required Permits and Appeals, of Title 17, Zoning, of the Scotts Valley Municipal Code, to read as follows:

"17.50.035 Ministerial design review.

A. Purpose. Ministerial design review is a by-right approval process to determine project compliance objective standards.

B. Review Authority. The community development director shall review and act on design review applications or may may refer the application to the planning commission for review and final decision.

C. Application Submittal and Review. A ministerial design review application shall be made using a form provided by the planning department, together with all required information, materials, and application fees.

D. Public Notice and Hearing.

    1. The Planning Commission shall consider a ministerial design review application at a hearing with notice given as described in Section 17.50.090 of this chapter.

    2. After receiving public comment and considering the proposed project, the planning commission must either approve the application, deny the application, or continue the hearing to a future date.

    3. The hearing may be continued only if additional information is needed to determine project conformance with objective standards. A hearing may be continued one time after which the planning commission must render a decision.

E. Decision. The Planning Commission shall approve a ministerial design review application if the project complies with all applicable objective standards in the general plan, any applicable specific plan, and the municipal code.

F. Appeals.

    1. Ministerial design review decisions may be appealed as provided in Section 17.50.060 of this chapter.

2. The subject of appeal is limited to the determination of project conformance with applicable objective standards."

Section 68. Subsection B of Section 17.54.050, Violations constituting misdemeanor or infraction offense—Penalties, of Chapter 17.54, Administration, Interpretation and Enforcement, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"B. The violation of any regulations contained in the following chapters and sections is declared to be unlawful and shall constitute an infraction and a public nuisance, subject to the penalties as prescribed in Chapter 1.08 of this code:

1. Chapter 17.57~~41~~ (~~Secondary dwelling units and guesthouses~~Accessory dwelling units);

2. Chapter 17.58 (Junior accessory dwelling units);

3~~2~~. Section 17.44.030 (Off-street parking and loading requirements);

4~~3~~. Section 17.44.080 (Tree protection regulations);

5~~4~~. Chapter 17.56 (Sign regulations);

6~~5~~. Section 17.44.150 (External antennae);

7~~6~~. Section 17.46.040 (Private stables);

8~~7~~. Section 17.46.050 (Height limits);

9~~8~~. Section 17.46.080 (Swimming pools, spas, and hot tubs);

10~~9~~. Section 17.46.100 (Kennels and small animal hospitals);

11~~0~~. Section 17 46.110 (Fences, walls and ornamental structures);

12~~1~~. Section 17.46.140 (Temporary construction offices);

13~~2~~. Section 17.46.160 (Construction standards);

14~~3~~. Section 17.50.040 (Home occupations)."

Section 69. A new Chapter 17.57, Accessory Dwelling Units, is hereby added to Title 17, Zoning, of the Scotts Valley Municipal Code to read as follows:

"CHAPTER 17.57 ACCESSORY DWELLING UNITS

17.57.010 Purpose

This chapter establishes standards for accessory dwelling units (ADUs) consistent with Government Code Sections 66310-66342. These standards are intended to increase the supply of affordable housing options in Scotts Valley while maintaining the character and quality of life of residential neighborhoods.

A. This chapter applies only to a proposed ADU as defined in Chapter 17.04 (Definitions). Standards for junior accessory dwelling units (JADUs) are found in Chapter 17.58 (Junior Accessory Dwelling Units).

B. It is the City's intent for this chapter to be consistent with state law as it is amended from time to time. In cases of conflict between this chapter and state law, state law governs.

17.57.020Permitting Process

A. Building Permit.

1. Creating an ADU requires City approval and issuance of a building permit.

2. The City shall ministerially approve a building permit for an ADU if the application complies with this chapter and all other applicable standards. No public hearing or discretionary review is required.

B. Time Period for City Action.

1. If an ADU is proposed on a lot with an existing single-family or multifamily dwelling, the City shall approve or deny the application within 60 days from the date the City receives a completed application. If the applicant requests a delay in writing, the 60-day time period shall be tolled for the period of the delay.

2. If an ADU is proposed as part of an application to create a new single-family or multifamily dwelling, the City may delay acting on the ADU application until the City acts on the permit application for the new dwelling. The City shall approve or deny the ADU application without a public hearing or discretionary review within 60 days of action on the new dwelling.

3. If the City does not approve or deny the completed application within the required 60-day time period, the application shall be deemed approved.

C. Comments for Denied Application.

1. If the City denies an application for an ADU, the City shall provide written comments to the applicant that list the items that are defective or deficient and describe how the application can be remedied by the applicant.

2. Written comments required by Paragraph 1 above shall be provided to the applicant within the time period described in Subsection B (Time Period for City Action) of this section.

17.57.030 General Requirements

The requirements in this section apply to all ADUs subject to this chapter.

A. Where Allowed. An ADU is permitted:

1. In any zoning district where single-family or multifamily dwellings are a permitted use; and

2. On a lot with an existing or proposed single-family or multifamily dwelling.

B. Maximum Number per Lot.

1. Lots with Single-Family Dwellings. No more than one ADU is permitted on a lot with a single-family dwelling, except as allowed by state law.

2. Lots with Multifamily Dwellings. The number of ADUs on a lot with multifamily dwellings shall not exceed:

   a. Up to 25 percent of existing multifamily dwellings within portions of existing multifamily dwelling structures that are not used as livable space as provided in 17.57.060.C (Non-Livable Multifamily Space); and

   b. Up to eight detached ADUs as provided in Section 17.57.060.D (Detached ADUs on Multifamily Lots)

C. Separate Sale from Primary Dwelling. An ADU shall not be sold or conveyed separately from the primary dwelling except as provided in Government Code Section 66340-66342.

D. Rental. A rented ADU shall not be leased for any period less than 30 days.

E. Guaranteed Allowance. Limits on floor area, lot coverage, open space, and front setbacks (“Specified Standards”), as outlined in Section 17.57.050 below, must permit at least an 800-square-foot detached or attached ADU that is 16 feet high with 4-foot side and rear yards (“Baseline ADU”) if the proposed ADU complies with all other development standards. The Community Development Director shall grant an exception to a Specified Standard if:

   1. The Specified Standard would physically preclude the creation of a Baseline ADU otherwise allowed by this section;

   2. The exception is the minimum necessary to allow for a Baseline ADU; and

   3. There is no feasible alternative to achieve a Baseline ADU without the exception.

F. Converting and Replacing Existing Structures.

   1. A converted ADU may be established regardless of whether the structure in which it is located conforms to the current zoning requirement for setbacks.

   2. If an existing structure is demolished and replaced with an ADU, the ADU may be constructed in the same location and to the same dimensions (i.e., footprint and height) as the demolished structure.

G. Nonconformities. The City shall not require, as a condition for approval of an ADU, the correction of nonconforming zoning conditions on the property.

H. Placement within Easement. An ADU shall not be located in an easement that prohibits habitable structures therein.

I. Foundation. An ADU shall be constructed on a permanent foundation. A manufactured home, as defined in California Health and Safety Code Section 18007, is allowed as an ADU if it is placed on a permanent foundation.

J. Vehicles/Trailers Prohibited. An ADU shall not be within a vehicle or trailer of any kind, with or without wheels.

K. Exterior Entrance. An ADU must have an exterior entrance separate from that of the primary dwelling.

L. Fire District Requirements. An ADU must comply with:

1. The California Fire Code with modifications and amendments as adopted by the Scotts Valley Fire Protection District (“Fire District”); and

2. The Santa Cruz County Fire Prevention Officers Association Fire Prevention Standards as adopted by the Fire District.

M. Fire Sprinklers.

1. Fire sprinklers are not required in an ADU where fire sprinklers were not required for the primary dwelling at the time of construction, except as provided by Paragraph 2 below.

2. If fire sprinklers were not required for the primary dwelling at the time of construction, but the primary dwelling is altered in a manner that later required fire sprinklers, an ADU created after the alteration must be provided with fire sprinklers.

3. The construction of an ADU does not trigger a requirement for fire sprinklers to be installed in an existing single-family or multifamily dwelling on the lot.

N. Parking.

1. A minimum of one off-street parking space is required for an ADU, except as provided in paragraph 2 below. The off-street parking space may be uncovered, compact, and/or tandem.

2. Driveways and parking spaces in a required setback shall comply with Zoning Code Section 17.44.030.J.2.

3. No off-street parking is required for an ADU where one or more of the following circumstances exist:

a. The ADU is located within one-half mile walking distance of public transit. As defined in Government Code Section 66313(l), public transit means a location, including, but not limited to, a bus stop or train station, where the public may access buses, trains, subways, and other forms of transportation that charge set fares, run on fixed routes, and are available to the public.

b. The ADU is located within an architecturally and historically significant historic district.

c. The ADU is part of a proposed or existing primary dwelling or an existing accessory structure.

d. When on-street parking permits are required but not offered to the occupant of an ADU.

e. When there is a car share vehicle located within one block of the ADU. As used in this section, a car share vehicle means a motor vehicle that is operated as part of a regional fleet by a public or private car sharing company or organization that meet all the following criteria:

(1) Provides hourly or daily service;

(2) Vehicle reservations are processed and paid for using an on-line system;

(3) Vehicles can be accessed where they are parked without having to go to a different physical location to execute a contract and/or pick up keys; and

(4) Fleet has more than five cars in Scotts Valley and more than 20 cars in Santa Cruz County.

f. When a permit application for an ADU is submitted with a permit application to create a new single-family dwelling or a new multifamily dwelling on the same lot, provided that the ADU or the parcel satisfies any other criteria listed in this subdivision.

4. To qualify for an exception listed in paragraph 3 above, the applicant must provide supporting evidence, such as a map illustrating the location of the ADU and its proximity to a public transit stop or car share vehicle, or proof of local parking permit requirements.

5. No replacement parking is required when an ADU is created through the conversion or demolition of a garage, carport, covered parking structure, or uncovered parking space.

O. Utilities.

1. All ADUs shall be served by municipal water service, except as provided in paragraph 3 below.

2. Except as provided in paragraph 3 below, an ADU shall be served by municipal sewer services when located within 200 feet from the point at which a connection can be made to the municipal system. For an ADU more than 200 feet from a municipal sewer service connection, the ADU may use a septic system only if approved by the designated regulatory authority.

3. A converted ADU is not required to install a new or separate utility connections directly between the ADU and the utility unless the ADU was constructed with a new single-family dwelling.

4. The designated regulatory authority may require, as part of the application for a permit to create an ADU connected to an onsite septic system, a percolation test completed within the last five years, or, if the percolation test has been recertified, within the last 10 years.

5. An ADU shall not be considered a new residential use for purposes of calculating City connection fees or capacity charges for utilities, including water and sewer service, unless the ADU was constructed with a new single-family dwelling.

P. Impact Fees. City development impact fees shall not be imposed upon the development of an ADU less than 750 square feet. Any impact fees for an ADU of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit.

Q. Hillside Residential Combining District. An ADU within the HR Hillside Residential Combining District shall comply with all objective standards in Chapter 17.40.

R. Highway 17 Access Hazards. An ADU is not permitted where vehicle access to the site is provided solely from Highway 17 at the following locations as identified in the Highway 17 Access Management Plan (California Department of Transportation, 2016):

1. Driveway at PM 6.712 (Map ID #24).

2. Crescent Drive (Map ID #25).

3. Driveway at PM 6.485 (Map ID #26).

17.57.040 Statewide Exemption ADUs

Statewide Exemption ADUs described in this section require compliance only with the standards in Section 17.57.030 (General Requirements). Standards in Section 17.57.050 (Development Standards) and 17.57.060 (Objective Design Standards) do not apply to a Statewide Exemption ADU.

A. Converted ADUs. One converted ADU per lot with a proposed or existing single-family dwelling subject to the following:

1. The converted ADU shall be within the space of a single-family dwelling or an accessory structure on a lot with a single-family dwelling.

2. A converted accessory structure may be expanded by up to 150 square feet to accommodate an entrance into the ADU.

3. The converted ADU shall have exterior access from the single-family dwelling.

4. The side and rear setbacks must be sufficient for fire and safety. If a converted ADU complies with applicable building code and Fire District requirements, side and rear setbacks shall be deemed sufficient for fire and safety.

B. Detached ADUs. One detached new construction ADU on a lot with a proposed or existing single-family dwelling. The ADU is allowed on a lot that also contains a junior accessory dwelling unit that conforms with Chapter 17.58 (Junior Accessory Dwelling Units). The ADU must comply with the following:

1. Maximum floor area: 800 square feet.

2. Maximum height: 16 feet.

3. Minimum rear and side setbacks: 4 feet.

C. Non-Livable Multifamily Space.

1. Multiple ADUs within the portions of existing multifamily dwelling structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, subject to the following:

   a. At least one ADU is allowed within an existing multifamily dwelling up to maximum of 25 percent of the existing multifamily dwelling units.

   b. Each ADU shall comply with building code standards for dwellings.

2. The ADU must be located within a structure containing existing multifamily units. The ADU may not be located in a detached garage, carport, or other accessory structure on the lot that contains no existing multifamily units.

3. As used in this section, livable space means a space in a dwelling intended for human habitation, including living, sleeping, eating, cooking, or sanitation.

D. Detached ADUs on Multifamily Lots. Detached ADUs located on a lot with an existing multifamily dwelling, subject to the following:

1. Maximum number:

   a. On a lot with an existing multifamily dwelling, eight detached ADUs or the number of existing units on the lot, whichever is less.

   b. On a lot with a proposed multifamily dwelling, two detached ADUs.

2. Maximum height: 16 feet if the existing multifamily dwelling is one story and 18 feet if the existing multifamily dwelling is two or more stories.

3. Minimum rear and side setbacks: 4 feet.

17.57.050 Development Standards

The standards in this section apply to all ADUs not approved pursuant to Section 17.57.040 (Statewide Exception ADUs).

A. Floor Area.

1. Minimum. The floor area of an ADU shall be no less than 220 square feet.

2. Maximum.

   a. Single-Family Lots. On lots with a single-family dwelling, the floor area of an ADU shall not exceed the maximums shown in Table 1.

Table 1: Maximum Floor Area on Single-Family Lots

ADU Type and Placement on Lot	**Lot Size**	
	Less than 10,000 sq. ft.	**10,000 sq. ft. and more**
Detached and Attached [1]		
Complies with district yards	1,100 sq. ft.	1,200 sq. ft.

Does not comply with district yards	850 sq. ft for studio/1 bdrm 1,000 sq. ft. for 2+ bdrm
Converted	No maximum

[1] The floor area of an attached ADU shall not exceed the maximums shown in this table or 50 percent of the existing primary dwelling floor area, whichever is less.

b. Multifamily Lots. On lots with multifamily dwellings the floor area of an ADU shall not exceed:

(1) 850 sq. ft for a studio or one-bedroom ADU; and

(2) 1,000 sq. ft. for an ADU with two more bedrooms.

B. Lot Coverage. An ADU shall conform to the maximum lot coverage standards of the zoning district in which it is located unless the lot coverage standard would preclude an 800-square foot ADU, in which case the Community Development Director shall grant an exception to the standard as provided in Section 17.57.050.E (Guaranteed Allowance).

C. Property Line Setbacks.

1. An ADU shall be setback from property lines as required by Table 2.

Table 2: Minimum Property Line Setbacks

Property Line	**ADU Type**		
	Attached	**Detached**	**Converted**
Front	Same as primary dwelling [1]		None required
Side	4 ft.	4 ft.	
Rear	4 ft.	4 ft.	

[1] If the front setback standard precludes an 800-square foot ADU, the Community Development Director shall grant an exception to the standard as provided in Section 17.57.050.E (Guaranteed Allowance).

2. As provided in Subsections A (Floor Area) and E (Height) of this section, an ADU that complies with the minimum yard requirement for a single-family dwelling in the applicable zoning district is eligible for greater building height and unit size than is allowed for an ADU that does not comply with the zoning district minimum yard requirement.

3. See also Section 17.57.030.F (Converting and Replacing Existing Structures) for setback exceptions that apply to an ADU created by converting or replacing an existing structure.

D. Building Separation. An ADU exceeding 16 feet in height shall comply with the minimum building separation standard in Section 17.46.070.K.

E. Height. The height of an ADU shall not exceed the maximum shown in Table 3.

Table 3: Maximum ADU Height

ADU Type and Placement on Lot	Lot Size		
	Less than 10,000 sq. ft.	**10,000-19,999 sq. ft.**	**20,000 sq. ft. and more**
Detached ADU			
Complies with district yards	18 ft.	25 ft.	35 ft.
Does not comply with district yards	16 ft. [1]		
Attached ADU	Same as primary dwelling		

[1] Maximum 18 ft. for an ADU either 1) within one-half mile of major transit stop or high-quality transit corridor as defined in Public Resources Code Section 21155; or 2) on lot with a multistory multifamily dwelling.

17.57.060 Objective Design Standards

A. Applicability and Deviations.

1. The standards in this section apply to all ADUs not approved pursuant to Section 17.57.040 (Statewide Exception ADUs).

2. Deviations from standards in this section are allowed with Planning Commission design review approval at a noticed public hearing. To approve the deviation, the planning commission must make the findings in Section 17.50.030.E (Required Findings).

B. Driveways.

1. Vehicle access to parking spaces serving an ADU must be provided using a driveway curb cut shared with the primary dwelling.

2. The Community Development Director may approve an exception to this requirement if the existing site layout or other physical constraints physically precludes shared use of a single driveway curb cut.

C. Massing. A building wall that faces and is within 50 feet of a street or an adjacent residential use shall not run in a continuous plane of more than 25 feet without one or more of the following treatments:

1. A change in wall plane with a minimum of 4 feet in depth for the facade.

2. A front porch or other covered entry feature with a minimum depth of 3 feet and width of 6 feet providing access to the dwelling's primary entrance.

3. An upper story stepback of at least 6 feet in depth for at least 80 percent of the street facing building wall.

4. A protruding window (such as a bay window) of at least 2 feet in depth.

D. Articulation. A building wall that faces and is within 50 feet of a street or an adjacent residential use shall not run in a continuous plane of more than 15 feet without one of the following treatments included on the facade at every building story:

1. Window.

2. Entry door.

3. Two or more visibly contrasting primary materials and/or colors.

4. Wall mounted trellises for climbing plants

E. Roof Forms. Rooflines 25 feet or longer that face a street or an adjacent residential use shall be articulated with recessed or projecting gabled roof elements, roof dormers, changes in roof heights, changes in direction or pitch of roof slopes, and other similar methods.

F. Open Space.

1. An ADU shall have a minimum of 100 square feet of private ADU open space or 400 square feet of open space shared with the primary dwelling.

2. Required private open space shall comply with the following standards:

a. The open space shall be directly accessible from the ADU width and a minimum floor area of 50 square feet.

b. Patios shall have a minimum dimension of 8 feet in depth and width and a minimum floor area of 64 square feet.

c. Open space may be covered but not fully enclosed. If covered, the minimum floor to ceiling height is 8.5 feet.

d. Ground level private open space shall be screened or buffered from open space utilized solely by the primary dwelling by landscaping, fencing, walls, trellises, or other screening elements.

3. If the open space standard in this subsection precludes an 800-square foot ADU, the Community Development Director shall grant an exception to the standard as provided in Section 17.57.050.E (Guaranteed Allowance).

G. Exterior Materials. The primary wall finish material shall be wood, wood shingle, stone, brick, stucco, fiber cement or other cementitious material, or stone. T1-11 siding and all grooved or patterned wood panel or composite wood panel siding are prohibited.

H. Windows. Windows that face a street or an adjacent residential use shall comply with one of the following:

1. All windows shall feature built up profile trim/framing. Trim/framing must project at least 2 inches from the building wall with material that visually contrasts from the building wall.
2. Window glass shall be inset a minimum of 2 inches from the exterior wall or frame surface to add relief to the wall surface.

I. Neighbor Privacy.

1. If a building wall faces an adjacent residential use and does not comply with the minimum interior side or rear yard requirements of the applicable zoning district or combining district, windows on the wall must be:
   a. 5-foot minimum sill height above the finished floor;
   b. Clerestory; or
   c. Opaque/frosted glass.
2. Second-story exterior decks and balconies may not face an interior side or rear yard that abuts an adjacent residential use.
3. No portion of a rooftop deck may be closer than 25 feet from an interior side or rear yard that abuts an adjacent residential use.

J. Entrance Orientation. The primary entrance to a detached or attached ADU shall face either:

1. The front or interior of the parcel; or
2. A side or rear property line that abuts an alley or a public street.

K. Garage Conversions. When a garage is converted into an ADU, the garage door shall be removed and replaced with materials matching the remainder of the structure.

Section 70. A new Chapter 17.58, Junior Accessory Dwelling Units, is hereby added to Title 17, Zoning, of the Scotts Valley Municipal Code to read as follows:

"17.58.010 Purpose

A. This chapter establishes standards for junior accessory dwelling units (JADUs) consistent with Government Code Sections 66333-66339. These standards are intended to increase the supply of affordable housing options in Scotts Valley while maintaining the character and quality of life of residential neighborhoods.

B. This chapter applies only to a proposed JADU as defined in Chapter 17.04 (Definitions). Standards for accessory dwelling units (ADUs) are found in Chapter 17.57 (Accessory Dwelling Units).

