



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

Brian C. Crawford
DIRECTOR

December 18, 2018

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Board of Supervisors
County of Marin
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SUBJECT: Development Fee Waivers for Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs).

Dear Board Members:

Building and Safety
Environmental Health Services
Planning
Environmental Review
Housing
Sustainability
Code Enforcement
GIS
Federal Grants

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RECOMMENDATIONS: Consider adoption of a resolution extending and expanding upon previous delegation of authority to the Community Development Director and extend similar delegation of authority the Public Works Director to waive and reduce fees for eligible JADUs and ADUs through December 31, 2019 as specified below:

1. Extension of the Community Development Director's current authority to waive or reduce building permit fees for eligible JADUs in amounts not to exceed \$1,500 per unit, and expansion of that Director's authority to also waive building permit fees for eligible ADUs in amounts not to exceed \$3,000 per unit; and
2. Authorizing the Director of Public Works to waive Roadway Impact Fees for eligible JADUs.

SUMMARY: The proposed resolution would extend and expand upon previous authorization delegated to the Director of the Community Development Agency and extending similar authority to the Director of Public Works to waive or reduce certain development fees and thereby stimulate development of ADUs and JADUs in the unincorporated County. Although this policy is referred to as a fee "waiver", the maximum limits established in the fee waiver resolution may actually result in a reduction of fees for permit requests that exceed the fee waiver limits of \$1,500 and \$3,000 for JADUs and ADUs, respectively. Roadway Impact Fees are proposed to be waived in their entirety for JADUs.

In accordance with direction received by your Board at a public hearing on May 22, 2018, the proposed resolution supersedes the prior resolution and extends the 2018 JADU building permit fee waiver policy for an additional year, and expands the policy to allow for:

- Waiving or reducing building permit fees associated with the development of eligible JADUs in an amount not to exceed \$1,500 per unit;
- Waiving or reducing building permit fees associated with the development of eligible ADUs in an amount not to exceed \$3,000 per unit; and
- Waiving Roadway Impact Fees associated with the development of eligible JADUs.

BACKGROUND: In October 2017, the North Bay Wildfires destroyed thousands of homes in the neighboring counties of Sonoma and Napa, displacing residents and thereby exacerbating Marin's preexisting affordable housing crisis, caused in large part by a shortage of available housing.

In response, your Board acted in December 2017 to authorize the Community Development Director to waive or reduce building permit fees for JADUs as a financial incentive aimed to galvanize property owners into creating supplemental rental housing within the footprint of existing developed residential properties.¹ This fee waiver policy was developed to augment a state initiative to promote creation of ADUs and JADUs by easing the regulatory requirements for creating these types of units. Additionally, to encourage use of JADUs as permanent rental housing, your Board included a provision requiring that JADUs may not be used as a short-term rental for one year following issuance of the fee waiver in order to qualify for the fee waiver program.

As the Building and Safety Division operates under a full cost recovery policy through the collection of user fees, your Board agreed to allocate \$25,000 to backfill the loss of fee revenue for JADU building permit waivers. Additionally, in order to maximize the number of projects that would benefit from a fee waiver incentive program, while also retaining a fee waiver amount that would act as an effective financial incentive for the waiver, your Board also supported a proposal to cap individual building permit fee reductions to \$1,500 per eligible JADU.

On May 22, 2018, your Board approved amendments to the original authorizing resolution.² Those amendments included a clarification of the period during which a participating property owner would agree to refrain from using the unit as a short-term rental, and it required any violating property owner to refund the County.

DISCUSSION: During that May 2018 hearing, your Board expressed interest in expanding the program to include ADUs and in exploring waivers for Roadway Impact Fees. It requested that staff prepare a proposal for consideration when it returned to report out on the policy at the end of the calendar year.

Since the initial authorization of the JADU fee reductions in December 2017, the Building and Safety Division has received and approved five fee waiver applications for development of those units.³ All five projects qualified for building permit fee reductions through the fee waiver program. With a median fee waiver of \$547, four of the five participants received a full fee waiver and paid no building permit fees. The remaining JADU applicant received a fee reduction and paid \$710 above the established fee reduction cap of \$1500.

For three of the five JADU projects, the Department of Public Works assessed Roadway Impact Fees in a total amount of \$950, with an average fee of \$317. Two JADU projects were not charged a fee due to their modest construction valuations,

¹ Marin County Resolution No. 2017-132

² Marin County Resolution No. 2018-47

³ These figures do not include new room rentals, which the Development Code permits within a residence without a special zoning permit. The same the type of small food preparation facilities as Junior Accessory Dwelling Units are allowed for each room rental. Existing rooms may easily be converted into room rentals through submission of over-the-counter or online plumbing and electrical permits.

Impact Fees. To further encourage development of JADUs that do meet the minimum project valuation threshold for Roadway Impact Fees, your Board may authorize waiver of Roadway Impact Fees for eligible JADUs.

In 2017 and 2018 to date, the County Building and Safety Division received 22 applications and issued 11 building permits for ADUs, of which 20 required planning permits priced at a flat rate of \$515. The remaining two ADUs were exempt from Planning permits in accordance with criteria established in the Development Code. Associated building permit fees for ADUs range generally from \$3,400 to \$15,550. While the scope of work varies between ADUs, they are generally more intensive and substantial than that of JADUs, which accounts for their higher building permit costs. Therefore, should your Board decide to reduce fees for ADUs, staff recommends a greater fee reduction of up to \$3,000 to reflect the increased building permit costs. As the ADU building permits are markedly costlier than planning permit fees, staff recommends that your Board approve the application of fee reductions to building permit fees. Additionally, to encourage use of ADUs as long-term rental housing, your Board could again require that the participating unit may not be used as a short-term rental for one year following issuance of the fee waiver.

FISCAL IMPACT:

Extrapolating from ADU and JADU permit records from 2018, these actions are anticipated to reduce fee revenues by approximately \$40,000 in 2019. If you Board approves of these actions, funds are available in the non-departmental budget to cover the lost revenue.

REVIEWED BY:

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|--|---|
| <input type="checkbox"/> Auditor Controller | <input checked="" type="checkbox"/> N/A |
| <input checked="" type="checkbox"/> County Counsel | <input type="checkbox"/> N/A |
| <input type="checkbox"/> Human Resources | <input checked="" type="checkbox"/> N/A |

Respectfully submitted,

Brian C. Crawford
Director

Debbi LaRue
Planner

Attachments:

1. Resolution delegating authority to waive Roadway Impact Fees for Junior Accessory Dwelling Units and building permit fees for Junior Accessory Dwelling Units and Accessory Dwelling Units and superseding Resolution 2018-47.