

Building Outlaw building booms

Builders of 'granny units' prefer to skirt ordinances viewed as too restrictive

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SANTA CRUZ — Walk down any street, any block, any rural area of the county. Peek in the backyards and chances are, you'll find at least one granny unit — a converted garage, a small backyard cottage or a house remodeled to include an apartment.

Chances are even better that the unit was built or converted without permits, despite the fact such units have been legal in much of the county for nine years.

Once touted as an answer to the shortage of low-cost housing, the expected rush to build legal granny units — known to planners as "affordable second dwelling units" — has never materialized.

In nine years, only about three dozen legal granny units have been built throughout the county. Estimates of the number of illegal units range from the hundreds to the thousands.

Worried about those numbers, housing planners in several local governments have been looking at ways to loosen restrictions that critics say have kept the legal numbers so low.

"We have to become more efficient in providing affordable housing through whatever means we can," said John Swift, a land-use consultant and former city planner who sits on the County Housing Advisory Commission. The commission is now looking at possible changes in county ordinances. "People who are potential suppliers of these units are saying, 'This is a nightmare. I don't want to get into this.'"

The president of the Santa Cruz Association of Realtors agreed.

"It's about time," said realtor and developer Howard Allen. "There's obviously a need for that type of housing. Instead of addressing the need, all the city and the county have done for the last 10 years is make it harder to get it built."

A look at the number of legally built units in the last nine years at first reads like a misprint.

Since 1983, 18 granny units have been legally built in the city of Santa Cruz, while there have been 13 built in the unincorporated part of the county. Three have been built since the city of Scotts Valley adopted its ordinance in 1989.

But statistics in the sanitation department of the county Public Works Department are even more dramatic.

To encourage affordable housing — which includes, but isn't limited to, granny units — the department cuts its normal \$3,000 sewer hookup fee to \$750 for the first 75 low-cost housing applications each year.

But for each of the four fiscal years from 1988 until 1992, the total number of applications is the same: zero.

At the same time, there has been an explosion of illegal granny units, but planners say it's difficult to pinpoint how many there are.

Howard Allen of the Santa Cruz Association of Realtors places the number at about 500 in the city of Santa Cruz, estimating that 70 percent of the granny units are either done without permits or were built in the early 1950s before there were any building or zoning codes.

Other estimates by private and public housing planners place the number as high as 3,000.

"Certainly there are illegal units all over the place,"



Shmuel Thaler/Sentinel

Margaret Brezel and tenant Jacob Ewing in front of 'granny unit' she rents to him in Santa Cruz.

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said Melanie Freitas, a housing consultant who has worked on housing plans for several local governments. "... But I'd hesitate to put a number to it."

Why are homeowners choosing to bypass the legal route?

Housing planners and developers cite several reasons — restrictions on the occupant's age, on their income, or on lot size; the cost of permit fees; and the fact that many people feel put off by what they see as bureaucratic hassles.

Granny units first moved into the public eye in the early 1980s. Using a concept transplanted from England and Australia, the state Legislature in 1982 passed a bill authored by State Sen. Henry Mello, D-Watsonville, which not only allowed the units but mandated that local jurisdictions allow them wherever possible.

At the time his bill passed, Mello argued that it would provide low-cost housing, especially for senior citizens. It was also seen as a way for elderly homeowners to stay in their neighborhoods by living in the smaller units and renting out their former houses.

But in many areas, neighborhood groups loudly denounced the concept, saying the extra density, noise, traffic and parking requirements would destroy neighborhood integrity.

Fearing an inundation of applications, officials slapped a wide variety of restrictions on the ordinances.

The city of Santa Cruz, for instance, required that any two granny units had to be at least 500 feet apart. In Watsonville, the units could only be built on parcels 12,000 square feet in size or larger.

But control of the rents — the "affordability" part of the ordinance — may have played a big

part, too.

The stated purpose of the original state legislation on granny units was to provide inexpensive housing for low-income and senior citizens.

To that end, rents on granny units are controlled by the county Housing Authority and tenants' income has to fall under low-income guidelines. That income is certified by the Housing Authority initially and must be recertified yearly.

Fairly or not, the public has many misconceptions about how affordable housing works, said county planner Mark Eymard.

"They somehow think that the Housing Authority is going to send them the devil," he said. Actually, he said, "you select a charming person of your acquaintance that meets the standards and if they're certified, they're yours."

Another sticking point has been that county residents who build or legalize an existing granny unit must agree to keep it "affordable" for 30 years.

Eymard said people don't realize they can take the units out of the 30-year affordable requirement.

"If granny died, you could rip the kitchen out and get a permit as an accessory structure and use it as a guest house or studio," he said.

Several planners said there's a misconception that controlling the rents makes granny units uneconomical.

Swift said studies show that the rents now being set by the Housing Authority are actually very close to the market rate.

Despite the lack of success so far, many housing planners think that granny units are important enough that they're looking at loosening the restrictions.

"We feel the affordable second unit can be a major source of affordable housing," said Swift.

They also worry that the proliferating illegal units haven't been checked by building inspectors and can be unsafe and potentially dangerous to unwary tenants.

Unsafe wiring, unvented water heaters, substandard construction and old buildings are just some of the things County Code Compliance Officer Dave Laughlin sees in red-tagged granny units, especially in buildings converted from other uses.

"Sheds, garages, chicken coops, storage buildings ... the long and short of it, I have to say, is the buildings they start with are often very old," Laughlin said. "The work is done by do-it-yourselfers, on the weekend. Much of the work just doesn't meet code."

He urged owners of illegal units to legalize them.

"We encourage anyone who has an illegal unit to come in and get the permits before they're red-tagged," he said. Property owners who come in of their own accord are not penalized, he said, and pay only normal permit fees. If the county discovers the unit and red-tags it, however, the fees are doubled, he said.

But change may be in the wind for granny units.

The city of Watsonville recently lowered its lot size restriction from 12,000 square feet to 6,000 square feet, a change that affects some 80 to 90 percent of the city's parcels and could allow a potential 1,700 granny units to be built.

Housing planners from Santa Cruz to Watsonville have been studying the ordinances as they update their general plans, and are considering several sweeping changes:

- Dropping the rent control requirement is being looked at by the city of Santa Cruz.

- A proposed amnesty period for illegally built units — coupled with

stepped up enforcement — is being considered by the county Planning Department, although several housing experts expressed skepticism.

"It's a noble thing to do," said Allen of the amnesty. "But I think anyone who has any experience with the county Planning Department would have so much mistrust they wouldn't go down there."

A similar amnesty move in Morgan Hill got very poor response, noted Freitas.

"I don't think it's going to go politically," said Margaret Brezel of

the county Housing Advisory Commission. She also owns the first legalized granny unit in the city of Santa Cruz, and said it took her two years to get her unit approved. "People will scream too much."

- Financial incentives to build or rehabilitate the granny units are being discussed by the county Housing Advisory Commission. Re-development funds could be used to provide low-interest loans to homeowners.

- Technical incentives, such as speeded-up permit processing are being discussed at the county level.