C. It is the City's intent for this chapter to be consistent with state law as it is amended from time to time. In cases of conflict between this chapter and state law, state law governs.

17.58.020 Permitting Process

Creating a JADU requires City approval and issuance of a building permit. The City shall review and act on a permit application for a JADU in the same manner as required for an accessory dwelling unit. See Section 17.57.020 (Permitting Process).

17.58.030 JADU Standards

The standards in this section apply to all JADUs.

A. Where Allowed.

  1. A JADU is permitted on a residential lot zoned for single-family dwellings with a single-family dwelling built, or proposed to be built, on the lot.

  2. A JADU is allowed on a lot that also contains a detached accessory dwelling unit as provided in Section 17.57.040 (State Exemption ADUs.) The JADU must be located within the single-family dwelling on the lot.

B. Maximum Number. A maximum of one JADU is permitted per lot.

C. Location Within Single-Family Dwelling. The JADU shall be contained entirely within the walls of an existing or proposed single family dwelling. For purposes of this section, enclosed uses within the dwelling, such as attached garages, are considered a part of the single-family dwelling.

D. Entrance. The JADU shall include an exterior entrance separate from the main entrance to the single-family dwelling.

E. Bathroom.

  1. A JADU must either:

    a. Contain its own full bathroom with a sink, toilet and shower and/or bath facilities; or

    b. Share use of a full bathroom located within the primary dwelling.

  2. A JADU that shares a bathroom with the primary dwelling must have an interior entry into the main living area of the primary residence.

F. Kitchen.

  1. A JADU must contain, at a minimum, an efficiency kitchen with:

    a. A kitchen sink, refrigeration, and cooking appliances; and

    b. At least 3 linear feet of food preparation counter space and 3 linear feet of cabinet space.

  2. Cooking appliances may consist of either a permanent cook top and/or built-in oven, or a plug-in microwave oven, hot plate, and similar appliances intended for use on top of a countertop.

G. Parking. Off-street parking is not required for a JADU.

H. Fire Safety. For purposes of any fire or life protection ordinance or regulation, a JADU shall not be considered a separate or new dwelling unit.

I. Utilities. For purposes of providing service for water, sewer, or power, including a connection fee, a JADU shall not be considered a separate or new dwelling unit.

17.58.040 Deed Restriction

A. Prior to occupancy of a JADU, the property owner shall file with the County Recorder a declaration of restrictions containing a reference to the deed under which the property was acquired by the current owner. The deed restriction shall state that:

1. The JADU shall not be sold separately from the single-family residence; and

2. The JADU shall not exceed 500 square feet of total floor area and shall comply with all standards in Section 17.58.030 (JADU Standards).

B. The above declarations are binding upon any successor in ownership of the property. Lack of compliance shall be cause for code enforcement.

C. The deed restriction shall lapse upon removal of the JADU established under this chapter."

Section 71. Subsection A of Section 17.60.060, Standards, of Chapter 17.60, Requests For Reasonable Accommodation, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"A. Required Findings.

1. The housing or housing related facilities will be used by an individual with a disability under the Acts;

2. The requested accommodation is necessary to make specific housing available to an individual with a disability under the Act

~~3. The requested accommodation would impose an undue financial or administrative burden on the city; and~~

~~4. The requested accommodation does not negatively affect the character of the zoning district and intent of adopted city, policies, regulations, programs or laws. "~~

Section 72. Chapter 17.62, Density Bonus, of Title 17, Zoning, of the Scotts Valley Municipal Code, is hereby amended to read as follows:

"17.62.010 Purpose

This chapter establishes procedures to implement State Density Bonus Law, as set forth in California Government Code Sections 65915-65918. State Density Bonus Law provides density bonuses and other incentives to facilitate production of affordable and senior housing. This chapter also implements General Plan Housing Element policies to provide additional housing in Scotts Valley for lower-income households, seniors, and persons with special needs.

17.62.020 Definitions

A. State Density Bonus Law. Definitions in State Density Bonus Law apply to the terms in this chapter.

B. "Other Incentives." As used in this chapter, the term "other incentives" includes the following:

   1. Incentives and concessions (Government Code Section 65915(k)).

   2. Waiver or reduction of development standards (Government Code Section 65915(e)).

   3. Reduced parking ratios (Government Code Section 65915(p)).

17.62.030 Application Procedures

A. Concurrent Request. An applicant shall request a density bonus and other incentives concurrently with the first permit application required by the City for the housing development.

B. Submittal Requirements. An application shall include following information and materials:

   1. For a density bonus:

      a. Summary table showing:

         (i) Maximum density (in units per acre) on the site permitted by the Zoning Code and General Plan excluding any density bonus units.

         (ii) Maximum number of dwelling units on the site permitted by the zoning and general plan excluding any density bonus units.

         (iii) Proposed affordable units by income level

         (iv) Proposed bonus percentage.

         (v) Number of density bonus units proposed.

         (vi) Total number of proposed dwelling units.

         (vii) Resulting density in units per acre.

      b. For projects in a General Plan land use designation with no maximum units per acre standard, a completed Maximum Allowable Density Worksheet available from the Community Development Department.

      c. The subparagraph of Government Code Section 65915(b)(1) under which the housing development qualifies for a density bonus and documentation demonstrating that the housing development is eligible for a bonus under that subparagraph.

      d. If the applicant seeks an additional bonus, the subparagraph of Government Code Section 65915(v)(1) under which the housing development qualifies for an additional density bonus and reasonable documentation demonstrating that the housing development is eligible for the additional bonus under that subparagraph.

e. A site plan, drawn to scale, showing the number and location of all proposed units, designating the location of affordable units and density bonus units.

f. A description of all dwelling units existing on the site in the five-year period preceding the application submittal date and identification of any units:

   (i) Rented in the five-year period;

   (ii) Subject to a recorded covenant, ordinance, or law restricting rents to levels affordable to households of lower or very low income; or

   (iii) Subject to any form of rent or price control.

g. If dwelling units on the site are currently rented, income and household size of all residents of currently occupied units, if known. If dwelling units on the site were rented in the five-year period but are not currently rented, the income and household size of residents occupying the dwelling units when the site contained the maximum number of dwelling units, if known.

h. The phasing of the construction of the affordable housing units in relation to the nonrestricted units in the housing development.

i. If a density bonus is requested for a land donation, the location of the land to be dedicated, proof of site control, and documentation that each of the requirements included in Government Code Section 65915 (g) can be met.

2. For incentives and concessions (Government Code Section 65915(k)):

   a. The number of requested incentives.

   b. The existing requirement and requested modification to the requirement.

   c. Except where mixed-use zoning is requested as an incentive, reasonable documentation to show that each requested incentive will result in identifiable and actual cost reductions to provide for affordable housing costs or rents.

   d. If mixed-use zoning is a requested incentive, reasonable documentation that:

      (i) Nonresidential land uses will reduce the costs of the housing development;

      (ii) Nonresidential land uses are compatible with the housing development and the existing or planned development in the area where the housing development will be located, and

      (iii) Mixed-use zoning will provide for affordable housing costs and rents.

3. For a waiver or reduction of development standards (Government Code Section 65915(e)):
    a. The proposed waivers or reductions of development standards.
    b. Reasonable documentation that the existing standard physically precludes the construction of the housing development at its proposed density.
4. For reduced parking ratios (Government Code Section 65915(p)).
    a. The number of parking spaces required for the proposed project by the Zoning Code.
    b. The reduced number of parking spaces proposed.
    c. The paragraph under Government Code Section 65915(p) (or other statute) under which the housing development qualifies for the parking reduction.
    d. Reasonable documentation that the housing development is eligible for the requested parking reduction.
5. For a density bonus or incentives for a child care facility (Government Code Section 65915(h)):
    a. Reasonable documentation that all of the requirements included in Government Code Section 65915(h) can be met.
6. For a density bonus or incentives for a condominium conversion (Government Code Section 65915.5)):
    a. Reasonable documentation that all of the requirements included in Government Code Section 65915.5 can be met.
7. For a commercial development bonus (Government Code Section 65915.7):
    a. Reasonable documentation that all of the requirements included in Government Code Section 65915.5 can be met.
8. For any density bonus or other incentives where the housing development would replace an affordable unit (Government Code Section 65915(c)(3)(A)):
    a. Reasonable documentation that all of the requirements included in Government Code Section 65915(c)(3)(A) can be met.

C. Application Review.

1. The City shall review a request for a density bonus and other incentives concurrently with the permit application required for the housing development.
2. The City shall notify the applicant whether the application is complete in a manner consistent with the timelines specified in Government Code Section 65943.

3. When the City deems the application complete, the City shall provide the applicant with a determination of the following:

    a. The amount of density bonus, calculated pursuant to Government Code Section 65915(f), for which the applicant is eligible.

    b. If the applicant requests a parking ratio pursuant to Government Code Section 65915(p), the parking ratio for which the applicant is eligible.

    c. If the applicant requests incentives and concessions pursuant to Government Code Section 65915 (d) or waivers pursuant to Government Code Section 65915(e), whether the applicant has provided adequate information for the City to review and take action on the requested incentives and/or waivers.

D. City Action.

1. General.

    a. The City shall act on a request for a density bonus and other incentives concurrently with the permit application required for the housing development. The same review authority that acts on the permit application shall also act on density bonus and other incentive request.

    b. For permit applications that require a public hearing, a staff report shall describe project conformance with State Density Bonus Law as demonstrated by application materials submitted pursuant to Section 18.030.040.B (Submittal Requirements).

2. Incentives and Concessions. The City shall grant an incentive or concession (Government Code Section 65915(k)) requested by the applicant unless it makes a written finding, based upon substantial evidence, of any of the following:

    a. The proposed incentive or concession does not result in identifiable and actual cost reductions to provide for affordable housing costs, as defined in Health and Safety Code Section 50052.5; or for affordable rents, as defined in Health and Safety Code Section 50053.

    b. The proposed incentive or concession would be contrary to state or federal law; or

    c. The proposed incentive or concession would:

        (i) Have a specific, adverse impact, as defined in Government Code Section 65589.5(2)(d), upon the public health or safety or on any real property that is listed in the California Register of Historic Resources; and

        (ii) There is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the housing development unaffordable to low- and moderate-income households.

3. Waiver or Reduction in Development Standards. The City shall grant a waiver of development standards (Government Code Section 65915(e)) requested by the applicant unless it makes a written finding, based upon substantial evidence, of any of the following:

    a. The proposed waiver would be contrary to state or federal law.

    b. The proposed waiver would have an adverse impact on any real property listed in the California Register of Historic Resources.

    c. The proposed waiver would:

        (i) Have a specific, adverse impact, as defined in Government Code Section 65589.5(2)(d), upon the public health or safety; and

        (ii) There is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the housing development unaffordable to low- and moderate-income households.

4. Child Care Centers. If a child care center complies with the requirements of Government Code Section 65915(h), the decision-making body may deny a density bonus or incentive that is based on the provision of child care facilities only if it makes a written finding, based on substantial evidence, that the City already has adequate child care facilities.

5. Coastal Zone. For a housing development within the coastal zone, the review authority must find that the requested density bonus or other incentive is consistent with the certified Local Coastal Program, with the exception of density. The granting of a density bonus or an incentive shall not be interpreted, in and of itself, to require a local coastal plan amendment.

E. Appeals. Appeals of the permit decision required for the housing development shall include all requests under State Density Bonus Law.

17.62.040 General Provisions

A. Density Bonus Calculation.

1. All density bonus calculations resulting in fractional units are rounded up to the next whole number.

2. In determining the number of affordable units required to qualify for a density bonus, units added by a density bonus are not included in the calculations.

B. One Density Bonus Allowed.

1. Except where a housing development is eligible for an additional bonus pursuant to Government Code Section 65915(v), each housing development is entitled to only one density bonus.

2. If a housing development qualifies for a density bonus under more than one category, the applicant shall identify the category under which the density bonus is requested to be granted.

C. Density Bonus Amount.

1. The applicant may accept a lesser percentage of density bonus than the housing development is entitled to, or no density bonus, but no reduction is permitted in the percentages of affordable units required by State Density Bonus Law.
2. Regardless of the number of affordable units, no housing development is entitled to a density bonus greater than what is authorized under State Density Bonus Law.

D. Inclusionary Requirement.

1. On-site units that satisfy the City's inclusionary housing requirements in Municipal Code Chapter 14.01 (Redevelopment Agency Affordable Housing Production Requirements) and will be constructed concurrently with the housing development may qualify the housing development for a density bonus if those units meet the requirements of State Density Bonus Law.
2. Payment of fees in lieu of providing affordable units under Municipal Code Section 14.02.050 (In-lieu housing fees and alternative compliance options) does not qualify a housing development for a density bonus.

E. Financial Incentives.

1. Nothing in this chapter requires the provision of direct financial incentives from the City for the housing development, including, but not limited to, the provision of financial subsidies, publicly owned land, fee waivers, or waiver of dedication requirements.
2. The City, at its sole discretion, may choose to provide such direct financial incentives.

17.62.050 Affordable Unit Design and Construction

A. Timing. Building permits, final inspections, and certificates of occupancy shall be issued concurrently for the market rate units and for all affordable units that qualified the project for a density bonus, incentive, waiver, or parking reduction.

B. Appearance and Quality.

1. Affordable units shall be comparable in exterior appearance and overall quality of construction to market rate units in the same housing development.
2. Interior finishes and amenities may differ from those provided in the market rate units, but neither the workmanship nor the products may be of substandard or inferior quality as determined by the City.

C. Unit Size. To comply with fair housing laws, the affordable units shall contain the same proportional mix of bedroom sizes as the market-rate units.

D. Access to Amenities. In mixed-income buildings, the occupants of the affordable units shall have the same access to the common entrances and to the common areas, parking, and amenities of the project as the occupants of the market-rate housing units.

E. Location within Building. Affordable units shall be located throughout a building and not isolated on one floor or to an area on a specific floor.

17.62.060 Regulatory Agreements

A. General.

   3. If a density bonus or other incentive is approved pursuant to this chapter, the applicant shall enter into a binding affordable housing agreement or restrictive covenant, as described below, with the City. This agreement or covenant shall implement State Density Bonus Law and ensure compliance with this chapter.

   4. The agreement or covenant shall be in a form approved by the City Attorney and executed by the City Manager or their designee.

   5. The agreement or covenant shall be binding on all future owners and successors in interest.

   6. The applicant shall record the agreement or covenant against the housing development prior to final or parcel map approval, or, where a map is not being processed, prior to issuance of building permits for the housing development.

B. Rental Projects. For affordable rental projects, the applicant shall enter into an affordable housing agreement with the City that:

   1. Requires the continued affordability of all rental units that qualified the applicant for the density bonus or other incentive for a minimum of 55 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program;

   2. Identifies the type, size and location of each affordable unit;

   3. Specifies the eligible occupants;

   4. Specifies phasing of the affordable units in relation to the market-rate units; and

   5. Contains other relevant provisions approved by the City Attorney.

C. For-Sale Projects.

   1. For projects with affordable for-sale units, the applicant shall enter into an affordable housing agreement with the City that requires the following:

      a. The initial purchasers of those for-sale units that qualified the applicant for the density bonus or other incentive shall be persons and families of lower or moderate income, as applicable;

      b. If any for-sale unit is not purchased by an income-qualified household within 180 days after the issuance of the certificate of occupancy, then the unit(s) must be sold pursuant to a contract that satisfies the requirements of Revenue and Taxation Code Section 402.1(a)(10) to a qualified non-profit housing corporation as defined in State Density Bonus Law and that the units are offered at an affordable housing cost, as that cost is defined in Health and Safety Code Section 50052.5; and

c. The units will be resold only to households of lower or moderate income for a minimum of 45 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or homebuyer assistance program.

2. The agreement shall contain other relevant provisions approved by the City Attorney.

3. The City shall enforce an equity sharing agreement consistent with State Density Bonus Law unless it conflicts with the requirements of another public funding source or law.

D. Market-Rate Senior Projects. For market-rate senior projects, the applicant shall enter into a restrictive covenant with the City to require the housing development to be operated as "housing for older persons" consistent with state and federal fair housing laws.

17.62.070 Interpretation

If any portion of this chapter conflicts with State Density Bonus Law or other applicable state law, state law shall supersede this chapter. Any ambiguities in this chapter shall be interpreted to be consistent with State Density Bonus Law. Statutory references in this ordinance include successor provisions.

~~17.62.010 Intent and purpose.~~

~~This density bonus ordinance is intended to provide incentives for the production of affordable housing, senior housing and the development of child care facilities. In offering these incentives, this chapter is intended to implement the goals, objectives, and policies of the city's General Plan and to further implement and be subject to the requirements of state law (Government Code Sections 65302, 65913, and 65915—65918 et seq.). In the event that any provision in this chapter conflicts with state law, state law shall prevail.~~

~~17.62.020 Definitions.~~

~~The following terms used in the section shall be defined as follows:~~

~~"Affordable housing/affordable housing unit" means a housing unit which is available for sale to moderate income households or for rent to low and/or very low income households, as those terms are defined in this section.~~

~~"Affordable rent" means a monthly rent charged to low and very low income households for housing units as calculated in accordance with Section 50053 of the Health and Safety Code.~~

~~"Child care facility" means a facility that provides non-medical care and supervision of minor children for periods of less than twenty-four hours and is licensed by the~~

~~California State Department of Social Services, further subject to the definition in California Government Code Section 65915(h)(4).~~

~~"Condominium" means a form of housing tenure and other real property where a specified part of real estate, usually of an apartment house, is individually owned. Use of land access to common facilities in the piece such hallways, heating system, elevators, and exterior areas are executed under legal rights associated with the individual ownership. These rights are controlled by the association of owners that jointly represent ownership of the whole piece.~~

~~"Density bonus" means a density increase for residential units over the otherwise allowed residential density under the applicable zoning and land use designation on the date an application is deemed complete.~~

~~"Density bonus housing agreement" means a legally binding agreement between a developer and the city to ensure that continued affordability of the affordable housing units required by this chapter persists and the units are maintained in accordance with this chapter.~~

~~"Density bonus units" means those additional residential units granted pursuant to the provisions of this chapter.~~

~~"Housing authority" means an appointed body of the City of Scotts Valley authorized to engage in or assist in the development or operation of affordable housing.~~

~~"Housing development" means a development project for five or more residential units. Within this chapter, it shall also include a subdivision or common interest development, a project which rehabilitates and converts a commercial building to a residential use and a condominium conversion of an existing multi-family building.~~

~~"Incentives or concessions" means regulatory concessions which include, but are not limited to, the reduction of site development standards or zoning code requirements, approval of mixed-use zoning in conjunction with the housing development, or any other regulatory incentive which would result in identifiable, financially sufficient, and actual cost reductions that are offered in addition to a density bonus.~~

~~"Initial subsidy" means the fair market value of the home at the time of initial sale minus the initial sale price to the moderate-income household, plus the amount of any down payment assistance or mortgage assistance. If upon resale the market value is lower than the initial market value, then the value at the time of the resale shall be used as the initial market value. (e.g., X (fair market value of the home to be purchased) - Y (the price the moderate income family paid for the home) + Z (amount of any down payment assistance) = Initial Subsidy).~~

~~"Low income household" means a household whose income does not exceed eighty percent of the area median income for Santa Cruz County, as published and periodically updated by the State Department of Housing and Community Development pursuant to Section 50079.5 of the California Health and Safety Code.~~

~~"Moderate income household" means a household whose gross income does not exceed 120 percent of the area median income for Santa Cruz County as published and~~

~~periodically updated by the State Department of Housing and Community Development pursuant to Sections 50079.5 and 50052.5 of the California Health and Safety Code.~~

~~"Proportionate share of appreciation" means the ratio of the local government's Initial Subsidy as defined above to the fair market value of the home at the time of initial sale. (e.g. X (initial subsidy) /Y (fair market value) = Proportionate Share of Appreciation).~~

~~"Senior citizen housing development" means a residential development developed, substantially rehabilitated or renovated, and having at least thirty-five dwelling units for senior citizens in compliance with the requirements of Section 51.3 and 51.12 of the California Civil Code, or a mobile home park that limits residency based on age requirements for housing for older persons pursuant to Section 798.76 or 799.5 of the Civil Code.~~

~~"Very low income household" means a household whose income does not exceed fifty percent of the area median income for Santa Cruz County, as published and periodically updated by the State Department of Housing and Community Development pursuant to Section 50105 of the California Health and Safety Code.~~

~~17.62.030 Types of bonuses and incentives allowed.~~

~~A. Very Low- and Low-Income Housing and Senior Citizen Housing. Upon written request to the city, an applicant for a housing development is eligible for one density bonus of at least twenty percent, but no more than thirty-five percent over the maximum residential density (except in the case of senior citizen housing, as provided below), provided that the applicant agrees to construct the housing development in accordance with one of the following criteria:~~

~~1. Very Low-Income Households: Five percent of the total dwelling units, excluding any units permitted by the density bonus, are provided at affordable rent or ownership costs to very low-income households; or~~

~~2. Low-Income Households: Ten percent of the total dwelling units, excluding any units permitted by the density bonus, are provided at affordable rent or ownership costs to low-income households; or~~

