

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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September 19, 2025

Stephanie Hansen, Assistant Director
Community Development and Infrastructure Department
Santa Cruz County
701 Ocean Street, Fourth Floor Santa Cruz, CA 95060

Dear Stephanie Hansen:

RE: Definition of “Vacant” in the Starter Home Revitalization Act – Letter of Technical Assistance

The California Department of Housing and Community Development (HCD) received a request for technical assistance from Santa Cruz County (County) regarding the definition of “vacant” in the Starter Home Revitalization Act (SHRA) of 2021.¹ The SHRA enables applicants to propose a parcel map or a tentative and final map for a housing development project that will result in ten or fewer parcels on a lot that is “vacant and zoned for single-family residential development.”² Among other things, “vacant” is defined to include certain sites that include a “permanent structure [that] is abandoned and uninhabitable.”³ This letter provides technical assistance explaining that a site containing an empty religious use building located at 1818 Felt Street, within the County, qualifies as “vacant” for the purpose of the SHRA.

Background

HCD understands that the County was approached by an applicant interested in utilizing the SHRA to develop a 10-unit housing development project located at 1818 Felt Street and acquiring the site. HCD understands that 1818 Felt Street is a one-acre site that is zoned for single family use (R-1-6). The site includes a gravel parking lot and a 5,889 square-foot religious use building constructed in 1965.

HCD understands that an August 2024 environmental assessment report found unsafe levels of moisture and mold contamination within the building. Subsequently, Spiritual Living Santa Cruz, which owns the site, vacated at the end of 2024. Two other organizations that leased the building also concluded their leases on

¹ Gov. Code, §§ 66499.40-66499.41

² Gov. Code, § 66499.41, subd. (a)(2)(A)(ii).

³ Id.

December 31, 2024. The building no longer has any active leases, according to documentation submitted to HCD by the potential applicant.

Analysis

SB 1123 (Chapter 294, Statutes of 2024) amended the SHRA to add sites that are “vacant and zoned for single-family residential development” as eligible sites for the SHRA under Government Code section 66499.41, subdivision (a)(2)(A)(ii). For the purposes of this provision, “vacant” is defined to mean “having no permanent structure, unless the permanent structure is abandoned and uninhabitable.”⁴ Additionally, all the following types of housing are specifically excluded from this definition of “vacant” and are thus ineligible:

- Housing that is subject to a recorded covenant, ordinance, or law that restricts rent or sales price to levels affordable to persons and families of low, very low, or extremely low-income (ELI).
- Housing that is subject to any form of rent or sales price control through a local public entity’s valid exercise of its police power.
- Housing occupied by tenants within the five years preceding the date of the application, including housing that has been demolished or that tenants have vacated prior to the submission of the application for a development permit.⁵

In expanding the SHRA to be used on single-family zoned sites that are vacant, the Legislature established strong protections to prevent the displacement of residents and demolition of specified, vulnerable types of existing housing units. The site located at 1818 Felt St. provides an example of how nonresidential structures can be considered “vacant” under the definition provided for in the SHRA and facilitate projects that neither displace existing residents nor demolish specified residential units.

The site located at 1818 Felt Street contains an existing permanent structure built and used for religious use. As confirmed by County staff, the property currently does not have an existing dwelling unit and the structure is therefore “uninhabitable.” Although not explicitly referenced by the SHRA, other definitions of habitability in state law are informative: the existing religious use building does not meet habitability criteria contained within the California Civil Code⁶ or Health and Safety Code.⁷ Additionally, the existing non-residential building qualifies as abandoned for the purpose of the SHRA, as it does not currently have any active leases and has been vacated following the environmental assessment that found unsafe conditions. Finally, the site does not meet the three exclusion criteria, as it did not contain housing and did not contain housing within the previous five years.

⁴ Gov. Code, § 66499.41, subd. (a)(2)(A)(ii).

⁵ Gov. Code, § 66499.41, subds. (a)(2)(A)(ii)(I)-(III).

⁶ Civ. Code, § 1941.1.

⁷ HSC, § 17920.3

HCD encourages local governments to apply the definition of vacant in a manner that promotes the SHRA's effectiveness on single-family zoned sites that do not contain housing. The Legislature passed SB 1123 to update the SHRA to include certain single-family zoned sites to be eligible. In balancing housing production with protecting certain existing housing stock, the definition of "vacant" within the SHRA allows it to be used on single-family zoned sites with permanent structures that are abandoned and uninhabitable. This definition also specifically avoids vulnerable types of housing either subject to certain price controls or occupied by tenants within the five years preceding the date of the application. Applying this definition correctly is important in working to accomplish the SHRA's goal of expanding opportunities for ownership of more affordable housing types.

Conclusion

HCD remains committed to supporting local governments in facilitating housing at all income levels and hopes the County finds this clarification helpful. If you have questions or need additional technical assistance, please contact Brandon Yung at brandon.yung@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Heaton', with a stylized, cursive script.

Brian Heaton
Section Chief, Land Use Policy
Housing Accountability Unit