

## Contact Information

**For loan information or to apply for a loan, please contact:**

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**For information from the City of Santa Cruz on Affordable Housing requirements, please contact:**

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## ADU Loan Program Summary

- Loans of up to \$100,000 at a 4½% interest rate are available for City of Santa Cruz homeowners wanting to build an affordable Accessory Dwelling Unit.
  - An Accessory dwelling unit (ADU) is an additional living unit that:
    - ☑ Has kitchen, sleeping, and bathroom facilities;
    - ☑ is attached or detached from a primary residence; and
    - ☑ is on a single-family lot.
  - Program encourages development of rental housing for low-income residents at 80% of Santa Cruz's median household income,
- and**
- Facilitates Homeownership by providing homeowners with potential to augment mortgage payment with rental income.
  - Loans are readily available through the Santa Cruz Community Credit Union.
  - Accessory Dwelling Units must comply with all City Codes.

City of Santa Cruz

## Accessory Dwelling Units

## Loan Program



A Program to Provide Affordable Rental Housing in City Neighborhoods.

**Visit the City's ADU Website at:**  
<http://www.ci.santa-cruz.ca.us/pl/hcd/ADU/adu.html>



## How do I Apply?

The ADU Loan Program is a collaborative effort between the City of Santa Cruz and the Santa Cruz Community Credit Union (SCCCU). To apply you simply need to contact an SCCCUCU loan officer and set up an appointment. A loan officer can be reached at (831) 460-2302. Applications are also available on the internet or you may request one by mail. Contact information is provided on the back of this brochure.



## Do I need to be a Credit Union member?

You don't need to be a member to apply but you will need to join if you get the loan. A one time fee of \$10 is required and you will need to open a savings account at SCCCUCU with a minimum deposit of \$100.

## How do I qualify?

To qualify for an ADU loan, you must:

1. Be a homeowner in the City of Santa Cruz at the same address as the ADU in either the main house or in the ADU.
2. Have at least 50% of the loan amount as equity in your home.
3. Agree keep the rental unit affordable to low-income tenants for a period of at least 15 years.

## What does "affordable to low income tenants" mean?

Regulated "Affordable Housing" typically has two requirements: (1) the total income of tenants in a unit must be below a certain amount and (2) the rent is restricted to be affordable to that income level. The City uses federal Housing and Urban Development Department standards to determine these levels.

The ADU Loan Program restricts incomes and rents to provide for households at or below 80% of the Area Median Income (AMI). The typical household size for an ADU is usually not more than three persons. The chart below shows the 2004 income and rent levels for 1, 2, or 3 person households. The figures are adjusted annually.

%AMI	HOUSEHOLD SIZE	MAXIMUM TOTAL INCOME	MAXIMUM RENT
80%	1 Person	\$43,800	\$1095
80%	2 Persons	\$50,050	\$1251
80%	3 Persons	\$56,300	\$1407

The income levels shown above must include all income from all persons (i.e. household) living in the home that are over 18 years of age.

## Who is responsible for verifying a prospective tenant's income?

You are responsible for verifying tenant income. The tenant must sign a form certifying the household income. You are responsible for requesting and keeping records that include this form with necessary backup information such as copies of pay stubs, income tax returns, etc. The City will require annual proof of tenants income.



## How long will I need to comply with these Affordable Housing requirements?

At a minimum, the ADU Loan Program requires a 15 year commitment. Affordable housing conditions will be recorded on your property deed so that if you sell your property during this time, the new owners will also have to comply with these requirements. Restrictions under the ADU Loan Program will remain in place for 15 years, even if the loan is repaid.

## Does the City have other assistance available?



Yes. The City has a progressive Fee Reduction/Waiver Program for property owners who build an ADU for a household whose income level is at or below 60% or 50% of the AMI.

Fees may vary by unit size and other design components. Typical City development fees for a new one bedroom, 500 square foot ADU might be about \$ 9,000. For providing rental housing to low-income households at 60% of the AMI, a homeowner would save about \$6,000 in City development fees. For very-low income housing at 50% of the AMI, the full \$9,000 would be saved.

As in the ADU Loan Program, rent and income restrictions are recorded on the property deed. However, restrictions for the Fee Reduction Program remain "in perpetuity" unless the homeowner chooses to pay these fees initially or at a later date. Under current regulations, affordable restrictions would be removed at this point.

The following table shows rent and income levels for the Fee Reduction/Waiver Program.

%AMI	HOUSEHOLD SIZE	MAXIMUM TOTAL INCOME	MAXIMUM RENT
60%	1 Person	\$31,650	\$791
	2 Persons	\$36,150	\$904
	3 Persons	\$40,650	\$1016
50%	1 Person	\$27,350	\$684
	2 Persons	\$31,300	\$783
	3 Persons	\$35,200	\$880