~~3. Senior Citizen Housing Development: For senior citizen housing developments, the density bonus shall be twenty percent of the number of senior housing units provided. For "congregate senior housing facilities" (as defined in Section 17.44.100.B. of the Scotts Valley Municipal Code), refer to Section 17.44.100.C for specific density bonus provisions.~~

~~B. Moderate-Income Housing. Upon written request to the city, an applicant for a housing development is eligible for one density bonus of five percent over the maximum residential density if the applicant agrees to construct the housing development in accordable with all of the following criteria:~~

~~1. At least ten percent of the total dwelling units, excluding any units permitted by the density bonus, are provided at affordable ownership costs to moderate-income households; and~~

2. ~~The housing development is common interest project as defined by Section 1351 of the California Civil Code; and~~

3. ~~All of the dwelling units in the housing development are offered for sale to the public.~~

C. ~~Higher Density Bonus for Greater Contribution of Affordable Units. Upon written request to the city, an applicant for a housing development that is eligible for a density bonus based upon the contribution of affordable units, may receive a higher amount of density bonus if the percentage of very low-, low-, and moderate-income housing units exceeds the base percentage established in subsection A. or B. of this section, as follows:~~

1. ~~Very Low-Income Units. For each one percent increase above five percent in affordable units for very low-income households, the density bonus shall be increased by two and one-half percent up to a maximum of thirty-five percent, as specified in Table 17.62.030.C.1, below~~

~~Table 17.62.030.C.1 Percent of Density Bonus For Greater Contribution of Very Low-Income Units~~	
~~Percentage of Very Low-Income Units~~	~~Percentage of Density Bonus~~
~~5%~~	~~20%~~
~~6%~~	~~22.5%~~
~~7%~~	~~25%~~
~~8%~~	~~27.5%~~
~~9%~~	~~30%~~
~~10%~~	~~32.5%~~
~~11%~~	~~35%~~

2. ~~Low-Income Units. For each one percent increase above ten percent in the affordable units for low-income households, the density bonus shall be increased by one and one and one-half percent up to a maximum of thirty-five percent, as specified in Table 17.62.030.C.2, below:~~

~~Table 17.62.030.C.2 Percent of Density Bonus For Greater Contribution of Low-Income Units~~	
~~Percentage of Low-Income Units~~	~~Percentage of Density Bonus~~
~~10%~~	~~20%~~
~~11%~~	~~21.5%~~
~~12%~~	~~23%~~
~~13%~~	~~24.5%~~
~~14%~~	~~26%~~
~~15%~~	~~27.5%~~
~~16%~~	~~29%~~
~~17%~~	~~30.5%~~

~~18%~~	~~32%~~
~~19%~~	~~33.5%~~
~~20%~~	~~35%~~

3. ~~Moderate-Income Units. For each one percent increase above ten percent in affordable units offered for sale to moderate-income households, the density bonus shall be increased by one percent up to maximum thirty-five percent, as specified in Table 17.62.030.C.3, below:~~

~~Table 17.62.030.C.3 Percent of Density Bonus For Greater Contribution of Moderate-Income Units~~	
~~Percentage of Moderate-Income Units~~	~~Percentage of Density Bonus~~
~~10%~~	~~5%~~
~~11%~~	~~6%~~
~~12%~~	~~7%~~
~~13%~~	~~8%~~
~~14%~~	~~9%~~
~~15%~~	~~10%~~
~~16%~~	~~11%~~
~~17%~~	~~12%~~
~~18%~~	~~13%~~
~~19%~~	~~14%~~
~~20%~~	~~15%~~
~~21%~~	~~16%~~
~~22%~~	~~17%~~
~~23%~~	~~18%~~
~~24%~~	~~19%~~
~~25%~~	~~20%~~
~~26%~~	~~21%~~
~~27%~~	~~22%~~
~~28%~~	~~23%~~
~~29%~~	~~24%~~
~~30%~~	~~25%~~
~~31%~~	~~26%~~
~~32%~~	~~27%~~
~~33%~~	~~28%~~
~~34%~~	~~29%~~
~~35%~~	~~30%~~
~~36%~~	~~31%~~
~~37%~~	~~32%~~
~~38%~~	~~33%~~
~~39%~~	~~34%~~
~~40%~~	~~35%~~

~~D. Continued Affordability. Affordable units qualifying a housing development for a density bonus shall remain affordable as follows:~~

~~1. Very low-income and low-income household units shall remain affordable to the designated income group for a minimum of fifty-five years, or for a longer period of time if required by any construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program applicable to the dwelling units.~~

~~2. Moderate-income household units shall remain affordable for a minimum of fifty-five years, or for a longer period of time if required by any construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program applicable to the dwelling units.~~

~~E. Specification of Basis for Density Bonus. Each applicant who requests a density bonus pursuant to this Section shall elect whether the bonus will be awarded on the basis of subsection A.1., A.2., A.3., or B. of this section. Each housing development is entitled to only one density bonus, which may be selected based on the percentage of very low-income affordable housing units, low-income affordable housing units, moderate-income affordable housing units, or the development's status as a senior citizen housing development. Density bonuses from more than one of these categories may not be combined.~~

~~F. Provisions for Resale of Units. An applicant shall agree to, and the city shall ensure that, the initial occupant of all for-sale units that qualified the applicant for the award of the density bonus are persons and families of very low, low, or moderate income, as required, and that the units are offered at an affordable housing cost, as that cost if defined in Section 50052.5 of the Health and Safety Code. The local government shall enforce any equity sharing agreement, unless it is in conflict with the requirement of another public funding source or law. The following apply to the equity sharing agreement:~~

~~1. Upon resale, the seller of the unit shall retain the value of any improvements, the down payment, and the seller's proportionate share of appreciate. The city shall recapture any initial subsidy and its proportionate share of appreciation, which amount shall be used within five years for any of the purposes described in subdivision (e) of Section 33334.2 of the Health and Safety Code that promote home ownership.~~

~~2. For purposes of this subsection, the city's initial subsidy shall be equal to the fair market value of the home at the time of initial sale minus the initial sale price to the very low, low, moderate-income household, plus the amount of any down payment assistance of mortgage assistance. If upon resale the market value is lower than the initial market value, then the value at the time of the resale shall be used as the initial market value.~~

~~3. For purposes of this subsection, the city's proportionate share of appreciation shall be equal to the ratio of the city's initial subsidy to the fair market value of the home at the time of initial sale.~~

~~17.62.040 Density bonus for donations of land.~~

~~A. Land Suitability. Upon written request, when an applicant for a tentative map, subdivision map, parcel map, or other residential development donates developable land to the city in accordance with this section, the applicant shall be entitled to a density bonus. Applicants donating developable land to the city shall be eligible for a fifteen percent density bonus at the site of the housing development if the donated land is suitable for the construction of very low-income units equaling at least ten percent of the market rate units being constructed for the project. For each one percent increase above the minimum ten percent, the density bonus shall be increased by one percent, up to a maximum of thirty-five percent. This increase shall be in addition to any increase in density mandated by Section 17.62.030, up to a maximum combined mandated density increase of thirty-five percent if an applicant seeks both the increase required pursuant to this section and Section 17.62.030.~~

~~B. Qualification Criteria. To qualify for the additional density bonus described in subsection A. of this section, the donation of developable land must meet all the following criteria:~~

~~1. The tentative map, subdivision map, parcel map, or other residential development must otherwise be subject to a density bonus pursuant to Section 17.62.030 of this chapter; and~~

~~2. The land must be transferred no later than the date of the approval of the final subdivision map, parcel map, or housing development application; and~~

~~3. The developable acreage and zoning classification of the land being transferred must be sufficient to permit construction of dwelling units affordable to very low-income households in an amount not less than ten percent of the total number of market rate dwelling units in the proposed development (i.e., the proposed development before the addition of any density bonus); and~~

~~4. The donated land is at least one acre in size or is large enough to permit development of at least forty units, has the appropriate general plan land use designation, has the appropriate zoning and development standards for affordable housing and, at the time of project approval is, or at the time of construction will be, served by adequate public facilities and infrastructure; and~~

~~5. No later than the date of approval of the final map, parcel map, or other development application for the housing development, the donated land must have all of the applicable permits and approvals (other than building permits) necessary for the development of the very low income housing units on the donated land, except that the city may subject the proposed housing development to subsequent design review to the extent authorized by California Government Code Section 65583.2 Subsection (i) if the design is not reviewed by the city prior to the time of transfer; and~~

~~6. The donated land is subject to a deed restriction ensuring continued affordability of the very low income units consistent with Subsection~~

~~17.62.030D. of this article, which deed restriction shall be recorded upon the donated property at the time of its transfer; and~~

~~7. The land will be transferred to the city or to a housing developer approved by the city. The city reserves the right to require the applicant to identify a developer and to require that the land be transferred to the developer; and~~

~~8. The land is within the boundary of the proposed housing development or within one-fourth mile of the boundary of the proposed housing development; and,~~

~~9. No later than the date of approval of the final map, parcel map, or other development application for the housing development, a proposed source of funding for the construction of the very low-income housing units shall be identified.~~

~~C. Density Bonus Based on Greater Suitability of Land for Very Low-Income Housing. For each one percent increased above the minimum ten percent in the number of very low-income housing units that can be accommodated on the donated land, the maximum density bonus shall be increased by one percent, up to a maximum of thirty-five percent, as specified in Table 17.62.040.C, below:~~

~~Table 17.62.040.C Percent of Additional Density Bonus for Additional Very Low-Income Units on Donated Land~~	
~~Percentage of Very Low-Income Units that can be Accommodated on Donated Land~~	~~Percentage of Additional Density Bonus~~
~~10%~~	~~15%~~
~~11%~~	~~16%~~
~~12%~~	~~17%~~
~~13%~~	~~18%~~
~~14%~~	~~19%~~
~~15%~~	~~20%~~
~~16%~~	~~21%~~
~~17%~~	~~22%~~
~~18%~~	~~23%~~
~~19%~~	~~24%~~
~~20%~~	~~25%~~
~~21%~~	~~26%~~
~~22%~~	~~27%~~
~~23%~~	~~28%~~
~~24%~~	~~29%~~
~~25%~~	~~30%~~
~~26%~~	~~31%~~
~~27%~~	~~32%~~
~~28%~~	~~33%~~
~~29%~~	~~34%~~
~~30%~~	~~35%~~

~~17.62.050 Condominium conversions.~~

~~A. Applicable requirements and procedures for the review and approval or disapproval of the conversion of existing multi-family rental housing to residential condominiums are provided in Section 17.44.060, Condominium Conversions and Condominiums, of the Scotts Valley Municipal Code.~~

~~B. An applicant for a conversion of existing rental apartments to condominiums is eligible for either a density bonus or other incentives of equivalent financial value, at the option of the city, if the applicant agrees to provide: 1) at least thirty-three percent of the total units of the proposed condominium project to persons and families of low- or moderate-income as defined in Section 50093 of the Health and Safety Code, or 2) at least fifteen percent of the total units of the proposed condominium project to low-income households as defined in Section 50079.5 of the Health and Safety Code, and 3) the applicant agrees to pay for the reasonably necessary administrative costs incurred by the city pursuant to this section.~~

~~C. Condominium conversions qualified under subsection A. of this section, may receive one of the following, at the city's option:~~

~~1. A flat density bonus of twenty-five percent to be provided within the existing structure or structures proposed for conversion, excepting that a condominium conversion is ineligible for this bonus if the apartments to be converted originally received a density bonus or incentives pursuant to any other provisions of this article or pursuant to California Government Code Section 65915. An applicant may choose to implement a lower density bonus.~~

~~2. Incentives of equivalent financial value in the form of a reduction or waiver of requirements or fees which the city might otherwise apply as conditions of conversion approval. "Other incentives of equivalent financial value" shall not be construed to require the city to provide cash transfer payments or other monetary compensation to the condominium conversion project or its applicant.~~

~~D. The city reserves the right to place such reasonable conditions of the granting of a density bonus or other incentives of equivalent financial value pursuant to this section as it finds appropriate, including, but not limited to, conditions which assure continued affordability of units to subsequent purchases who are persons and families of low- and moderate-income or lower income households.~~

~~E. Condominium conversions are eligible only for the granting of a density bonus or incentive of equivalent value pursuant to this section, which bonus or incentive may not be granted in addition to, or combined with, any other incentives, concessions, density bonuses or waivers and reductions of development standards pursuant to other sections of this article. Nothing in this section shall be construed to require the city to approve a proposal to convert rental apartments into condominiums.~~

~~F. An applicant shall be ineligible for a density bonus or any other incentives or concessions if the condominium project is proposed on any property that includes a~~

~~parcel or parcels on which rental dwelling units are or, if the dwelling units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low-income; subject to any other form of rent or price control through a public entity's valid exercise of its police power; or occupied by lower or very low-income households, unless the proposed condominium project replaces those units, as defined in Subsection 17.62.070.G, and either of the following applies:~~

1. ~~The proposed condominium project, inclusive of the units replaced, contains affordable units at the percentages set forth in Subsection 17.62.050.A.~~
2. ~~Each unit in the development, exclusive of a manager's unit or units, is affordable to, and occupied by, either a lower or very low-income household.~~

~~G. Subsection 17.62.050.F does not apply to an applicant seeking a density bonus for a proposed housing development if their application was submitted to, or processed by the city before January 1, 2015.~~

~~17.62.060 Childcare facilities.~~

~~A. A housing development that is eligible for a density bonus pursuant to Section 17.62.030 of this article, and also includes a childcare facility qualified under this section is eligible for either of the following, at the option of the city, if requested in writing by the applicant:~~

1. ~~An additional density bonus that is an amount of square feet of residential space that is equal to or greater than the amount of square feet in the childcare facility; or~~
2. ~~An additional concession or incentive that contributes significantly to the economic feasibility of the construction of the childcare facility.~~

~~B. A childcare facility will only qualify the housing development for an additional density bonus or incentive or concession if it is: 1) located on the premises of, as part of, or adjacent to the housing development, and 2) the housing development is otherwise eligible for a density bonus pursuant to Section 17.62.030 of this article. As a condition of approving the additional density bonus for the housing development, the childcare facility must meet all of the following criteria:~~

1. ~~The childcare facility may be used only for childcare for a period of time that is as long as or longer than the period of time during which the affordable units are required to remain affordable as stated in deed restrictions and pursuant to Subsection 17.62.030.D of this article; and~~
2. ~~Of the children who attend the childcare facility, the percentage of children of very low- income households, low- income households, or moderate-income households shall be equal to or greater than the percentage of dwelling units that are proposed to be affordable to very low-income households, low-income households, or moderate-income households pursuant to Section 17.62.030 of this article.~~

~~C. Notwithstanding any requirement of this section, the city shall not be required to provide a density bonus or concession or incentive for a childcare facility if it makes a written finding, based upon substantial evidence, that the community already has adequate childcare facilities.~~

~~17.62.070 General provisions governing density bonus calculations.~~

~~A. For the purposes of any provisions in this article, an applicant may elect to accept a lesser percentage of density bonus than that to which the housing development is eligible.~~

~~B. When calculating the number of permitted density bonus units, any calculations resulting in fractional units shall be rounded up to the next larger whole number.~~

~~C. For the purpose of calculating a density bonus, the dwelling units shall be on contiguous sites that are the subject of one development application, but do not have to be based upon individual subdivision maps or parcels. The density bonus shall be permitted in geographic areas of the housing development other than the areas where the affordable units are located.~~

~~D. For the purposes of this article, the "total units" or "total dwelling units" in a housing development does not include those units added by any density bonus.~~

~~E. Regardless of the number or extent of affordable units, senior housing, land dedication, childcare facilities or other qualifications for a density bonus provided in any single housing development, no housing development may be entitled to a total density bonus of more than thirty-five percent. Table 17.62.070.E provides a summary of density bonus by type of affordable housing unit.~~

~~Table 17.62.070.E Density Bonus Summary~~				
~~Types of Affordable Units Providing Eligibility for a Density Bonus~~	~~Minimum Percent~~	~~Bonus Granted~~	~~Additional Bonus for Each 1% Increase in Affordable Units~~	~~Percent of Affordable Units Required for Maximum 35% Bonus~~
~~Affordable Housing Type:~~				
~~Very Low-Income~~	~~5%~~	~~20%~~	~~2.5%~~	~~11%~~
~~Low-Income~~	~~10%~~	~~20%~~	~~1.5%~~	~~20%~~
~~Moderate-Income~~	~~10%~~	~~5%~~	~~1%~~	~~40%~~
~~Senior Citizen Housing~~	~~Qualified Development~~	~~20% of the units~~	~~—~~	~~—~~
~~Land Donation for Very Low-Income Housing:~~				
~~Land Donation for Very Low-Income Housing~~	~~Land donated can accommodate 10% of market rate units, plus~~	~~15%~~	~~1%~~	~~30% of market rate units (assuming housing development~~

	~~housing development qualified for density bonus as an affordable or senior project~~			~~provides 5% very low-income units)~~
~~*Condominium Conversions:*~~				
~~Low-Income~~	~~15%~~	~~25%[1]~~	~~—~~	~~—~~
~~Low/Moderate-Income~~	~~33%~~	~~25%[1]~~	~~—~~	~~—~~
~~*Childcare Facility:*~~				
~~Childcare Facility~~	~~Housing Development qualifies for density bonus as an affordable or senior project~~	~~Square feet in childcare facility[1]~~	~~—~~	~~—~~
~~Note:~~ ~~[1] Maximum of 25% bonus for condominium conversions, or an incentive or equal value, at the city's option.~~				

~~F. An applicant shall be ineligible for a density bonus or any other incentives or concessions if the housing development is proposed on any property that includes a parcel or parcels on which rental dwelling units are or, if the dwelling units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income; subject to any other form of rent or price control through a public entity's valid exercise of its police power; or occupied by lower or very low income households, unless the proposed housing development replaces those units, and either of the following applies:~~

~~1. The proposed housing development, inclusive of the units replaced pursuant to this section, contains affordable units at the percentages set forth in Section 17.62.030.~~

~~2. Each unit in the development, exclusive of a manager's unit or units, is affordable to, and occupied by, either a lower or very low income household.~~

~~G. For the purposes of this paragraph, "replace" shall mean either of the following:~~

~~1. If any dwelling units described in Subsection 17.62.030.F, above, are occupied on the date of application, the proposed housing development shall provide at least the same number of units of equivalent size or type, or both, to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those household in occupancy. For unoccupied dwelling units in a development with occupied units, the proposed housing development shall provide units of equivalent size~~

~~or type, or both, to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category in the same proportion of affordability as the occupied units. All replacement calculations resulting in fractional units shall be rounded up to the next whole number. If the replacement units will be rental dwelling units, these units shall be subject to a recorded affordability restriction for at least fifty-five years. If the proposed development is for-sale units, the units replaced shall be subject to Subsection 17.62.030.F, above.~~

~~2. If all dwelling units have been vacated or demolished within the five-year period preceding the application, the proposed housing development shall provide at least the same number of units of equivalent size or type, or both, as existed at the highpoint of those units in the five-year period preceding the application to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those persons and families in occupancy at that time, if known. If the incomes of the persons and families in occupancy at the highpoint is not known, then one-half of the required units shall be made available at affordable rent or affordable housing cost to, and occupied by, very low-income persons and families and one-half of the required units shall be made available for rent at affordable housing costs to, and occupied by, low-income persons and families. All replacement calculations resulting in fractional units shall be rounded up to the next whole number. If the replacement units will be rental dwelling units, these units shall be subject to a recorded affordability restrictions for at least 55 years. If the proposed development is for-sale units, the units replaced shall be subject to Subsection 17.62.020.F.~~

~~H. Subsection 17.62.030.F does not apply to an applicant seeking a density bonus for a proposed housing development if their application was submitted to, or processed by the city before January 1, 2015.~~

~~17.62.080 Incentives and concessions for affordable housing.~~

~~A. Definition of a Qualified Incentive or Concession. A qualifying project shall be entitled to at least one but no more than three of the following incentives identified by state law:~~

~~1. A reduction in the parcel development standards (e.g. coverage, setback, zero lot line and/or reduced parcel sizes, architectural design requirements and/or parking requirements). Development standard means any ordinance, general plan element, specific plan, condition, law, policy, resolution, or regulation. In no case may the city apply a development standard that will have the effect of precluding the construction of affordable units. A waiver or modification to development standards may be requested by the applicant, and shall be approved unless such waiver or modification creates an adverse impact as described in subsection C.2., below.~~

~~2. Approval of mixed use zoning in conjunction with the housing project if nonresidential land uses will reduce the cost of the housing project, and the~~

~~nonresidential land uses are compatible with the housing project and existing or planned development in the area where the proposed development will be located.~~

~~3. Other regulatory incentives or concessions proposed by the applicant or the city that will result in identifiable, financially sufficient and actual cost reductions.~~

~~B. Number of Incentives. The number of incentives shall be based on the percentage of affordable units in the project as follows, and summarized in Table 17.62.080.B, below:~~

~~1. One incentive or concession shall be entitled for projects where at least five percent of the total units are for very low-income households, ten percent of the total units are for low-income households, or ten percent of the total units in a common interest development are sold to moderate-income households.~~

~~2. Two incentives or concessions shall be entitled for projects where at least ten percent of the total units are for very low-income households, twenty percent of the total units are for low-income households, or at least twenty percent of the total units in a common interest development are sold to moderate-income households.~~

