



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

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January 14, 2020

Board of Supervisors
County of Marin
3501 Civic Center Drive
San Rafael, California 94903

SUBJECT: Accessory Dwelling Unit Incentives: Development Fee Waivers for Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) and Senate Bill (SB) 2 Grant ADU Website and Workbook

Dear Board Members:

RECOMMENDATIONS:

1. Consider adoption of a resolution extending and expanding upon previous delegation of authority to the Community Development Agency Director and the Public Works Director to waive and reduce fees for eligible JADUs and ADUs through December 31, 2020 as specified below:
 - a. Extension of the Community Development Agency Director's authority to waive or reduce building permit fees for eligible JADUs in amounts not to exceed \$1,500 per unit;
 - b. Extension of the Director of Public Works authority to waive Roadway Impact Fees for eligible JADUs;
 - c. Extension of the Community Development Agency Director's authority to waive building permit fees for eligible ADUs, but modify the amount not to exceed \$2,500 per unit; and
 - d. Approve waiving and reducing fees for eligible ADUs that are rented under affordable housing parameters for up to \$10,000¹; and
2. Approve a contract for \$90,000 for the ADU Workbook and Website project funded with the SB 2 Grant.

1. Development Fee Waivers for ADUs and JADUs

SUMMARY:

The proposed resolution would extend and expand upon previous authorization delegated to the Director of the Community Development Agency ("CDA") and 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.

The proposed resolution extends the 2019 ADU and JADU building permit fee waiver policy for an additional year, and modifies the policy to allow for:

¹ Affordable units are defined as those that are rented up to 80% Area Median Income (AMI) referred to as low-income units, and units that are rented between 80-120% Area Median Income (AMI), referred to as moderate-income units.

- Waiving up to \$2,500 for eligible ADUs rented at or above market rate²;
- Waiving up to \$5,000 in fees for an ADU that is rented at moderate-income rates;
- Waiving up to \$10,000 in fees for an ADU that is rented at low-income rates.

BACKGROUND:

Since 2017, as a response to the North Bay Wildfires, your Board authorized the Community Development Agency Director to waive or reduce building permit fees for JADUs to create supplemental rental housing within the footprint of existing residential properties.

On December 18, 2018, your Board approved amendments to the original authorizing resolution include changes made from 2018-2019,³ that added a fee reduction of up to \$3,500 for eligible ADUs and waived Roadway Impact Fees associated with the creation of eligible JADUs in addition to the existing fee reduction cap for JADUs of \$1,500.

In October 2019, the Governor signed amendments to the State Government Code Section 65852.2 (AB 881, SB 13, AB68) and related legislation that require local agencies to reduce regulatory constraints, including limits on the development fees that local agencies can charge for ADUs. The Department of Public Works Traffic Mitigation Fee will no longer be charged for ADUs that are 750 square feet or less, pursuant to AB 881. Additionally, the Governor signed amendments to State Government Code Section 65583 (AB 671 and AB 139). These bills require Housing Elements to promote ADUs for affordable housing.

In 2019, ADU development fees⁴ at the county ranged from \$515 to \$20,000 per unit for a total of 62 ADU permits issued, averaging at \$8,600 per unit. These costs vary due to ADU location and total floor area.

DISCUSSION:

In addition to augmenting and extending the existing fee waivers for JADUs and ADUs described above, staff is recommending that your Board implement a program that further responds to the affordable housing crisis in Marin County by further incentivizing the development of ADUs that are rented to low- and moderate-income households.

Under the recommended program, in exchange for a property owner's agreement to rent their unit at affordable levels, County permit fees for ADUs may be waived up to \$10,000 for homeowners who rent their ADUs at rates at or below 80% of Area Median Income guidelines or may be waived up to \$5,000 for ADUs that are rented at rates between 80-120% of Area Median Income guidelines. These fees may include: Community Development Agency fees such as planning, building and safety, and environmental health services, and Department of Public Works fees such as traffic mitigation.

² In 2019, eligible ADUs received a \$3,500 fee waiver under 2018-135.

³ Marin County Resolution No. 2018-135

⁴ Including Community Development Agency and Department of Public Works fees.