~~3. Three incentives or concessions shall be entitled for projects where at least fifteen percent of the total units are for very low-income households, thirty percent of the total units are for low-income households, or thirty percent of the total units in a common interest development are sold to moderate-income households.~~

~~Table 17.62.080.B Density Bonus Incentives and Concessions Summary~~			
~~Affordable Units of Category~~	~~Percent of Affordable Units~~		
~~Affordable Housing Types:~~			
~~Very Low-Income~~	~~5%~~	~~10%~~	~~15%~~
~~Low-Income~~	~~10%~~	~~20%~~	~~30%~~
~~Moderate-Income~~	~~10%~~	~~20%~~	~~30%~~
~~Maximum incentive(s)/concession(s)[1, 2, 3]~~	~~1~~	~~2~~	~~3~~
~~Notes:[1] An incentive or concession may be requested only if an application is also made for a density bonus.~~ ~~[2] Incentives or concessions may be selected from only one category (very low-, low-, or moderate).~~ ~~[3] No incentives or concessions are available for land donation.~~			

~~C. Findings to Deny Incentive or Concession. The city shall grant the incentive or concession requested by the applicant unless the city makes a written finding based upon substantial evidence of any of the following:~~

1. ~~The incentive or concession is not required in order to provide for affordable housing costs or for affordable rents for the restricted units; or~~

2. ~~The concession or incentive would have a specific adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse without rendering the development unaffordable to low- and moderate-income households. A specific adverse impact means a significant, unavoidable impact, as provided in written standards, policies, or conditions; or,~~

3. ~~The incentive or concession would be contrary to state or federal law.~~

~~D. Exceptions. This section does not limit or require the provision of direct financial incentives for the housing development, including the provision of publicly owned land, by the city or the waiver of fees or dedication requirements. Nor does any provision of this Section require the city to grant an incentive or concession found to have a specific adverse impact.~~

~~E. Amendment, Zone Change. The granting of a concession or incentive shall not be interpreted, in and of itself, to require a general plan amendment, zoning change, or other discretionary approval.~~

~~17.62.090 Waivers and modifications of development standards.~~

~~A. Applicants granted a density bonus pursuant to Section 17.62.030 of this article may, by written proposal, seek a waiver, modification or reduction of development standards that would otherwise have the effect of physically precluding the construction of the housing development at the densities or with the concessions or incentives permitted pursuant to this article. The applicant may also request a meeting with the city to discuss such request for waiver and modifications.~~

~~B. In order to obtain a waiver or modification of development standards, the applicant shall show that the development standards will have the effect of precluding the construction of a housing development meeting the criteria of Section 17.62.030 of this article, at the densities or with the concessions or incentives permitted by this article.~~

~~C. A proposal for the waiver or reduction of development standards pursuant to this section shall neither reduce nor increase the number of incentives or concessions to which the applicant is entitled pursuant to Section 17.62.080 of this article.~~

~~D. The city may deny a request for any waiver, modification or reduction of development standards if the wavier, modification or reduction would have a specific adverse impact.~~

~~17.62.100 Parking incentives.~~

~~Upon the written request of the applicant for a housing development meeting the criteria for a density bonus under Section 17.62.030 of this article, the city shall not require a vehicular parking ratio that exceeds the following:~~

~~A. Zero to one bedroom units: One onsite parking space.~~

~~B. Two to three bedroom units: Two onsite parking spaces.~~

~~C. Four and more bedroom units: Two and one-half parking spaces.~~

~~Guest parking and handicapped parking shall be included within the maximum number of spaces that may be required. If the total number of parking spaces required for a housing development is other than a whole number, the number shall be rounded up to the next whole number. For purposes of this section, a housing development may provide onsite parking through tandem parking or uncovered parking, but not through on-street parking. For purposes of this article, the parking ratios set forth in this section shall be deemed a concession or incentive available to the applicant under Section 17.62.080 of this article.~~

~~17.62.110 Standards for density bonus housing developments.~~

~~A. Affordable units qualifying a housing development for a density bonus shall be reasonably dispersed throughout the housing development and compatible with the design of market rate units in terms of appearance, materials, and finished quality. The applicant may reduce the interior amenities and square footage of inclusionary units, provided all units conform to all other requirements of this Municipal Code.~~

~~B. For developments with multiple market rate units containing differing numbers of bedrooms, affordable units qualifying a housing development for a density bonus shall be representative of the market rate unit mix.~~

~~C. All building permits for affordable units qualifying a housing development for a density bonus shall be issued concurrently with, or prior to, issuance of building permits for the market rate units, and the affordable units shall be constructed concurrently with, or prior to, construction of the market rate units. Occupancy permits and final inspections for affordable units qualifying a housing development for a density bonus shall be approved concurrently with, or prior to, approval of occupancy permits and final inspections for the market rate units.~~

~~17.62.120 Application requirements.~~

~~A. An application for a density bonus, incentive, concession, waiver, modification, or revised parking standard pursuant to this section shall be submitted with the first approval of the housing development and processed concurrently with all other applications required for the housing development.~~

~~B. For affordable units qualifying the housing development for a density bonus, the application shall include the following information:~~

   ~~1. A site plan identifying the base project without the density bonus, number and location of all inclusionary units, affordable units qualifying for the project for a density bonus, and proposed density bonus units; and~~

   ~~2. Proposed category(ies) qualifying the housing development for a density bonus; and~~

   ~~3. Level of affordability of all affordable and inclusionary units and proposals for ensuring affordability, if applicable; and,~~

4. ~~A description of any requested incentives, concessions, waivers or modifications of development standards, or modified parking standards.~~
5. ~~If a density bonus or concession is requested for a land donation, the application shall show the location of the land to be dedicated and provide evidence that each of the findings included in Section 17.62.040 of this article can be made.~~
6. ~~If the density bonus or incentives of equivalent financial value are based upon a condominium conversion with affordable units or senior citizen housing, the application shall demonstrate that the project meets the qualifications and findings stated in Section 17.62.050 of this article.~~
7. ~~If a density bonus or concession is requested for a childcare facility, the application shall show the location and square footage of the childcare facility and provide evidence that the findings included in Section 17.62.060 of this article can be made.~~

C. ~~Upon submission of the application to the city, the community development director or designee shall determine if the application is complete and conforms to the provisions of this article. No application for a first approval for a housing development requesting a density bonus, incentives, concessions, or waivers may be deemed complete unless an affordable housing plan is submitted conforming to the provisions of this article.~~

D. ~~A request for a minor modification of an approved application may be granted by the city manager or designee if the modification is substantially in compliance with the original application and the conditions of approval. Other modifications to the affordable housing plan shall be processed in the same manner as the original application.~~

~~17.62.130 Application review.~~

A. ~~An application for a density bonus, incentive, concession, waiver, modification, or revised parking standard pursuant to this article shall be reviewed as part of the first approval of the housing development by the approval body with authority to approve the housing development, unless additional review by the planning commission or city council is required. An applicant proposing a housing development pursuant to this article may submit a preliminary application prior to the submittal of any formal request for approval of a housing development.~~

B. ~~Within ninety days of receipt of the preliminary application the city shall provide to an applicant, a letter which identifies project issues of concern (the maximum financial assistance that the community development director can support when making a recommendation to the city council), and the procedures for compliance with this article. The community development director shall inform the applicant that the requested additional incentives shall be recommended for consideration with the proposed housing development, or that alternative or modified additional incentives pursuant to Section 17.62.080 of this article shall be recommended for consideration in lieu of the requested incentives. If alternative or modified incentives are recommended by the community development director, the~~

~~recommendation shall establish how the alternative or modified incentives can be expected to have an equivalent affordability effect as the requested incentives.~~

~~C. Before approving an application for a density bonus, incentive, concession, waiver, or modification, the approval body shall make the following findings:~~

~~1. The housing development is: a) eligible for a density bonus, and/or b) any concessions, incentives, waivers, modifications, or reduced parking standards requested conform to all requirements of this article, and c) supported by a financing mechanism for all implementation and monitoring costs.~~

~~2. If the density bonus is based all or in part on dedication of land, the application meets the qualifications and findings stated in Section 17.62.040 of this article.~~

~~3. If the density bonus or incentives of equivalent financial value are based upon a condominium conversion with affordable units or senior citizen housing, that the application meets the qualifications and findings stated in Section 17.62.050 of this article.~~

~~4. If the density bonus, incentive, or concession is based all or in part on the inclusion of a childcare facility, the application meets the qualifications and findings stated in Section 17.62.060 of this article~~

~~5. If a waiver or modification is requested, the applicant has shown that the waiver, modification or reduction of development standards meets the qualifications and findings stated in Section 17.62.090 of this article.~~

~~D. If the findings stated in subsection C of this section can be made, and a request for an incentive or concession is otherwise consistent with this article, the approval body may deny a concession or incentive based upon written findings of any of the factors stated in Section 17.62.080 of this article for the denial or disqualification of a concession or incentive.~~

~~E. If the required findings stated in Section 17.62.080.C can be made, and a request for a waiver or modification is otherwise consistent with this article, the approval body may deny the requested waiver or modification based upon written findings of any of the factors stated in Section 17.62.090 of this article for the denial or disqualification of a waiver or modification.~~

~~F. Nothing in this section shall be interpreted to require the city to grant an incentive or concession or to waive or reduce development standards if that incentive, concession, waiver, or reduction has a specific adverse impact upon health, safety, or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact.~~

~~G. Any decision regarding a density bonus, incentive, concession, waiver, modification, or revised parking standard may be appealed pursuant to Chapter 17.50 of the Scotts Valley Municipal Code. In accordance with state law, neither the granting of a concession or incentive, nor the granting of a density bonus, shall be interpreted, in and of itself, to require a general plan amendment, zoning change, or other discretionary approval.~~

~~17.62.140 Developer affordable housing agreement.~~

~~A. Applications requesting a density bonus shall agree to enter into a density bonus housing agreement with the city. The terms of the draft agreement shall be reviewed and revised as appropriate by the community development director, who shall formulate a recommendation to the planning commission for final approval. A density bonus housing agreement shall be made a condition of the discretionary planning permits for all housing developments pursuant to this article and shall be recorded as a restriction on any parcels on which the affordable units or density bonus units will be constructed.~~

~~B. The density bonus housing agreement shall be recorded prior to final or parcel map approval, or, where the housing development does not include a map, prior to issuance of a building permit for any structure in the housing development. The density bonus housing agreement shall run with the land and bind future owners and successors in interest. "~~

Section 73. GENERAL PLAN CONSISTENCY. The Zoning Code amendments are consistent with the General Plan. The Zoning Code amendments are adopted for the specific purpose of implementing programs in the Housing Element and bringing the City's Zoning Code into conformance with the General Plan. The City has committed in the Housing Element to complete these Zoning Code amendments by the end of 2024.

Section 74. CEQA COMPLIANCE. The Zoning Code amendments are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3). Under CEQA Guidelines Section 15060(c)(2), the Zoning Code amendments are exempt from CEQA because they will not result in a direct or reasonably foreseeable indirect physical change in the environment. The Zoning Code amendments allow for development currently permitted by state law and/or the City's Housing Element of the General Plan. Under Section 15061(b)(3), the Zoning Code amendments are exempt from CEQA because they are covered by the commonsense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The Zoning Code amendments address permit requirements, definitions, and minor modifications to allowed development standards that will not have a significant effect on the environment.

Section 75. SEVERABILITY. If any section, subsection, subdivision, sentence, clause, phrase or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

Section 76. To the extent the provisions of the Scotts Valley Municipal Code as amended by this Ordinance are substantially the same as the provisions of that Code as they read immediately prior to the adoption of this Ordinance, then those provisions shall be construed as continuations of the earlier provisions and not as new enactments.

Section 77. EFFECTIVE DATE. This ordinance shall be in full force and effect thirty (30) days from and after the date of its adoption.

Section 78. PUBLICATION. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of adoption and shall post a certified copy of this Ordinance, including the vote for and against same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

This Ordinance was introduced on the 20th day of November, 2024, and passed and adopted on the 4th day of December, 2024, at a duly held meeting of the City Council of the City of Scotts Valley by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: ______________________________
Randy Johnson, Mayor

ATTEST:

____
Cathie Simonovich, City Clerk

APPROVED AS TO FORM:

____
Kirsten Powell, City Attorney

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: 12/4/2024

TO: Honorable Mayor and City Council

FROM: Cathie Simonovich, City Clerk

APPROVED: Mali LaGoe, City Manager

SUBJECT: **Adopt Resolution Number 2055 approving an application for funding under the 2024 Community Development Block Grant (CDBG) Notice of Funding Availability (NOFA)**

SUMMARY OF ISSUE

The City of Scotts Valley intends to submit an application under the 2024 State CDBG Notice of Funding Availability (NOFA) to support critical public service programs and infrastructure improvements. The CDBG program provides funding to local governments for projects that benefit low- and moderate-income residents, eliminate blight, and meet urgent community needs.

For the 2024 NOFA, the City is pursuing funding to support senior center improvements and administration costs associated with the grant. This aligns with the City's strategic priorities to enhance quality of life for seniors and underserved populations.

Approval of this resolution fulfills the CDBG application requirement for governing body authorization. The activities included in this application are aimed at improving services for seniors, who represent a growing vulnerable population in the city. The funding will support essential staffing needs for the senior center to enhance program delivery and client engagement.

Additionally, the resolution ensures compliance with public participation and transparency requirements mandated by the State of California.

Two public meetings were held to discuss possible applications for funding under the CDBG Program and to gather residents' ideas for possible activities to be included in the application. The first meeting was on November 12, 2024 at the Scotts Valley Community Center at 2:30 PM, and the second meeting was on November 13, 2024 at the Scotts Valley Senior Center at 5:30 PM.

This action is not a project as defined under CEQA guidelines and is therefore exempt from environmental review.

FISCAL IMPACT

If awarded, this grant will provide up to $300,000 in funding, covering program costs without requiring additional general fund resources.

The breakdown is as follows:

- Senior Center Support Staff: $280,374
- General Administration: $19,626

No program income will be utilized for this application.

STAFF RECOMMENDATION

Staff recommends the City Council adopts Resolution Number 2055 approving the submission of an application for Community Development Block Grant (CDBG) funding for the 2024 NOFA cycle. The resolution authorizes the City Manager or her designee to execute all related documents and agreements for the grant application.

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1. Resolution No. 2055 CDBG Application for Funding

Resolution of the Governing Body

RESOLUTION NO. 2025

A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2024 FUNDING YEAR OF THE STATE CDBG PROGRAM

BE IT RESOLVED by the City Council of the **City** of Scotts Valley as follows:

<u>SECTION 1</u>:
The City Council has reviewed and hereby approves the submission to the State of California of one or more application(s) in the aggregate amount, not to exceed, of $300,000.00 for the following CDBG activities, pursuant to the and 2024 CDBG NOFA:

List activities and amounts

Activity (*e.g. Public Services, Infrastructure, etc.*)	Dollar Amount Being Requested for the Activity
Senior Center Support Staff	$ 280,374.00
General Administration	$ 19,626.00
	$
	$
	$

<u>SECTION 2:</u>
The **City Council** hereby approves the use of Program Income in an amount not to exceed $0.0 for the CDBG activities described in Section 1.

<u>SECTION 3:</u>
The **City Council** acknowledges compliance with all state and federal public participation requirements in the development of its application(s).

<u>SECTION 4:</u>
The **City Council** hereby authorizes and directs the City Manager or designee*, to execute and deliver all applications and act on the **City**'s behalf in all matters pertaining to all such applications.

<u>SECTION 5:</u>
If an application is approved, the City Manager or designee*, is authorized to enter into, execute and deliver the grant agreement (*i.e.*, Standard Agreement), any recordable or

nonrecordable contract documents, and any and all subsequent amendments thereto with the State of California for the purposes of the grant.

SECTION 6:
If an application is approved, the City Manager or designee*, is authorized to sign and submit Funds Requests and all required reporting forms and other documentation as may be required by the State of California from time to time in connection with the grant.

PASSED AND ADOPTED at a regular meeting of the City Council of the **City** of Scotts Valley held on 12/3/2024 by the following vote:

AYES: Enter # of votes or names
NOES: Enter # of votes or names
ABSENT: Enter # absentees or names
ABSTAIN: Enter # of abstains or names

Randy Johnson, Mayor
City Council

STATE OF CALIFORNIA
City of Scotts Valley

I, Cathie Simonovich, **City** Clerk of the **City** of Scotts Valley, State of California, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by said City Council on this 4th day of December, 2024and that said resolution has not been amended, modified, repealed, or rescinded since its date of adoption and is in full force and effect as of the date hereof.

Cathie Simonovich, **City** Clerk of the **City** of Scotts Valley,
State of California

By: Cathie Simonovich, City Clerk

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE:	12/4/2024
TO:	Honorable Mayor and City Council
FROM:	Kendra Reed, Finance Manager
APPROVED:	Mali LaGoe, City Manager
SUBJECT:	**Investment Report for the Quarter Ended September 30, 2024**

SUMMARY OF ISSUE

Attached is the portfolio performance status report for the City and Supplemental Law Enforcement Fund ("SLESF") investment report for the quarter ended September 30, 2024. This information is for review only. No action is required by the Council.

The City's investment report submitted herein complies with the City's investment policy and evidence that there is adequate cash flow to meet the City's needs for the next six months. The City traditionally invests excess operating portfolio funds in Local Agency Investment Fund ("LAIF") and to the California Asset Management Program ("CAMP"). CAMP is a California Joint Powers Authority ("JPA") established in 1989. Investments offered through the Cash Reserve Portfolio (the "Pool" or the "CAMP Pool") and CAMP Term are permitted for all local agencies under California Government Code Section 53601(p). CAMP is directed by a board of trustees, which is made up of experienced local government finance directors and treasurers.

The revised Investment Policy, which was reviewed and adopted by the City Council June 12, 2024, allows the City to invest an unlimited amount of funds in Joint Powers Authority Pool (JPAP), which operates similarly to LAIF. The updated policy removed the previous 30% limit on investments in JPAP, allowing for an unlimited amount of funds to be invested. This flexibility provides the City with a strategic advantage in responding to changes in interest rates between these two investment options.

In the first quarter of FY24/25, the City determined that CAMP offered more favorable interest rates compared to LAIF. With the policy now permitting an unlimited investment in JPAP, the decision was made to move a significant portion of the City's funds from LAIF into CAMP. By transferring funds into CAMP, the City is projected to earn a higher return on its short-term investments, compared to the rates available in LAIF.

The SLESF investment report reflects the latest information available concerning how these monies provided by the State of California for front line police services were invested as of September 30, 2024.

Additional information on the Pooled Money Investment Account (PMIA) and Local Agency Investment Fund (LAIF) are provided from the State Treasurer's site.

FISCAL IMPACT

There is no fiscal impact of receiving and filing the report.

STAFF RECOMMENDATION

Receive and file an Investment Report for the Quarter Ended September 30, 2024.

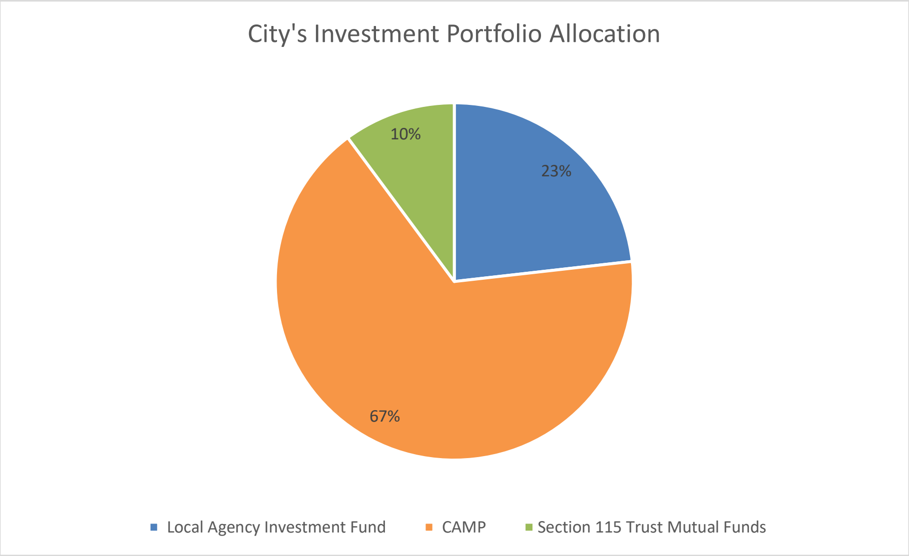
TABLE OF CONTENTS

1. FY2425_Investment Report

City of Scotts Valley
Quarterly Investment Report
September 30, 2024

TRUSTEE	TYPE OF INVESTMENT	ISSUER	MATURITY DATE	FACE VALUE	COST	MARKET VALUE	VALUATION	YIELD
	General Pooled Investments							
State of California	Local Agency Investment Fund (LAIF)	State of California	Demand - 1 day	$ 5,004,771	$ 5,004,771	$ 5,015,086 *	LAIF	4.710%
Board of Trustees	California Asset Management Program (CAMP)	CAMP	Demand - 1 day	$ 14,404,539	$ 14,404,539	$ 14,404,539	CAMP	5.290%
					Weighted Average Rate for General Pooled Investments			**5.140%**
	Section 115 Trust							
Charles Schwab Trust Bank	Mutual Fund	Schwab	Demand - 1 day	2,088,402	2,088,402	$ 2,191,776	Schwab	4.670%
	Investments of Bond Proceeds							
Bank of New York Mellon	US Treasury Notes	Bank of New York Mellon	Demand - 1 day	$ 387	$ 387	$ 387	Bank of New York	4.410%
Bank of New York Mellon	US Treasury Notes	Bank of New York Mellon	Demand - 1 day	$ 356,833	$ 356,833	$ 356,833	Bank of New York	4.357% **
Bank of New York Mellon	US Treasury Notes	Bank of New York Mellon	Demand - 1 day	$ 34,983	$ 34,983	$ 34,983	Bank of New York	0.000%

* Interest is paid at maturity. Market Value based on latest factor of 1.002061084
provided by LAIF on 9/30/2024, which has been applied to face value.
** Weighted average for all accounts.



Supplemental Law Enforcement Fund (SLESF)
Quarterly Investment Report
September 30, 2024

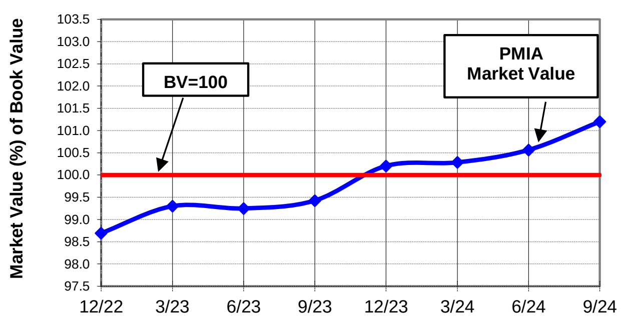
FACE VALUE	MARKET VALUE		TRUSTEE/INVESTMENT TYPE	YIELD
$ 210,667	$ 211,101	*	California Local Agency Investment Fund (LAIF)	4.710%
$ 210,667	$ 211,101			

* Interest is paid at maturity. Market Value includes accrued interest.

MONTHLY PERFORMANCE
Pooled Money Investment Account
September 2024

	9/30/2024	8/31/2024	12 Months HIGH	12 Months LOW
Average Life (days)	231	221	250	212
Certificates of Deposit & Bank Notes	8.76%	8.17%	10.04%	7.72%
Commercial Paper	6.08%	5.79%	6.84%	5.32%
Treasuries	55.49%	58.85%	61.60%	54.92%

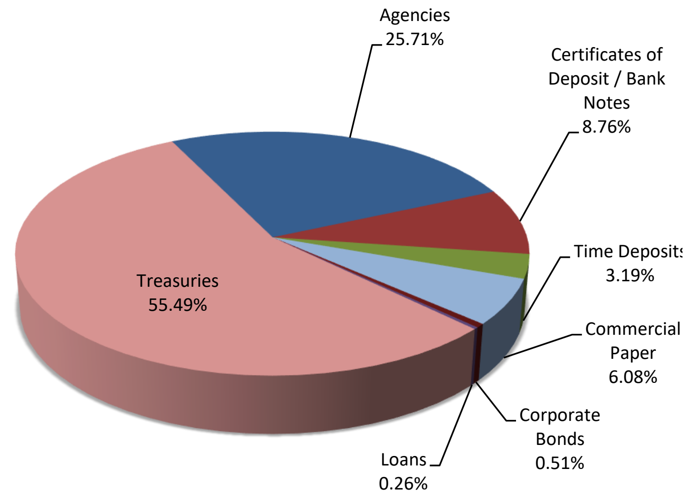
PMIA MARKET VALUATION



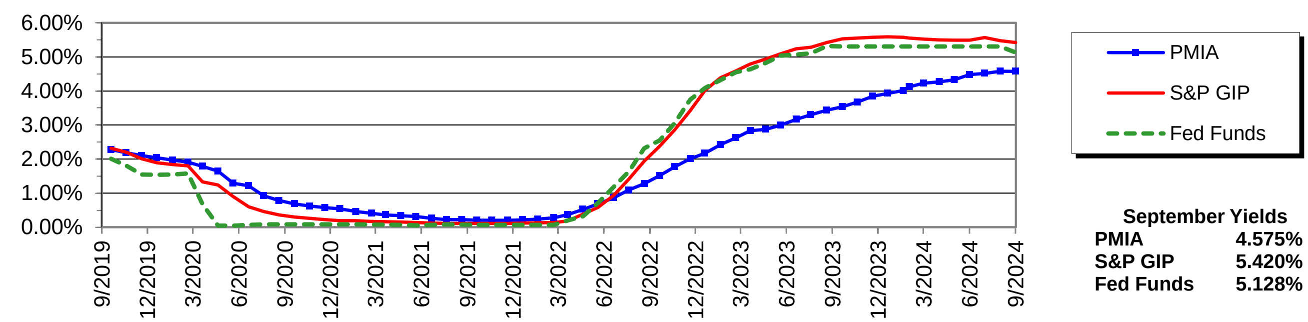
MARKET VALUE (%) of BOOK VALUE

Dec-2022	98.6926	Dec-2023	100.2054
Mar-2023	99.3005	Mar-2024	100.2851
Jun-2023	99.2503	Jun-2024	100.5652
Sep-2023	99.4272	Sep-2024	101.2007

PMIA Portfolio Composition - 09/30/2024
$161.6 billion



Average Monthly Yield Comparison - 09/2019 through 09/2024



September Yields

PMIA	**4.575%**
S&P GIP	**5.420%**
Fed Funds	**5.128%**

Percentages may not total 100%, due to rounding.

PMIA/LAIF Performance Report
as of 10/23/24

Quarterly Performance
Quarter Ended 09/30/24

LAIF Apportionment Rate(2):	4.71
LAIF Earnings Ratio(2):	0.00012912073474208
LAIF Administrative Cost(1)*:	0.26
LAIF Fair Value Factor(1):	1.002061084
PMIA Daily(1):	4.58
PMIA Quarter to Date(1):	4.56
PMIA Average Life(1):	231

PMIA Average Monthly Effective Yields(1)

September	**4.575**
August	4.579
July	4.516
June	4.480
May	4.332
April	4.272

Pooled Money Investment Account
Monthly Portfolio Composition (1)
9/30/24
$161.6 billion

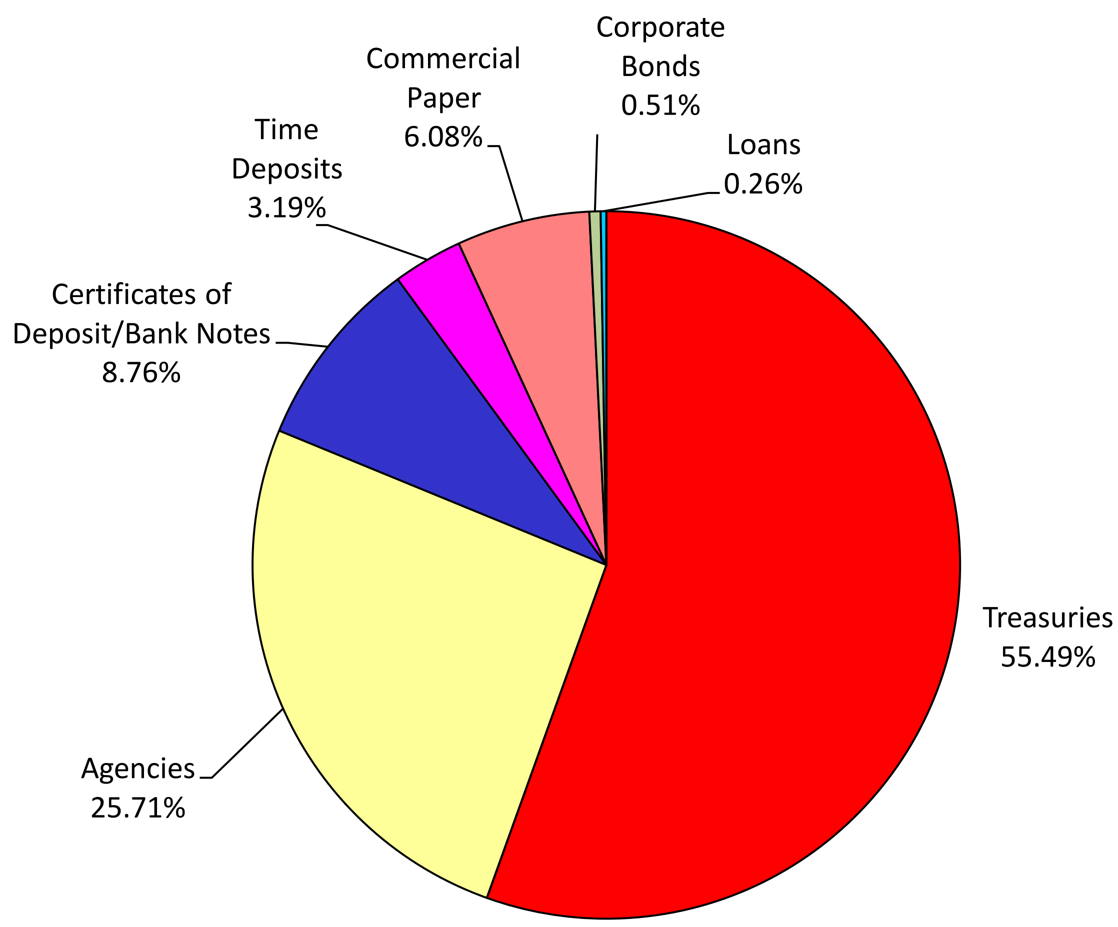


Chart does not include $1,343,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. View PMIA Daily Rates

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

**The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.*

Source:
(1) State of California, Office of the Treasurer
(2) State of Calfifornia, Office of the Controller

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: 12/4/2024

TO: Honorable Mayor and City Council

FROM: Mali LaGoe, City Manager

APPROVED: Mali LaGoe, City Manager

SUBJECT: **Consideration of Purchase and Sale Agreement for the purchase of real property commonly referred to as Assessor's Parcel Numbers 022-721-07, -08, and -09, otherwise known as the "Town Center" land.**

SUMMARY OF ISSUE

The City of Scott's Valley's long standing dream of building a Town Center on the vacant land between Kings Village Road, Mount Hermon Road and Skypark has been progressing in the last few years. The City has achieved several milestones including previously acquiring a total of six acres of the vacant land area, cleaning up surface level environmental contamination, securing the property with fencing to prevent illegal dumping, engaging with the community to update the vision for the layout and amenities to be included in the Town Center, completing a retail analysis, updating the City's Housing Element and now, negotiating a purchase and sale agreement with the City of Santa Cruz to gain site control of the remaining eight acres formerly used as the City of Santa Cruz's municipal airport until 1983. On August 8, 2024, the Planning Commission reviewed the proposed acquisition of the City of Santa Cruz owned property and determined the acquisition was consistent with the Scotts Valley General Plan as required by Government Code Section 65402(a). A copy of the resolution making that determination is attached to this report.

Securing full site control of the 14 acre core area is an important step in removing barriers that have previously prevented the Town Center from coming to fruition. The City applied for Community Project Funding in the amount of $3,000,000 to Congressman Panetta in 2023, and was awarded $1,000,000 to aid in the purchase of the property. The use of Federal funds for land acquisition required the City to complete a NEPA analysis before the Purchase and Sale Agreement could be executed by the City Council. On November 20, 2024, the NEPA analysis was approved by Housing and Urban Development (HUD) allowing the City to proceed with the purchase.

The negotiated purchase price, based on appraised value and current condition, is $7,750,000. The City of Scotts Valley paid a total of $270,885 for the environmental clean-up, which will be credited towards the purchase price. The City of Santa Cruz has agreed to finance the sale with a fixed interest rate of 4.5%. Additional terms include a $100,000 deposit due within 3 days following the effective date and in conjunction with opening escrow, and a $1,000,000 down payment due upon close of escrow. The City intends to utilize the secured federal funding for the down payment. The balance of approximately $6,379,115 will be financed over eight years. The City of Scotts Valley has two options for how to structure the payment of the remaining balance; a 15-year amortization rate over eight years, with a balloon payment due at eight years from the close of escrow, or an 8-year amortization rate over eight years, with equal annual payments. Staff recommends the 15-year amortization resulting in annual payments of approximately $650,000 and a final lump sum of approximately $3,800,000.

As the City intends for a significant number of affordable housing units to be included in the Town Center development, it is appropriate for the City to utilize its Affordable Housing Fund to pay the annual loan payments until such time that Scotts Valley sells the property to a private developer. The Affordable Housing Fund has a current fund balance of $3,475,805. With the current development timeline, the City anticipates selling the property and paying the loan balance with the sale proceeds sooner than the eight year schedule. The affordable housing fund would then be replenished, or the investment of affordable housing dollars would be contributed to the construction of the affordable housing component of the Town Center.

Once the City acquires the property, any sale of the property will be subject to the Surplus Lands Act. Both the Town Center Specific Plan and the new design layout, which will be considered at the December 3rd City Council meeting, envision the core area being developed as a mixed use project with at least 300 residential units. Such a project is exempt from the requirements of the Surplus Lands Act if the project is a one acre or larger mixed use development, with a minimum of 300 residential units, at least 25% of which are reserved for lower income households and the project is put out to competitive bid.

FISCAL IMPACT

The purchase price of the three parcels is $7,750,000. The City has already paid $270,885 for environmental clean up which will be deducted from the purchase price. A few small outstanding invoices related to the cleanup will also be deducted from the final purchase price. The City secured $1,000,000 in federal grant funding to fund the down payment and anticipated utilizing its Affordable Housing fund to finance the annual payments until the property is sold to a private developer.

STAFF RECOMMENDATION

Staff recommends approving Resolution No. 2057 authorizing the City Manager to execute the Purchase and Sale Agreement to acquire APNs 022-721-07, -08, and -09 otherwise known as the "Town Center" land, along with modifications of a non-substantive or conforming nature, in a form to be approved by the City Attorney, and the City Manager or her designee is authorized to take any further actions and execute any other related documents necessary to conclude the sale.

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1. Resolution No. 2057 Town Center Purchase
2. Skypark Purchase and Sale Agreement Santa Cruz and Scotts Valley
3. PCTownCenterResolution No. 1799 - Signed (002)
4. Santa Cruz RESO NS-30,323

RESOLUTION NO. 2057

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AUTHORIZING THE CITY MANGER TO EXECUTE THE PURCHASE AND SALE AGREEMENT TO ACQUIRE APNS 022-721-07, -08, AND -09 OTHERWISE KNOWN AS THE "TOWN CENTER" LAND AND TO TAKE ANY FURTHER ACTIONS AND EXECUTE ANY OTHER RELATED DOCUMENTS NECESSARY TO CONCLUDE THE SALE

WHEREAS, the Scotts Valley City Council intends to acquire real property located at the northwest corner of Mount Hermon Road and Kings Village Road in Scotts Valley (APN 022-721-07, 022721-08 And 022-721-09) (the "Property"); and

WHEREAS, the City is authorized to acquire the Property under Government Code section 37350; and

WHEREAS, a written offer to acquire the Property has been negotiated; and

WHEREAS, the intended purpose of this acquisition is to assemble property for the Scotts Valley Town Center and sell the property for development of a mixed use project which includes 300 housing units, 25% of which are affordable to lower income households; and

WHEREAS, the purchase is consistent with the General Plan as it will enable the City to assemble the parcels with City-owned parcels and sell the properties for development as a mixed-use project consistent with the Plan. In addition, the assemblage of the properties is consistent with the Housing Element which contemplates the development of housing, including affordable housing, in the Town Center.

NOW, THEREFORE, the City Council of the City of Scotts Valley does hereby resolve as follows:

SECTION 1. Recitals. The Recitals are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

SECTION 2. Approval of Acquisition. The City Council authorizes the acquisition of the Property, to be used for assemblage of the Property with other City owned properties and then sold for a mixed-use development which includes 300 housing units, 25% of which are affordable to lower income households, in accordance with the Surplus Lands Act.

SECTION 3. Authorization to Execute Sale and Escrow Documents. The City Council authorizes the City Manager or her designee to execute the Purchase and Sale

Agreement, along with modifications of a non-substantive or conforming nature, in a form to be approved by the City Attorney, and the City Manager or her designee is authorized to take any further actions to execute any other related documents necessary to conclude the sale of the Property.

SECTION 4. Authorization to Execute Certificate of Acceptance. The City Council authorizes the City Manager or her designee to execute all documents necessary for the close of escrow and a certificate of acceptance on behalf of the City.

SECTION 5. CEQA and NEPA. The City's acquisition of the Property is not a "project" pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378 as it is an administrative activity of government that will not result in any direct or indirect physical change in the environment. Any development or sale of the Property will be subject to additional CEQA review. In addition, the acquisition of the Property is exempt pursuant to Code of Federal Regulations Title 24 Section 578.34(a)(12) because it does not require any mitigation for compliance with any listed statutes or authorities nor require any formal permit or license.

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 4th day of December, 2024 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved:______________________________
Randy Johnson, Mayor

Attest: ________________________________
Cathie Simonovich, City Clerk

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made and entered into as of ______________, 2024 for reference purposes only, by and between the City of Santa Cruz, a California municipal corporation ("**Seller**"), and the City of Scotts Valley, a California municipal corporation ("**Buyer**"). The date by which both Buyer and Seller have executed this Agreement and delivered the same to one another, shall hereinafter be referred to as the "**Effective Date**".

IN CONSIDERATION of the respective agreements hereinafter set forth, Seller and Buyer hereby agree as follows:

1. Purchase and Sale of Property. Seller hereby agrees to sell "AS-IS" and convey to Buyer, and Buyer hereby agrees to purchase from Seller "AS-IS", subject to the terms and conditions set forth herein, the following (collectively, the "**Property**"):

(a) That certain real property located at the northwest corner of Mount Hermon Road and Kings Village Road in the City of Scotts Valley, County of Santa Cruz, California, commonly referred to as Assessor's Parcel Numbers 022-721-07, 022-721-08, and 022-721-09, all as more fully described in **Exhibit A** (the "**Land**"), together with all rights, privileges, easements or appurtenances to or affecting the Land (collectively, the "**Appurtenances**").

(b) Vacant Property. The Land is vacant and does not contain any personal property.

2. Purchase Price.

(a) The purchase price for the Property ("**Purchase Price**") shall be Seven Million Seven Hundred Fifty Thousand Dollars ($7,750,000.00).

(b) The Purchase Price shall be paid as follows:

(i) Within three (3) days following the Effective Date, Seller and Buyer shall open an escrow in connection herewith ("**Escrow**") at First American Title, 4450 Capitola Road #103, Capitola, CA 95010, Attn: Joyce Avila ("**Escrow Holder**"), and Buyer shall deposit into Escrow the amount of One Hundred Thousand Dollars ($100,000.00) ("**Deposit**") in cash or other immediately available funds.

(ii) The Deposit shall be held by Escrow Holder in an interest-bearing account for the benefit of Buyer in accordance with this Agreement. Notwithstanding anything herein to the contrary, One Hundred Dollars ($100.00) of the Deposit (the "**Independent Consideration**") shall not be refundable to Buyer, but shall represent consideration for this Agreement and shall be paid to Seller. The Independent Consideration shall be paid to Seller within three (3) days of the Effective Date. The Independent Consideration shall serve as consideration for the granting of the time periods herein contained for Buyer to exercise Buyer's right to satisfy and approve all of Buyer's conditions herein contained.

(iii) The Deposit (less the Independent Consideration) are referred to herein from time to time as the "**Earnest Money**." The Earnest Money shall be held by Escrow Holder in an interest-bearing account for the benefit of Buyer in accordance with this Agreement.

(iv) If the Closing (as defined herein) as contemplated hereunder should occur, then the Earnest Money will be paid by the Escrow Holder to Seller at the Closing, and the Earnest Money and any interest accrued thereon will be credited against the Purchase Price payable by Buyer to Seller at the Closing.

(v) If this Agreement is not terminated prior to the expiration of the Feasibility Period, the Earnest Money and any interest accrued thereon shall be nonrefundable to Buyer, except that if this Agreement is terminated prior to the Closing due to Seller's default or the failure of any of the Conditions Precedent (as defined herein) or as expressly set forth herein, then the Earnest Money together with any interest accrued thereon shall be returned to Buyer. The Earnest Money together with all interest accrued thereon shall be applied to the Purchase Price at the Closing.

(vi) On or before the Closing, if this Agreement has not been earlier terminated, Buyer shall deposit into Escrow cash or other immediately available funds in the amount of One Million Dollars (the "**Down Payment**").

(vii) After Closing, Buyer shall pay the remainder of the Purchase Price (after the Deposit and Down Payment, an amount equal to $6,650,000.00 (the "Loan Amount")) in accordance with the Promissory Note executed by Buyer in favor of Seller, which is attached hereto as **Exhibit F** and incorporated herein by reference (the "**Note**"). The Note shall bear interest of four and one-half percent (4.5%) per annum.

(viii) The Note shall be secured by a Deed of Trust to be recorded in the official records of the County of Santa Cruz, which is attached hereto as **Exhibit G** and incorporated herein by reference (the "**Deed of Trust**").