In order to participate in the program, the property owner must complete a fee waiver application provided by the Community Development Agency. Once approved, fees are waived based on designated income category of rental unit. The County of Marin will place a lien on the property that stipulates that the unit be continuously rented within affordability guidelines. The property owner is required to report on affordability of the unit to the Community Development Agency. If the unit is no longer rented at the income level restricted in the lien for 60 days or longer, the property owner will be required to pay back the difference between affordable housing and general fee waiver, with interest accrued over time. The county or its designee will review applications and monitor income restricted units. The intent of this model is to use Affordable Housing Fund dollars to incentivize the development of affordable units, while creating a flexible program that homeowners can opt out of if circumstances change. This is modeled after Marin Housing Authority's Second Unit Program that has successfully loaned money to homeowners for the construction of JADUs and ADUs in Marin County.

2. ADU Workbook and Website

SUMMARY:

The County of Marin has been awarded \$310,000 from the California Department of Housing and Community Development's Senate Bill (SB) 2 Planning Grant Program, the maximum award based on the population of our jurisdiction, for planning projects that identify ways to increase the production of housing. The County is partnering with cities and towns in Marin on developing an ADU Workbook and Website that will be utilized by all partnering jurisdictions through the SB 2 grants. Board Members unanimously approved Resolution No. 2019-115 authorizing applications for and acceptance of grant funds on October 8, 2019.

BACKGROUND:

The County's ADU and JADU website, www.marincounty.org/makeroomformarin, has been a resource for property owners since its inception in December 2018. Certain improvements to the website including code compliant floor plans, a calculator for construction costs, homeowner spotlights, and a step-by-step workbook would help create more tools that help incentivize ADU and JADU development. For example, San Mateo County jurisdictions have seen a 200% increase in ADU construction since they launched their website, which contains the above-mentioned resources. Sonoma and Napa Counties are launching websites with similar elements in the coming year.

DISCUSSION:

On October 8, 2019, the County, on behalf of the participating jurisdictions, issued a Request for Proposals (RFP) for a Planning and Design firm to upgrade the ADU Website with supplemental materials including a calculator and workbook. By the close of the RFP submission deadline on November 8, 2019, three responses were received. Interviews were conducted in December with a panel composed of 3 jurisdictions. The committee selected Baird and Driskell, a planning consulting firm based in the Bay Area. Baird and Driskell have experience creating web content for San Mateo County, Sonoma County, and Napa County, as referenced above. Their proposed work includes updating the County website with the resources described above, specifically including code compliant floor plans, a calculator that estimates construction costs, homeowner spotlights, and a workbook. The project is anticipated to commence in January 2020, with a planned re-launch of the updated and the website will re-launch in Fall 2020.

The proposed \$90,000 contract for the ADU Workbook and Website includes the scope mentioned above, detailed in the attached contract.

FISCAL IMPACT:

Using information from ADU and JADU permit records from 2019 and the Second Unit Survey (2017), staff forecasted how many homeowners may take advantage of the affordability program, and found that these actions are anticipated to reduce fee revenues by approximately \$330,000 in 2020, with \$300,000 waived for the new incentives for affordable ADUs. If your Board approves of these actions, funds from Affordable Housing Fund (2070) would be used to reimburse the County special revenue funds for all fee waivers that are part of the ADU Affordability Fee Waiver Program. The General Fund will reimburse special revenue funds for fee waivers outside of the affordability restrictions. The Affordable Housing Fund currently has an unrestricted fund balance of \$6,341,799. If the volume of fee waiver requests exceeds the predictions detailed above, staff will work with the CAO to develop potential program funding opportunities and will report back to the Board of Supervisors.

The recommended actions related to this contract do not impact the General Fund net county costs, as the proposed expenditures will be offset by grant revenue and reimbursement of funds from partnering jurisdictions. Your Board's approval will increase CDA expenditure appropriations by \$90,000 in the Miscellaneous Projects Fund (1010), fully offset by increased grant revenue.

REVIEWED BY:

- | | |
|--|---|
| <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,



Jillian Nameth Zeiger
Planner



Brian C. Crawford
Director

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 2018-135.
2. JADU and ADU permit analysis from 2017-2019.
3. ADU Workbook and Website Contract.