(c) Buyer and Seller agree to the following regarding environmental remediation on the Property:

(i) The Purchase Price reflects Seller's agreement to a reduction in price from the appraised value of the Property in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00). In consideration of this price reduction, Buyer agrees that Seller shall have no further responsibility for the cost of a vapor barrier and any other cost relating to remediation of underground contamination, including but not limited to all remediation of groundwater contamination ("**Underground Contamination**"). Buyer shall be solely and exclusively responsible for any and all costs of Underground Contamination, and shall comply with all legal requirements arising from or related to the underground contamination.

(ii) Buyer and Seller agree that the Property requires surface-level environmental remediation that includes: limited non-hazardous soil removal, off hauling and import of clean, quarry sourced fill ("**Surface Remediation**"). Prior to this Agreement, Buyer and Seller jointly conducted the Surface Remediation and are currently awaiting a closure order from the County of Santa Cruz. Seller agrees to reduce the Loan Amount based on Surface Remediation costs that are actually incurred and paid, subject to Seller's review and approval of such Surface Remediation cost documentation by Seller, provided that the total reduction of the Loan Amount shall not exceed Two Hundred Seventy Five Thousand Dollars ($2750,000.00). If the estimated costs for Surface Remediation exceeds this amount, then Seller's written consent to any additional costs shall be a condition precedent to Closing for the benefit of Seller as set forth in Section 6 below.

3. Title to the Property. At the Closing, Seller shall cause to be conveyed to Buyer fee simple title to the Property by duly executed and acknowledged grant deed substantially in the form attached hereto as **Exhibit B** and incorporated herein by this reference (the "**Deed**") as well as a duly executed Bill of Sale for the Personal Property, if any. As used in this Agreement, Closing (the "**Closing**") shall be deemed to occur upon the recording of the Deed. Evidence of delivery of fee simple title shall be the issuance by Escrow Holder to Buyer of an ALTA standard coverage owner's policy of title insurance in the amount of the Purchase Price, insuring fee simple title to the Property in Buyer, subject only to such exceptions as Buyer shall have approved as provided below (the "**Title Policy**"). The Title Policy shall provide full coverage against mechanics' and materialmen's liens and shall contain such special endorsements as Buyer may reasonably require, including, without limitation, any endorsements required as a condition to Buyer's approval of any title exceptions (the "**Endorsements**"). Within five (5) business days following the opening of Escrow, Seller shall order the issuance of a preliminary title report with respect to the Property, together with copies of all underlying documents referenced therein and a map containing a plotting of all easements capable of being plotted (collectively, the "**Preliminary Report**"), to be prepared by the Escrow Holder and delivered to Buyer. No later than thirty (30) business days after receipt of the Preliminary Report, Buyer shall give written notice to Seller of any items contained in the Preliminary Report which Buyer disapproves ("**Buyer's Disapproval Notice**"). Failure of Buyer to notify Seller of Buyer's disapproval of all or any item on the Preliminary Report shall be deemed to be an approval by Buyer of such item(s). In any event, Seller covenants to remove as exceptions to title prior to the Closing, any mortgages, deeds of trust, and other monetary encumbrances (collectively, "**Disapproved Liens**") shown on the Preliminary Report except for real property taxes not delinquent. Seller shall notify Buyer no later than five (5) business days after receipt of Buyer's Disapproval Notice whether it elects to remove such other items disapproved by Buyer. If by the expiration of the Feasibility Period, there remain exceptions to title which have not been modified to the satisfaction of Buyer and/or removed prior to the Closing Date, then Buyer may elect to do either of the following by the expiration of the Feasibility Period: (i) accept such exceptions and proceed to take title to the Real Property subject to such exception(s); or (ii) this Agreement may be terminated in accordance with Section 4(b). In the event Buyer elects to terminate this Agreement pursuant to this Section 3, neither party shall have any further obligations to the other hereunder (except under provisions of this Agreement which specifically state that they survive termination).

4. Feasibility.

(a) From and after the Effective Date until the Closing or earlier termination of this Agreement, Seller shall afford authorized representatives of Buyer access to the Property, upon reasonable prior notice to Seller, and so long as such access does not unreasonably interfere with the conduct of business on or use of the Property, for purposes of conducting such physical inspections and investigations of the Property as Buyer deems necessary (the "**Inspections**"). Seller's representative shall be present with Buyer or Buyer's representative for any access to the Property. The Inspections and investigations may include, without limitation, (i) a review of existing zoning, entitlement, planning or similar issues applicable to the Property; (ii) a review of the physical condition of the Property and the systems serving the Property; (iii) a review of the environmental condition of the Property, including a Phase I environmental site assessment and any proposal regarding a Phase II environmental site assessment. Buyer agrees not to conduct or cause to be conducted a Phase II environmental site assessment without the prior written consent of Seller. Buyer's Inspections and investigations shall be governed by Section 14.

(b) As used herein, the term ("**Feasibility Period**") shall refer to a period of time to expire at 5:00 p.m., California time, on the thirtieth (30th) calendar day following the Effective Date; provided, however, that if the 30th day is a Saturday, Sunday or holiday on which banking institutions are closed in the State of California, then the Feasibility Period shall expire on the following business day. Buyer may elect, by written notice to Seller at any time prior to the expiration of the Feasibility Period, to terminate this Agreement, which election shall be in Buyer's sole and absolute discretion. If Buyer desires to terminate this Agreement pursuant to this Section 4(b) then before the expiration of the Feasibility Period, Buyer shall deliver written notice to Seller of Buyer's election to terminate (the "**Buyer's Notice to Terminate**"). If Buyer desires to proceed with the purchase of the Property subject to the remaining conditions set forth in this Agreement, then on or before the expiration of the Feasibility Period, Buyer shall deliver written notice to Seller of such election to proceed (the "**Buyer's Notice to Proceed**"), electing to waive Buyer's right of termination pursuant to this Section 4(b) and proceed with the Closing subject to the remaining conditions set forth in this Agreement. If Buyer fails to deliver either Buyer's Notice to Terminate or Buyer's Notice to Proceed to Seller prior to the expiration of the Feasibility Period, then Buyer shall be deemed to have elected to proceed with this Agreement and the Closing. In the event of the termination of this Agreement pursuant to this Section 4(b), neither party shall have any further obligations to the other hereunder (except under provisions of this Agreement which specifically state that they survive termination).

(c) In the event Buyer elects to terminate this Agreement pursuant to Section 4(b), or if Closing does not occur for any reason, Buyer shall return all Seller's Deliveries to Seller. Buyer further agrees that prior to Closing, Buyer shall provide Seller with copies of all studies, reports, appraisals and other materials commissioned by or prepared for Buyer relating to or regarding the Property ("**Buyer's Reports**"), at no cost to Seller.

5. Seller's Deliveries. Within five (5) business days following the Effective Date, Seller shall deliver to Buyer, whether electronically or otherwise, the materials described on **Exhibit E**, which shall contain copies of documents in Seller's possession or control, or to which Seller has access (collectively, the "**Seller's Deliveries**"). Seller makes no representation whatsoever about the content, accuracy, completeness or value of any of Seller's Deliveries. All Seller's Deliveries will be provided to Buyer without warranty from Seller regarding the accuracy or completeness of the information contained therein, and such documents may or may not be assignable to Buyer. The delivery of such reports and studies shall be subject to the proprietary rights of any engineer or other consultant preparing the same and any limitations on use imposed

by them. Buyer assumes all risk of reviewing and understanding any and all information contained in Seller's Deliveries. Seller shall deliver a Natural Hazards Disclosure Report with Seller's Deliveries.

6. Conditions to Seller's Obligations. Seller's obligations hereunder, including, but not limited to, its obligation to consummate the purchase transaction provided for herein, are subject to the satisfaction of each of the following conditions, each of which is for the sole benefit of Seller and may be waived by Seller in writing in Seller's sole and absolute discretion:

(a) Buyer shall not be in default under this Agreement.

(b) Each representation and warranty made in this Agreement by Buyer shall be true and correct in all material respects at the time as of which the same is made and as of the Close of Escrow.

(c) Seller agrees to credit the cost of Surface Remediation as required under Section 2(c)(ii) of this Agreement, or Seller and Buyer mutually agree to an alternative cost sharing arrangement.

(d) Escrow Holder shall be unconditionally committed to issue a Lender's Policy to Seller upon the Closing in the form and with such exceptions and endorsements as have been approved, or are deemed approved, by Seller.

(e) Buyer shall have delivered a Certificate of Acceptance or documented authorization to execute the Certificate of Acceptance.

(f) Buyer shall have complied with all of Buyer's duties and obligations contained in this Agreement and all of Buyer's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date.

7. Conditions Precedent to Closing. The following are conditions precedent to Buyer's obligation to purchase the Property (the "**Conditions Precedent**"). The Conditions Precedent are intended solely for the benefit of Buyer and may be waived only by Buyer in writing in Buyer's sole and absolute discretion. In the event any Condition Precedent is not satisfied, Buyer may, in its sole and absolute discretion, terminate this Agreement, subject to the provisions of Section 8.

(a) Buyer's inspection, review and approval, within the Feasibility Period, of all of the following:

(i) The physical characteristics and condition of the Property (including without limitation the condition of the soils); and

(ii) Seller's Deliveries.

(b) Escrow Holder shall be unconditionally committed to issue the Title Policy to Buyer upon the Closing in the form and with such exceptions and endorsements as have been approved, or are deemed approved, by Buyer as provided in Section 3 above.

(c) Seller shall have complied with all of Seller's duties and obligations contained in this Agreement and all of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date.

8. Default; Remedies.

(a) Default by Seller. In the event any of the specific representations or warranties of Seller contained in this Agreement proves to be untrue in any material respect, or if Seller refuses to perform its obligations at Closing after Buyer tenders its performance of its obligations or to materially comply with any of the provisions hereof at or prior to Closing, then, at Buyer's option, Buyer may elect to (a) terminate this Agreement, receive a refund of the all deposits required by Buyer, including the non-refundable Deposit, from Title Company within five (5) business days of written receipt by Title Company of a written request from Buyer (with a copy going to Seller), and the parties shall have no further liability to each other, or (b) proceed with the equitable remedies available to Buyer. If Seller has withdrawn the Deposit from Escrow, Seller shall fund the withdrawn amounts to Escrow within 3 business days of notice from Title Company. Buyer's remedies for Seller default shall be limited to the right of specific performance and the remedies contained within this Section 8(a). To the extent permitted by law, Buyer waives all right to seek consequential, punitive or other damages against Seller for Seller's default.

(b) Default by Buyer; LIQUIDATED DAMAGES. IF THE SALE OF THE PROPERTY PURSUANT TO THIS AGREEMENT IS NOT CONSUMMATED SOLELY BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER, THE INITIAL DEPOSIT AND ANY EXTENSION DEPOSIT (THE "**DEPOSITS**"), AND ALL BUYER'S REPORTS, SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A DEFAULT BY BUYER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE EARNEST MONEY AND BUYER'S REPORTS HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER. UPON THE OCCURRENCE OF ANY SUCH DEFAULT BY BUYER, BUYER SHALL DELIVER WITHIN 2 BUSINESS DAYS OF SELLER'S REQUEST ALL BUYER'S REPORTS AND APPROPRIATE DOCUMENTS ASSIGNING SAME TO SELLER. SELLER HEREBY WAIVES ANY AND ALL BENEFITS IT MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 3389. FURTHERMORE, THE PAYMENT AND RETENTION OF SUCH EARNEST MONEY AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 AND 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. UPON BUYER'S DEFAULT, SELLER MAY

INSTRUCT ESCROW HOLDER TO CANCEL THE ESCROW, AND PROMPTLY UPON RECEIPT OF SAID INSTRUCTIONS, ESCROW HOLDER SHALL (i) CANCEL THE ESCROW, (ii) PAY ALL OF ESCROW HOLDER'S CHARGES FROM THE EARNEST MONEY, AND (iii) DISBURSE TO SELLER THE EARNEST MONEY PURSUANT TO THIS SECTION 8.

INITIALS: Seller _________ Buyer __________

9. Escrow; Closing, Prorations.

(a) Upon mutual execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with Escrow Holder and this Agreement shall serve as instructions to Escrow Holder for consummation of the purchase contemplated hereby. Seller and Buyer shall execute such supplemental Escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement, provided such supplemental Escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time. In the event of any conflict between the provisions of this Agreement and any supplementary Escrow instructions signed by Buyer and Seller, the terms of this Agreement shall control.

(b) The Closing shall take place (the "**Closing Date**") on or before the date that is ninety (90) days following the expiration of the Feasibility Period or as may be extended as provided below.

(c) At or before the Closing, Seller shall deliver to Escrow Holder or Buyer the following:

(i) the duly executed and acknowledged Grant Deed for the Property and the duly executed Bill of Sale;

(ii) a duly executed affidavit that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986 in the form attached as **Exhibit D** and incorporated herein by this reference together with a duly executed non-foreign person affidavit and evidence that Seller is exempt from the withholding obligations imposed by California Revenue and Taxation Code Sections 18805, 18815, and 26131;

(iii) evidence reasonably acceptable to Escrow Holder that the documents delivered by Seller have been duly authorized and executed on behalf of Seller and constitute valid and binding obligations of Seller.

(iv) any other documents which the Escrow Holder may reasonably require from Seller in order to close Escrow which do not increase Seller's liability or obligations hereunder;

(v) a closing statement in form and content satisfactory to Buyer and Seller (the "**Closing Statement**") duly executed by Seller; and

(vi) any other instruments, records or correspondence called for hereunder which have not previously been delivered.

(d) At or before the Closing, Buyer shall deliver to Escrow Holder or Seller the following:

(i) the Closing Statement, duly executed by Buyer;

(ii) the balance owed for the Purchase Price, less amounts paid pursuant to the Note; and

(iii) evidence reasonably acceptable to Escrow Holder that the documents delivered by Buyer have been duly authorized and executed on behalf of Buyer and constitute valid and binding obligations of Buyer.

(e) Seller and Buyer shall each deposit such other instruments as are reasonably required by Escrow Holder or otherwise required to close the Escrow and consummate the purchase of the Property in accordance with the terms hereof, including but not limited to: the Note, the Deed of Trust, and a Certificate of Acceptance executed by the duly authorized representative of the City Council for the City of Scotts Valley.

(f) The following are to be paid by Buyer or Seller or apportioned as of the Closing Date, as follows:

(i) General real property taxes for the year in which Closing occurs together with assessments, property operating expenses, utilities and other recurring costs relating to the Property shall be apportioned as of the Closing Date on the basis of a thirty (30)-day month.

(ii) Costs and expenses of Escrow incurred in this transaction shall be paid as follows:

(1) Seller and Buyer shall each pay one-half (1/2) shall pay all sales, use and documentary transfer taxes;

(2) Seller shall pay the cost for a standard ALTA Lender's policy and any extended coverage if desired;

(3) Buyer shall pay the cost for a standard ALTA coverage owner's policy of title insurance and any extended ALTA coverage if desired;

(4) Seller and Buyer shall each pay one-half (1/2) of the Escrow fees, recording fees and related expenses;

(5) Seller and Buyer shall each pay one-half (1/2) of any city or county transfer taxes due;

(6) all other costs of escrow shall be paid equally by Buyer and Seller.

(iii) The provisions of this Subparagraph (g) shall survive the Closing.

10. Representations, Warranties and Covenants of Seller. As of the date hereof and again as of Closing, Seller represent and warrants to Buyer as follows:

(a) This Agreement and all documents executed by Seller which are to be delivered to Buyer at the Closing are and at the time of Closing will be duly authorized, executed and delivered by Seller, are and at the time of Closing will be legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms. Seller has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) No Action. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending against Seller, nor are any such proceedings contemplated by Seller.

(c) No Representations as to Property. There are no representations, agreements, arrangements, or circumstances, oral or written, between the parties relating to the subject matter contained in this Agreement that are not fully expressed in the Agreement, and Seller has not made and does not make any representation or warranty concerning any matter or thing affecting or relating to the Property, including but not limited to its fitness for a particular use, its physical condition or any other matter.

(d) Seller's Obligations for Cost of Surface Remediation. During the Escrow Period, Seller will cooperate with Buyer in preparing for an updated estimate for the cost of the Surface Remediation, and that Seller agrees to the provisions of Section 2(c)(ii) of this Agreement regarding a reduction of the Loan Amount.

(e) Sale "AS-IS". Subject to Seller's representations and warranties contained herein, Buyer's election to purchase the Property will be based upon and will constitute evidence of Buyer's independent investigation of the Property, its use, development potential and suitability for Buyer's intended use, including (without limitation) the following: the feasibility of developing the Property for the purposes intended by Buyer and the conditions of approval for any subdivision map; the size and dimensions of the Property; the availability, cost and adequacy of water, sewerage and any utilities serving or required to serve the Property; the presence and adequacy of current or required infrastructure or other improvements on, near or affecting the Property; any surface, soil, subsoil, fill or other physical conditions of or affecting the Property, such as climate, geological, drainage, air, water or mineral conditions; the condition of title to the Property; the existence of governmental laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location or suitability of the Property for any existing or proposed development thereof including but not limited to zoning, building, subdivision, environmental or other such regulations; the necessity or availability of any general or specific plan amendments, rezoning, zoning variances, conditional use permits, building permits, environmental impact reports, parcel or subdivision maps and public reports, requirements of any improvement agreements; requirements of the California Subdivision Map Act, and any other governmental permits, approvals or acts (collectively "**Permits**"); the necessity or existence of any dedications, taxes, fees, charges, costs or assessments which may be imposed in connection with any governmental regulations or the obtaining of any required Permits; the presence of endangered plant or animal species upon the Property; and all of the matters concerning the condition, use, development or sale of the Property. Seller will not be liable for any loss, damage, injury or claim to any person or property arising from or caused by the development of the Property by Buyer.

Except with respect to a default by Seller hereunder (including a breach of Seller's warranties and representations), Buyer at the Close of Escrow expressly waives its rights granted under California Civil Code Section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Buyer's Initials: ________ Seller's Initials: ________.

11. Representations, Warranties and Covenants of Buyer. Buyer hereby represents and warrants to Seller as follows:

(a) This Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are and at the time of Closing will be duly authorized, executed and delivered by Buyer, are and at the time of Closing will be legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, and do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Buyer is subject. Buyer has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) Buyer warrants that Buyer is a sophisticated owner and buyer of real property, familiar and experienced with requirements for the development of real property. Buyer has examined the Property or will have done so by Closing, is or will be familiar with its physical condition, and accepts the Property in an "AS-IS" condition.

(c) Buyer has conducted or will conduct an independent investigation with respect to zoning and subdivision laws, ordinances, resolutions, and regulations of all governmental authorities having jurisdiction over the Property, and the use, disposition and improvement of the Property and is, or at Closing will be, satisfied with the results of such investigation.

(d) The Property is being sold "AS-IS" and with all faults. Buyer acknowledges and agrees that the Purchase Price reflects Seller's agreement to a price reduction in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00) from the appraised value of the Property for the cost of remediation set forth in Section 2(c)(i) of this Agreement.

(e) Buyer acknowledges and agrees that the Property requires the Surface Remediation and that Seller's financial responsibility for the Surface Remediation shall not exceed the amount set forth in Section 2(c)(ii), which shall only be satisfied as a reduction of the Loan Amount in accordance with the Note.

(f) Buyer acknowledges and agrees that the Property will be subject to a deed restriction imposed by the County of Santa Cruz, or other responsible government agency, as a result of environmental contamination of the Property, including but not limited to the Surface Remediation, and that Buyer will take all necessary steps to comply with any requirement for a deed restriction imposed by the County of Santa Cruz or other responsible government agency with jurisdiction over any environmental remediation required at the Property. This obligation shall survive the expiration of this Agreement.

(g) If Buyer seeks to perform any additional remediation work on the Property prior to Close of Escrow, Buyer shall request Seller's written consent. Buyer shall make any such request in writing, and allow Seller at least ten (10) days to respond to the request. Seller shall have the sole and absolute discretion to approve or deny the request.

12. Environmental Matters/Release. As used in this Agreement, "**Hazardous Materials**" includes petroleum, asbestos, radioactive materials or substances defined as "“hazardous substances,” “hazardous materials” or “toxic substances” (or words of similar import) in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), and under the applicable laws of California. Buyer must rely on its own investigation and not on any representation by Seller regarding Hazardous Materials. Buyer shall rely solely upon its own investigation and inspection of the Property and the improvements thereon and upon the aid and advice of Buyer's independent expert(s) in purchasing the Property, and shall take title to the Property without any warranty, express or implied, by Seller or any employee or agent of Seller. Seller makes no representations regarding Hazardous Materials in, on or under the Property. Seller's knowledge and disclosures regarding Hazardous Materials are limited to the contents of Seller's Deliveries.

Accordingly, Buyer hereby expressly waives and relinquishes any and all rights and remedies Buyer may now or hereafter have against Seller, whether known or unknown, with respect to any past present, or future presence of Hazardous Materials on, under or about the Property or with respect to any past, present or future violations of any rules, regulations or laws, now or hereinafter enacted, regulating or governing use, handling, storage or disposable of Hazardous Materials, including, without limitation (i) any and all remedies Buyer may now or hereafter have under the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("**CERCLA**"), as amended, and any similar law, rule or regulation, (ii) any and all rights Buyer may now or hereafter have against Seller under the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code, Section 25300 et seq.), as amended and any similar law, rule or regulation, and (iii) any and all claims, whether known or unknown, now or hereafter existing, with respect to the Property under Section 107 of CERCLA (42 U.S. C.A. § 9607).

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR"

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

____
(Buyer's Initials)

13. Continuation and Survival. All representations, warranties and covenants by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall be deemed made as of the date of this Agreement or such writing and again at the Closing, shall be deemed to be material, and unless expressly provided to the contrary shall survive the execution and delivery of this Agreement, the Deed and the Closing.

14. Indemnity.

Buyer agrees to indemnify Seller and the Property against, and to hold and save Seller and the Property harmless from, all claims, demands, suits, actions, damages, obligations, liabilities, losses, costs and expenses, including but not limited to attorneys' fees and court costs, as a result of the Inspections and any remediation work performed on the Property by Buyer, its agents, employees, contractors, or subcontractors; provided, however, that Buyer will not be obligated to indemnify Seller with respect to its own negligence. The foregoing indemnity shall survive termination of this Agreement. Buyer shall not suffer or permit any mechanic's or materialmen's or other lien to stand against the Property in connection with any labor, materials or services furnished or claimed to have been furnished by or on behalf of Buyer in connection with or as a result of any Inspections. If any such lien shall be filed against the Property, Buyer shall cause such lien to be discharged or bonded within thirty (30) days after such filing. Following any Inspections Buyer shall restore the Property to substantially its physical condition as existed prior to such inspection (except for any changes to the Property caused by Seller, or its agents or employees). Prior to any entry on the Property Buyer or its consultant shall at its sole cost obtain a policy of liability insurance with a combined single limit in an amount not less than One Million Dollars ($1,000,000); Seller shall each be named an additional insured on said policy; and Buyer or its consultants shall furnish to Seller a certificate of insurance confirming such coverage.

15. Condemnation.

(a) In the event a governmental entity commences eminent domain proceedings to take any portion of the Property after the date hereof and prior to the Closing, then Buyer shall have the option to terminate this Agreement by written notice to Seller within ten (10) business days after Buyer first learns of such commencement. In the event of any such termination, the Earnest Money, together with all interest, shall be returned to Buyer. Buyer and Seller shall each be liable for one-half of any escrow fees or charges, and neither party shall have any further liability or obligation under this Agreement.

(b) In the event a governmental entity commences eminent domain proceedings to take any part of the Property after the date hereof and prior to the Closing and this Agreement is not terminated pursuant to Section 15(a), then the Closing shall occur as scheduled notwithstanding such proceeding; provided, however, that Seller's interest in all awards arising out of such proceedings (except for any award attributable to the loss of Seller's business or income, Seller's personal property, or the property of any tenant of the Property) shall be assigned to Buyer as of the Closing or credited to Buyer if previously received by Seller. Seller's obligations pursuant to this Section 15(b) shall survive the Closing.

16. Possession. Possession of the Property shall be delivered to Buyer on the Closing Date free of any occupant or property not being conveyed to Buyer as provided hereunder.

17. Seller's Cooperation with Buyer. At no cost to Seller, Seller shall cooperate and do all acts as may be reasonably required or requested by Buyer, at no additional cost to Seller, with regard to the fulfillment of any Condition Precedent. Seller hereby authorizes Buyer and its agents to make all inquiries with and applications to any third party, including any governmental authority, as Buyer may reasonably require to complete its due diligence and satisfy the Conditions Precedent.

18. Brokers and Finders. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee in connection with the sale contemplated herein. In the event that any such broker or finder claims a commission or finder's fee based upon any contact, dealings or communication, the party through whom the broker or finder makes its claim shall be responsible for said commission or fee and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the other party in defending against the same. The party through whom any such other broker or finder makes a claim shall hold harmless, indemnify and defend the other party hereto, its successors and assigns, agents, employees, officers and directors, and the Property from and against any and all obligations, liabilities, claims, demands, liens, encumbrances and losses (including, without limitation, attorneys' fees), arising out of, based on, or incurred as a result of such claim. The provisions of this Section 18 shall survive the Closing or termination of this Agreement.

19. Legal Fees. In the event legal action is commenced to enforce or interpret any of the terms or provisions of this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the prosecution or defense of said action.

20. Publicity and Confidentiality. Buyer acknowledges that Seller is a public entity and that this Agreement shall be a matter of public record and available to the public under the Public Records Act. Notwithstanding the foregoing, Buyer agrees to not make any public announcements regarding the Property prior to Closing.

21. Miscellaneous.

(a) Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one business day after being deposited with Federal Express or another reliable overnight courier service for next day delivery, (iii) upon facsimile transmission (except that if the date of such transmission is not a business day or if such transmission is made after 5:00 p.m. on a business day, then such notice shall be deemed to be given on the first business day following such transmission), or (iv) two business days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows (or such other address as either party may from time to time specify in writing to the other in accordance herewith):

If to Seller: City of Santa Cruz
337 Locust Street
Santa Cruz, CA 95060
Attn: Bonnie Lipscomb
Email: blipscomb@cityofsantacruz.com

With a copy to: Anthony P. Condotti
City Attorney
Atchison, Barisone & Condotti
333 Church Street
Santa Cruz, CA 95060
Email: tcondotti@abc-law.com

If to Buyer: ______________________________
Attn: ____________________________
____
____
Email ____________________________

With a copy to: ______________________________
Attn: ____________________________
____
____
Email ____________________________

To Escrow Holder: ______________________________
Attn: ____________________________
____
____
Phone: ____________________________
Email ____________________________

(b) <u>Successors and Assigns</u>. Buyer shall have the right to assign this Agreement to any entity controlling, controlled by or under common control with Buyer without Seller's consent or approval, and otherwise Buyer shall have the right to assign this Agreement to any entity subject to Seller's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed. Any such assignee shall assume all obligations of Buyer hereunder; however, Buyer shall remain liable for all obligations hereunder. Seller shall have the right to assign this Agreement. Except as otherwise permitted by this paragraph, neither this Agreement nor the rights of either party hereunder may be assigned by either party. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns.

(c) <u>Amendments</u>. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

(d) <u>Governing Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(e) <u>Construction</u>. Headings at the beginning of each Section and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. Unless otherwise indicated, all references to Sections and subparagraphs are to this Agreement. All exhibits referred to in this Agreement are attached and incorporated by this reference.

(f) <u>No Joint Venture</u>. This Agreement shall not create a partnership or joint venture relationship between Buyer and Seller.

(g) <u>Merger of Prior Agreements</u>. This Agreement and the exhibits attached hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof, including without limitation, any letters of intent previously executed or submitted by either or both of the parties hereto, which shall be of no further force or effect upon execution of this Agreement.

(h) <u>Time of the Essence</u>. Time is of the essence of this Agreement. As used in this Agreement, a "business day" shall mean a day which is not a Saturday, Sunday or recognized federal or state holiday. If the last date for performance by either party under this Agreement occurs on a day which is not a business day, than the last date for such performance shall be extended to the next occurring business day.

(i) <u>Severability</u>. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

(j) <u>Further Assurances.</u> Each of the parties shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties.

(k) Exhibits. All exhibits attached hereto and referred to herein are incorporated herein as though set forth at length.

(l) Captions. The captions appearing at the commencement of the sections and paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the section at the head of which it appears, the section and paragraph and not such caption shall control and govern in the construction of this Agreement.

(m) No Obligation To Third Parties. Execution and delivery of this Agreement shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than each other.

(n) Waiver. The waiver by any party to this Agreement of the breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach, whether of the same or another provision of this Agreement.

(o) Interpretation. This Agreement has been negotiated at arm's length and between persons (or their representatives) sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law (including California Civil Code § 1654 and any successor statute) or legal decision that would require interpretation of any ambiguities against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

(p) Counterparts/Facsimile/.PDF Signatures. This Agreement may be executed in counterparts and when so executed by the Parties, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument that shall be binding upon the Parties, notwithstanding that the Parties may not be signatories to the same counterpart or counterparts. The Parties may integrate their respective counterparts by attaching the signature pages of each separate counterpart to a single counterpart. In order to expedite the transaction contemplated herein, facsimile or .pdf signatures may be used in place of original signatures on this Agreement. Seller and Buyer intend to be bound by the signatures on the facsimile or .pdf document, are aware that the other party will rely on the facsimile or .pdf signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date written below.

SELLER:

______________________. a __________________

By:____

Name: ______________________________________

Its: ______________________________

Date: ______________________________

APPROVED AS TO FORM

____
Tony Condotti
City Attorney

BUYER:

____

By:______________________________

Name: ______________________________

Its: ______________________________

Date: ______________________________

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

FORM OF DEED

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO, AND
MAIL TAX STATEMENTS TO:

[buyer address or attorney]

A.P.N.: _________________________ (Space Above Line for Recorder's Use Only)

EXEMPT FROM RECORDING FEES AND TRANSFER TAX
GOV. CODE § 27383; R&T CODE § 11922

GRANT DEED

FOR VALUE RECEIVED, ______________________________________ ("**Grantor**"), grants to ______________________________ ("**Grantee**"), all that certain real property situated in the County of ________________, State of California, described on Schedule 1 attached hereto and by this reference incorporated herein (the "**Property**").

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _________________, 20__.

GRANTOR:

____

By:____

Name: _____________________________________

Its: ____

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A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF ________________)

On ___________________, before me, _____________________________, a Notary Public, personally appeared ____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____________________________ (Seal)

EXHIBIT C

PERSONAL PROPERTY

EXHIBIT D

TRANSFEROR'S CERTIFICATION OF NON-FOREIGN STATUS

This form is provided so that the Buyer and/or Seller in this transaction can certify compliance with the Foreign Investment in Real Property Tax Act to the Escrow Agent and/or Buyer. Buyer ("**Transferee**") must retain a copy of this document until after the fifth taxable year following the transfer.

Section 1445 of the Internal Revenue Code of 1986, as amended ("**Code**") provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform Transferee that withholding of tax is not required upon the disposition of a U.S. real property interest, the undersigned hereby certifies the following on behalf of ________________________________ ("**Transferor**"):

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder).

2. The Transferor is not a disregarded entity as defined in Income Tax Regulation Section 1.1445-2(b)(2)(iii).

3. The Transferor's U.S. employer or tax identification number is ______________.

4. The Transferor's office address is

The Transferor understands that this Certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

Date:______________, 20__

TRANSFEROR:

____

By:_______________________________________

Name: ____________________________________

Its: ______________________________________

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EXHIBIT E

SELLER DELIVERIES

EXHIBIT F

FORM OF PROMISSORY NOTE

PROMISSORY NOTE
(SKYPARK PROPERTIES)

Principal Sum Not to Exceed **_______, 2023**
$6,650,000.00 **Santa Cruz, California**

FOR VALUE RECEIVED, the City of Scotts Valley, a California municipal corporation (the "Maker" or "Borrower"), having an address at ______________________, promises to pay the City of Santa Cruz, a California municipal corporation ("Payee" or "City"), the principal sum not to exceed SIX MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS ($6,650,000.00) (the "**Loan Amount**"), or so much of such principal as may be advanced, together with interest thereon accruing from the date of this Note at a rate of 4.5% simple interest.

1. Purpose. This Note is made and delivered pursuant to and in implementation of the Purchase and Sale Agreement entered into by and between City and Borrower, of even date herewith, which provides for the acquisition by the Maker of the Property described in Section 3 below. The term "Property" means that real property described in the Deed of Trust securing this Note. Capitalized terms used in this Note that are not defined herein have the meaning set forth in the Loan Agreement.

2. Security. Payment of this Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith (the "Deed of Trust") from Maker to Payee recorded upon the Property in the official records of Santa Cruz County.

3. Property. Maker will acquire the Property located at the northwest corner of Mount Hermon Road and Kings Village Road in the City of Scotts Valley, County of Santa Cruz, California, commonly referred to as Assessor's Parcel Numbers 022-721-07, 022-721-08, and 022-721-09 , all as more fully described in the Purchase and Sale Agreement (collectively, the "Property").

4. Maturity Date. This Note shall be due and payable in full at the earlier of (i) sale of the Property any other person or entity; (ii) an uncured Default under the Loan Agreement or (iii) the expiration of the Term of Payment, as determined by Section 5.

5. Payment.

(A) Loan Amount After Reductions. The Loan Amount at Close of Escrow shall be adjusted for any reduction based on the costs of Surface Remediation, as required by the Purchase and Sale Agreement.

(B) Maker's Payment Options. Prior to Close of Escrow, Maker shall elect to make payments of principal on the Loan Amount and interest thereon in accordance with one of the following Payment Options by giving written notice to Payee. The following payment amounts do not reflect any reductions pursuant to sub-paragraph (A) of this Section 5.

(i) *15-Year Amortization Payment Option:* Maker shall make annual payments of principal and interest in the amount of Six Hundred Fifty One Thousand Seven Hundred Ninety Seven Thousand ($651,797.00) for a period of fifteen (15) years and an additional balloon payment of Three Million Eight Hundred Forty Thousand Eight Hundred Forty Three ($3,840,843.00) on the date that is eight (8) years from the Close of Escrow.

(ii) *8-Year Amortization Payment Option:* Maker shall make annual payments of principal and interest in the amount of One Million Sixty One Thousand Two Hundred Sixty Seven Dollars ($1,061,267.00) for a period of eight (8) years.

6 Payment Location. Payment shall be made in lawful money of the United States to the City of Santa Cruz, 337 Locust Street, Santa Cruz, CA 95060. The place of payment may be changed from time to time as the Payee may from time to time designate in writing.

7. Default. The occurrence of any of the following shall constitute an event of default under this Note:

A. Maker fails to pay any amount due hereunder within thirty (30) days of its due date; or

B. Any default by Maker under this Note, the Deed of Trust, or other material terms and conditions of the Purchase and Sale Agreement after the expiration of all applicable cure periods; or

C. Any default by Maker under any other obligation of Maker recorded against the Property after the expiration of all applicable cure periods.

Maker shall not be considered in default under this Note until the expiration of all notice and cure periods provided to Maker. Upon the occurrence of any uncured event of default, or at any time thereafter, at the option of the Payee hereof, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of Payee's option. Payee's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. Payee's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

8. Default Interest Rate. At all times when Maker is in default hereunder by reason of Maker's failure to pay any amounts due under this Note within applicable cure periods, the interest rate on the sums as to which Maker is in default (including principal, if Payee has elected to declare it immediately due and payable), shall be the highest rate then allowed by law as of the date of the default or 8% per annum, whichever is lower.

9. Waivers. Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any

extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

10. Costs. Maker agrees to pay immediately upon demand all reasonable costs and expenses of Payee actually incurred including reasonable attorneys' fees:

A. If after default and the expiration of all notice and cure periods this Note is placed in the hands of an attorney or attorneys for collection;

B. If after a default hereunder or under the Deed of Trust or Purchase and Sale Agreement and after the expiration of all notice and cure periods Payee finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, or the Purchase and Sale Agreement; or

C. If Payee seeks to have the Property abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of this Note or prohibiting the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

D. If Payee shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental entity, affecting the Property or the title thereto or the interest of the Payee under the Deed of Trust, including, without limitation, any form of condemnation or eminent domain proceeding, Payee shall be reimbursed by Maker immediately upon demand for all costs, charges and reasonable attorneys" fees incurred by Payee in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Property.

11. Notices. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.

12. Successors. This Note shall be binding upon Maker, its successors and assigns.

13. California Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

14. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

15. Nonrecourse. This Note is a nonrecourse obligation of Maker. Neither Maker nor any of its officers, directors or agents shall have any personal liability for repaying the principal or interest of the Note. In any action brought to enforce the obligations of Maker under this Note, the Deed of Trust or any other instrument or agreement evidencing, securing or relating to the indebtedness evidenced by this Note, the judgment or decree shall be enforceable against Maker solely and only to the extent of its interest in the property described in the Deed of Trust or its interest in any other

security loaned by Maker as security for this Note, and Payee shall not seek any deficiency judgment against the Maker. The foregoing provisions shall not prevent recourse to the collateral security for the loan or constitute a waiver, release or discharge of or otherwise affect the obligation to pay, any indebtedness evidenced by the loan documents executed in connection with the Development or limit the right of any person to name the Maker or any other person claiming an interest in or right to such collateral as party defendant in any action or suit for judicial foreclosure or in the exercise of any other remedy, including injunctive or other equitable relief, under any of the loan documents executed in connection with this Development so long as no deficiency judgment shall be sought against the Maker.

The foregoing limitation shall not apply to any and all loss, damage, liability, action, cause of action, cost or expense (including without limitation, reasonable attorneys' fees and expenses) to the extent incurred by Payee as a result of any:

A. Fraud or material misrepresentation under or in connection with the loan or any loan document executed in connection with the Development;

B. Intentional bad faith waste of the Property by the Maker;

C. Losses resulting from Maker's failure to maintain insurance as required under the Deed of Trust; or

D. Misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds derived from the collateral security by the Maker.

If any of the events listed in the foregoing (A) through (D) occurs, Payee shall have the right to proceed directly against Maker at the time the event giving rise to the recourse liability occurred to recover any and all loss, damage, liability, action, cause of action, cost or expense (including without limitation, reasonable attorneys' fees and expenses) incurred by Payee.

16. Nonliability of Maker and Payee Officials and Employees.

A. No partner, official or employee of the Payee shall be personally liable to the Maker in the event of any default or breach by the Agency or on any obligations under the terms of this Note.

B. No member, official or employee of the Maker shall be personally liable to the Payee in the event of any default or breach by the Maker or for any amount which may become due to the Payee or on any obligations under the terms of this Note.

MAKER / BORROWER:

CITY OF SCOTTS VALLEY, A CALIFORNIA MUNICIPAL CORPORATION

By: ______________________________

Name:
Title:

EXHIBIT G

FORM OF DEED OF TRUST

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO: City of Santa Cruz 337 Locust Street Santa Cruz, CA 95060 Attn: City Clerk	

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

CITY OF SANTA CRUZ

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (SKYPARK PROPERTIES)

This Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Deed of Trust") is made as of ___________, 2023, among the City of Scotts Valley, a California Municipal Corporation ("**TRUSTOR**"), whose address is ______________________; [INSERT TRUSTEE INFORMATION] ("**TRUSTEE**"); and the City of Santa Cruz, California, a California Municipal Corporation ("**BENEFICIARY**"), whose address is 337 Locust Street, Santa Cruz, CA 95060.

Trustor irrevocably grants, conveys, transfers, and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title, and interest in, to and under the following property (collectively, the "**Property**"): (a) the real property in Contra Costa County, California, described on **Exhibit A** attached hereto and incorporated herein by this reference, together with all existing and future easements and rights affording access to it (the "**Land**"), (b) together with all buildings, structures, and improvements now existing or hereafter constructed thereon (the "**Improvements**"), (c) together with all articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements, together with all goods and other property that are, or at any time become, so related to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "**Fixture**," collectively "**Fixtures**"), (d) together with all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements.

1. Secured Obligations. Trustor makes the grant, conveyance, transfer, and assignment herein for the purpose of securing the following obligations (the "**Secured Obligations**"): (a) payment of the sum of Six Million Six Hundred Fifty Thousand Dollars ($6,650,000.00), reduced for any credits as set forth in the Promissory Note between the parties, executed on even date herewith, with interest thereon according to the terms of a promissory note (the "**Note**") of even date herewith, executed by Trustor in favor of Beneficiary or order and any extension or renewals thereof; (b) payment of such further sums as the then record owner of the Property may borrow from Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and (c) performance of each agreement and obligation of Trustor under that certain Purchase and Sale Agreement executed by Trustor and Beneficiary dated _________, 2023 (the "**Purchase and Sale Agreement**"), providing for the acquisition of the Property; and (d) obligations imposed by regulatory authorities for environmental remediation on the Property.

2. Maintenance and Repair. Trustor shall (a) keep the Property in good condition and repair and not remove or demolish any building; (b) complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed; (c) pay when due all claims for labor performed and materials furnished; (d) comply with all laws affecting the Property or requiring any alterations or improvements to be made; (e) not commit or permit waste; and (f) cultivate, irrigate, fertilize, fumigate, prune, and do all other acts which from the character or use of the Property may be reasonably necessary.

3. Insurance. Trustor shall maintain hazard insurance against loss by fire, hazards included with the term "**extended coverage**," and any other hazards for which Beneficiary requires insurance, and liability insurance as reasonably required by Beneficiary. The policies shall name Beneficiary as a loss payee or an additional insured, as applicable, the policies shall include Beneficiary as an additional insured, as applicable.

4. Defense of Security. Trustor shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or Beneficiary may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. Payment of Taxes and Liens. Trustor shall pay (a) at least 10 days before delinquency, all non-abated taxes and assessments affecting the Property, including water stock assessments; (b) when due, all encumbrances, charges, and liens, with interest, on the Property, which are or appear to be prior or superior to this Deed of Trust; and (c) upon demand all reasonable and documented costs, fees, and expenses of this Deed of Trust. If Trustor fails to make any payment or to do any act provided for in this Deed of Trust after written notice of such failure by Beneficiary and a reasonably opportunity to cure, then Beneficiary or Trustee may, without obligation to do so, and with or without notice to or demand upon Trustor, and without releasing Trustor from any obligation under this Deed of Trust: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (b) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Deed of Trust; and (d) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. Reimbursement of Costs. Trustor shall pay upon demand all reasonable and documented sums expended by Beneficiary or Trustee provided for in this Deed of Trust or allowed by law, with interest from date of expenditure at the maximum rate provided in the Note.

7. **No Waiver.** By accepting payment of any sum after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay.

8. **Reconveyance.** That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note or notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals of such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "**the person or persons legally entitled thereto**."

9. **Assignment of Rents.** Subject to the rights of senior lenders, Trustor hereby absolutely and unconditionally assigns to Beneficiary all of the rents, issues, profits, royalties, revenues, income, and other benefits (collectively, the "**Rents**") derived from the Property, whether now due, past due or to become due, and hereby gives to and confers upon Beneficiary, either directly or through a receiver, the right, power, and authority, but not the obligation, to collect the Rents, and to sue, either in the name of Trustor or Beneficiary, for all such Rents and to apply the same to the indebtedness secured hereby in such order as Beneficiary may determine in its sole discretion. This assignment of Rents is intended to create and shall be construed to create an absolute assignment to Beneficiary of all of Trustor's right, title, and interest in the Rents. So long as no default exists by Trustor in the payment of any indebtedness secured hereby, or in any other covenant contained herein, or in said note or notes or in any other document evidencing or securing such indebtedness, Trustor shall have the right to collect all Rents from the Property and to retain, use, and enjoy the same. Upon the occurrence of such a default beyond any applicable notice and cure periods, without the necessity of demand or other notice to Trustor or any other act to enforce Beneficiary's interest pursuant to this assignment, Trustor shall have no interest whatsoever in the Rents that are received by Trustor after a default, and all such Rents shall be received and held by Trustor in constructive trust for Beneficiary and delivered promptly to Beneficiary, or to a court-appointed receiver for the Property, without the necessity for further notice to, or demand upon, Trustor. Upon the occurrence of such a default, beyond any applicable notice and cure periods, and at any time thereafter during the continuance thereof, Beneficiary may, at its option, send any tenant of the Property a notice to the effect that: (a) a default has occurred; (b) Beneficiary has elected to exercise its rights under this assignment; and (c) such tenant is thereby directed to thereafter make all payments of Rents to or for the benefit of Beneficiary or as Beneficiary shall direct. Any such tenant shall be entitled to rely upon any notice from Beneficiary and shall be protected with respect to any payment of Rents made pursuant to such notice, irrespective of whether a dispute exists between Trustor and Beneficiary with respect to the existence of a default or the rights of Beneficiary hereunder. Any such tenant shall not be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this assignment. Trustor hereby agrees to indemnify, defend, and hold any such tenant harmless from and against any and all losses, claims, damages or liabilities arising from or related to any payment of Rents by such tenant made in reliance on and pursuant to such notice.

10. Default and Foreclosure. Upon default by Trustor in payment or performance of any Secured Obligation, subject to any applicable notice and cure period, Beneficiary may declare all sums secured immediately due and payable by delivery to Trustee of a declaration of default and demand for sale and of a notice of default and of a notice of sale, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, said note or notes, and all documents evidencing expenditures secured by this Deed of Trust. Upon default of any obligation secured by this Deed of Trust and acceleration of all sums due, Beneficiary may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Trustor waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3455.

11. Substitution of Trustee. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers, and duties. Said instrument must contain the name of the original Trustor, Trustee, and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee.

12. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "**Beneficiary**" shall mean the owner and holder, including pledgees, of the secured note or notes, whether or not named as Beneficiary herein.

13. Trustee Acceptance. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

14. Further Assurances. Trustor shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or Beneficiary shall from time to time reasonably require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering, or recording this Deed of Trust. Trustor shall, on demand, execute and deliver, and hereby authorizes Trustee and Beneficiary, or either of them, to execute in the name of Trustor, to the extent it may lawfully do so, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Deed of Trust, and thereafter from time to time, Trustor shall cause this Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any personal property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. Condemnation and Insurance Proceeds. Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or other taking of all or any portion of the Property, or knowledge of any casualty damage to the Property, or damage in any other manner, Trustor shall immediately notify Beneficiary thereof. Trustor hereby authorizes and empowers Beneficiary as attorney-in-fact for Trustor to make proof of loss, to adjust and compromise any claim under the insurance policies covering the Property, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section shall require Beneficiary to incur any expense or take any action hereunder. Trustor hereby authorizes and empowers Beneficiary, at Beneficiary's option, as attorney-in-fact for Trustor, to commence, appear in, and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any condemnation or other taking of all or any part of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or any part thereof, or for conveyances in lieu of the Property, or any part thereof, shall be paid to Beneficiary. The foregoing powers of attorney are coupled with an interest and are irrevocable. Trustor hereby authorizes Beneficiary to apply such awards, payments, proceeds or damages relating to condemnation of the Property and insurance covering the Property, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, subject to the requirements of applicable law and the provisions hereof, to restoration or repair of the Property or to payment of the sums secured by this Deed of Trust. Beneficiary shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action, and payments relating to condemnation or other taking of the Property or insured casualty affecting the Property, and may accept the same in the amount in which the same shall be paid. Trustor shall execute such further evidence of assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking or such insurance as Beneficiary may require. Notwithstanding the above, the Beneficiary shall release all insurance and condemnation proceeds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary reasonably determines that such restoration, repair or rebuilding is economically feasible. If such insurance proceeds shall be insufficient for such purposes, Trustor shall make up the deficiency. If the Project is subject to a partial condemnation or taking, then the proceeds received therefrom shall be applied to restore the Project taken, provided the Beneficiary determines that such restoration is economically feasible and no default exists under the Loan Documents following the expiration of all applicable cure periods. If the Project is subject to a total condemnation, or if Beneficiary determines that restoration of the Project is not feasible following a partial condemnation, or if a default exists then the proceeds from any condemnation award or claim for damages shall be used first to repay all sums under the Note, with the excess, if any, paid to Trustor, subject to the rights of the senior lender.

16. Severability. If any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein, but only to the extent of such invalidity.

17. Estoppel Certificate. Trustor shall, within thirty (30) days of a written request from Beneficiary, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Deed of Trust and any right of set-off, counterclaim or other defense which exists against such sums and the obligations of this Deed of Trust.

18. California Uniform Commercial Code Security Agreement; Fixture Filing. Trustor hereby grants Beneficiary a security interest in all personal property of Trustor located on the Property and wherever located and used in any way in connection with or in any way relating to the Property, and whether now owned or hereafter in existence, acquired or created (including equipment, inventory, goods, documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts, and contract rights), and all fixtures of Trustor now owned or hereafter in existence, acquired or created on, of or relating to the Property, and all substitutions, replacements, additions, accessions, and proceeds (including insurance proceeds) of all of the foregoing (collectively, the "**Personal Property**"). Beneficiary may file this Deed of Trust, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for the Personal Property. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor shall execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproductions of this Deed of Trust in such form as Beneficiary may require to perfect a security interest with respect to the Personal Property. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Upon Trustor's breach of any covenant or agreement of Trustor contained in this Deed of Trust, including the covenants to pay when due all sums secured by this Deed of Trust, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and, at Beneficiary's option, may also invoke any remedies provided in this Deed of Trust as to the Personal Property. In exercising any of such remedies, Beneficiary may proceed against the Property and any of the Personal Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or the remedies provided in the Deed of Trust. This Deed of Trust also covers goods which are or which are to become fixtures on the Property and constitutes and is filed as a fixture filing under the California Uniform Commercial Code.

19. Due-On-Sale or Encumbrance. If all or any part of the Property, or any interest therein, or any beneficial interest in Trustor (if Trustor is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily, or by operational law, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by this Deed of Trust.

[CONTINUED ON NEXT PAGE]

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

TRUSTOR:

CITY OF SCOTTS VALLEY, a California Municipal Corporation

By:

Name:
Title:

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGEMENTS

State of California
County of ________________

On ______________________ before me, _________________________________, notary public, personally appeared ____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing Section is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ (Seal)

* * * * *

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGEMENTS

State of California
County of ________________

On ______________________ before me, _________________________________, notary public, personally appeared ____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing Section is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ (Seal)

RESOLUTION NO. 1799

RESOLUTION OF THE CITY OF SCOTTS VALLEY PLANNING COMMISSION MAKING A GENERAL PLAN CONFORMITY DETERMINATION CONSISTENT WITH CALIFORNIA GOVERNMENT CODE SECTION 65402(a) FOR THE PURPOSES OF ACQUIRING THE SANTA CRUZ OWNED PROPERTY LOCATED AT THE NORTHWEST CORNER OF MOUNT HERMON ROAD AND KINGS VILLAGE ROAD APNS 022-721-07, 022-721-08, AND 022-721-09

WHEREAS, the City of Santa Cruz owns certain real property located at the Northwest Corner of Mount Hermon Road and Kings Village Road in the City of Scotts Valley, APNs 022-721-07, 022-721-08, and 022-721-09 (the “Property”); and

WHEREAS, the Property has long been an integral part of the City of Scotts Valley’s Town Center Specific Plan which envisions a mixed-use development creating an environment where people can live, work and play; and

WHEREAS, the City of Scotts Valley (“City”) desires to purchase the Property for sale and development in accordance with the Town Center Specific Plan; and

WHEREAS, the purchase of the Property will enable the City to consolidate parcels integral to the development of the Town Center; and

WHEREAS, Government Code section 65402(a) regulates government acquisition of real property, mandating that prior to the acquisition of property, a jurisdiction’s Planning Commission report on the conformity of that action with the jurisdiction’s General Plan; and

WHEREAS, the acquisition of the Property is consistent with the objective goals and policies of the General Plan and facilitates the development of the Town Center; and

WHEREAS, further environmental review will be conducted by the City for any improvements on the acquired property; and

WHEREAS, the Planning Commission finding that the acquisition of the Property is in conformance with the City’s General Plan is not a “project” pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378 in that it is an administrative activity of government that will not result in any direct or indirect physical change in the environment; and

WHEREAS, the Planning Commission held a duly noticed public meeting on August 8, 2024, at which time all interested parties were given full opportunity to be heard and to be present; and

WHEREAS, the Planning Commission has reviewed the proposed acquisition and has determined that the land acquisition conforms to the General Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission of the City of Scotts Valley hereby finds, based on substantial evidence in the record, that:

1. The foregoing recitals are true and accurate and are incorporated into this Resolution as findings.
2. Acquisition of the Property is in conformance with the City's General Plan and is not a "project" pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378 as it is an administrative activity of government that will not result in any direct or indirect physical change in the environment. If the Planning Commission finds that the acquisition of the Property is in conformance with the General Plan, the City Council will have its own review for compliance with CEQA in determining whether to acquire the Property. Further environmental review will be conducted by the City for any improvements on the Property.
3. The acquisition of the Property complies with the objective goals and policies of the General Plan, and it would support the development of the City's Town Center.
4. Specifically, the acquisition of the Property is in compliance with the following General Plan Goals, Policies, and Programs:

GED-1 Pursue a balanced approach to future development that supports housing, employment, and commercial needs and services in balance with these other guiding principles.

GED-2 Target future growth within existing commercial corridors of Scotts Valley Drive and Mount Hermon Road so as to not adversely impact residential neighborhoods.

GED-4 Support the development of the town center.

ED-4.4 Mixed-Use Development- Support mixed-use development with residential densities that will help support a vibrant and active commercial corridor and Town Center for Scotts Valley.

LU-3.2 Jobs / Housing Balance- Work with the County and other agencies to develop strategies for improving the region's jobs/housing balance and matching employment opportunities with housing costs.

LU-3.3 Balanced Land Use Patterns- Foster land use patterns that balance economic, housing, community, and environmental needs and promote social diversity.

LU-3.4 Zoning Densities- Zone highest densities along transportation corridors.

LU-3.5 Lot Consolidation- In areas where the existing lot pattern or size makes development difficult, the City shall encourage lot consolidation to promote planned commercial development.

LU-3.6 Economic Viability- Ensure that land use patterns and new development enhance Scotts Valley's long-term economic viability and promotes sustainable businesses.

LU-3.11 Infill Development- Support well-designed infill development on vacant and underutilized sites that enhances Scotts Valley's quality of life.

LU-4.6 Neighborhood Connections- Provide pedestrian and bicycle improvements along Mount Hermon Road and Scotts Valley Drive that complement and connect with adjacent residential neighborhoods.

LU-4.7 Intensity- Within the Commercial Shopping Center (C-SC), Commercial Service (C-S) and Commercial Professional (C-P) land use designation, consider additional density on sites only when the project provides substantial benefits to the community (as demonstrated through consistency with other policies in this Plan) and minimizes or mitigates adverse impacts on adjacent properties.

Goal H-1 Promote a balanced mix of housing types, prices, and opportunities by increasing the number of housing units to accommodate population and employment growth.

Policy H-1.1 Housing Variety- Encourage the production of new residential development which provides a choice of housing type, density, and cost to meet the housing needs of all segments of the community.

Policy H-1.2 Appropriate Infrastructure- Ensure that new residential sites have appropriate community services and public facilities, including streets and roadways, water, sewer, and other needed infrastructure.

Policy H-1.2 Mixed-Use Development- Facilitate and encourage the development of mixed-use residential and commercial projects at appropriate locations along major corridors, within established design guidelines.

Policy H-1.5 Town Center Specific Plan- Continue to support the development of the Town Center to provide a range of housing types, retail, commercial uses, public facilities, and open space that serve as a focal point for the community.

Policy H-2.2- Access to Infrastructure- Continue to support the repair and upgrade of infrastructure, services, and public facilities in existing neighborhoods.

Policy H-2.3- High Quality Residential Design- Continue to ensure residential projects are of high quality and thoughtful design through the implementation of architectural and design standards.

Goal H-3- Expand and protect a range of housing opportunities for all demographic, economic, and special needs groups in the community.

5. If any section, subsection, paragraph, sentence, clause, or phrase of this Resolution or any part thereof or any exhibit hereto is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution or any part thereof or exhibit thereto. The Planning Commission declares that it would have adopted this Resolution, and each section, subsection, paragraph, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, paragraphs, sentences, clauses, or phrases may be declared invalid.
6. This Resolution shall be effective immediately upon its passage and adoption.

The above and foregoing resolution was duly and regularly adopted by the Planning Commission of the City of Scotts Valley at a meeting held on the 8th day of August 2024 by the following vote:

AYES: Maffia, Hodgin, Mosley, Simonovich

NOES: None

ABSENT: Gentile

ABSTAIN: None

DocuSigned by:
Chuck Maffia
35CB26A1983D43B...

Chuck Maffia, Vice Chair

DocuSigned by:
Taylor Bateman
756B18CF694D49D...

Taylor Bateman, Community Development Director

RESOLUTION NO. NS-30,323

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE A PURCHASE SALE AGREEMENT BETWEEN THE CITY OF SANTA CRUZ AND CITY OF SCOTTS VALLEY FOR THE SURPLUS CITY-OWNED PROPERTY LOCATED AT THE NORTHWEST CORNER OF MOUNT HERMON ROAD AND KINGS VILLAGE ROAD IN THE CITY OF SCOTTS VALLEY, APNS 022-721-07, 022-721-08, AND 022-721-09

WHEREAS, the City of Santa Cruz ('City") owns certain real property located at the Northwest Corner of Mount Hermon Road and Kings Village Road in the City of Scotts Valley, APNs 022-721-07, 022-721-08, and 022-721-09; and

WHEREAS, the property has been previously declared by the City Council to be surplus property and offered for lease or sale to entities listed in Government Code Section 54222; and

WHEREAS, The City of Scotts Valley has offered to purchase the property AS-IS for the appraised value subject to certain negotiated terms; and

WHEREAS, any and all monies collected under the proposed Purchase Sale Agreement shall be deposited into the City Public Trust Fund; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that the City Manager is authorized and directed, upon confirmation by State Department of Housing and Community Development that transaction is consistent with the Surplus Lands Act, to execute a Purchase Sale Agreement, along with modifications of a non-substantive nature, between the City of Santa Cruz and the City of Scotts Valley for the City-owned property located at the Northwest Corner of Mount Hermon Road and Kings Village Road in the City of Scotts Valley, in a form to be approved by the City Attorney, and the City Manager or his designee is authorized to take any further actions and execute any other related documents necessary to conclude the sale.

PASSED AND ADOPTED this 30th day of April, 2024, by the following vote:

AYES:	Councilmembers Newsome, Brown, Watkins, Brunner, Kalantari-Johnson; Vice Mayor Golder; Mayor Keeley.
NOES:	None.
ABSENT:	None.
DISQUALIFIED:	None.

APPROVED: ______________________
Fred Keeley, Mayor

ATTEST: Bonnie Bush
Bonnie Bush, City Clerk Administrator

AGENDA ITEM 2.
DATE: 12/4/2024

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: 12/4/2024

TO: Honorable Mayor and City Council

FROM: Mali LaGoe, City Manager

APPROVED: Mali LaGoe, City Manager

SUBJECT: **Review and approval of the updated preferred vision of the future Town Center development**

SUMMARY OF ISSUE

The City's Town Center Specific Plan, adopted in 2008, includes an illustrative layout, or vision, for the future Town Center. Despite several attempts over two decades, past development efforts failed for a number of reasons, including dispersed land ownership, unknown costs for environmental clean up, and a vision that included mostly retail and less housing, making the project a high risk for private developers and resulting in proposed projects that looked nothing like the illustrative layout in the plan.

Town Center Specific Plan Area

2008 Specific Plan Illustrative Layout

In 2022 the City committed to removing as many development barriers as possible to ensure the Town Center is built. One such barrier was to update the Specific Plan and illustrative layout to address current housing, retail and commercial office market conditions. The purpose of the illustrative layout, now being called the "preferred vision," is to guide interested developers to submit proposals that reflect the City and community of Scotts Valley's vision for the future Town Center. The City engaged with Good City Company to assist in the Specific Plan update process and in 2023 engaged with Urban Field Studio, an architecture firm, to update the illustrative layout to reflect the current community's ideas, market conditions and respond to new state law housing requirements.

Over the last year, input has been gathered from the City Council, neighboring shopping center owners, and the general community to update the vision for the future Town Center. The updated vision, shown below, includes a new Downtown with a commercial area and sense of place; street parking fronting retail, wide sidewalks, bike paths, and parking lots behind buildings; community gathering places for special events; new public streets and connections between the existing surrounding community and the site; and, 300 housing units minimum, with both market rate as well as a significant amount of affordable housing.

The street grid is designed to be buildable on publicly owned land only, with the option of future connections on privately held land to the west to connect to Skypark Drive. The vision allows for a future pedestrian connection to Scotts Valley Square and facilitates pedestrian and vehicle connections to the Kings Village Shopping Center. It creates and expands shared parking for the Hanger, and creates a park-once walkable commercial district.

The design features two large flexible parcels for housing or mixed use development with associated parking, two new streets anchored by businesses with on and off-street parking for that Downtown feel. A small side street can easily be closed for weekly farmers markets or street fairs, while two plazas provide opportunities for outdoor dining and social gatherings. The main street features a view to Skypark and a new permanent amphitheater for small and large performance events. A new intersection at Mt. Hermon Road will draw interest to the new retail area while new streets improve circulation throughout the area.
At the City Council meeting, Urban Field Studio architects Jane Lin and Ryan Call will present the vision in more detail along with a summary of the community feedback process that led to this design. The preferred vision is not a plan; it is not set in stone. Rather, it is a tool to guide interested developers, letting them know what the community is looking for, in order to streamline their evaluation of the development opportunity and reduce risk and cost in the design process. Objective design standards will further communicate the architectural style and features expected, and the environmental analysis will expose potential costs, further removing "unknowns" and reducing development risk.

Next Steps:
With the City Council's approval of this updated preferred vision, staff and Good City Company will move on to the next phase of updating the Specific Plan including developing objective design standards and conducting an environmental review based on the preferred vision. The fully updated Specific Plan will be brought to the City Council at a future date for approval.

Later in 2025, staff will prepare a Request for Proposals from private developers, in accordance with the Surplus Lands Act exception for mixed use projects with at least 300 housing units. The preferred vision leaves room for interested developers to determine construction method, specific number, type and size of units, affordability, and many other cost driving details provided the development includes at least 300 housing units, at least 25% of which are affordable to lower income households. The selection of the future development partner and their proposal will determine the actual project design. Selection criteria will include the proposed design's resemblance to the City's preferred vision, among other factors. The final selection and project approval will be made by the City Council, with further opportunities for public input along the way. More information on the history and timeline of the Town Center can be found at www.scottsvalley.gov/towncenter.

FISCAL IMPACT

There is no fiscal impact associated with the approval of the Town Center preferred vision as this work was included in previously approved contracts. As next steps develop that require additional funding, staff will bring those items to the City Council at future council meetings.

STAFF RECOMMENDATION

Staff recommends the City Council approve the preferred vision for the updated Town Center Specific Plan.

TABLE OF CONTENTS

None