



COMMUNITY DEVELOPMENT AGENCY

May 25, 2021

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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)

Dear Board Members:

RECOMMENDATIONS:

1. Consider extension of a resolution extending 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, 2023 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 in amounts 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.

SUMMARY:

The proposed resolution would extend 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, and would extend the 2020 ADU and JADU building permit fee waiver policy for the period of January 1, 2021 through December 31, 2023, with an annual progress update to determine if adjustments should be made based on the prior years' production.

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.

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.

In January 2020, your Board approved an expansion of ADU and JADU fee waivers that 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. This program, which expired December 31, 2020, includes a waiver of up to \$2,500 for eligible ADUs rented at or above market rate², up to \$5,000 in fees for an ADU that is rented at moderate-income rates (between 81-120% of Area Median Income guidelines), and up to \$10,000 in fees for an ADU that is rented at low-income rates (up to 80% 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.

DISCUSSION:

In 2019, the County of Marin, in collaboration with other Marin jurisdictions³, began ADUMarin: an initiative that provides resources and support for the creation of additional second units throughout Marin County. In 2020, a number of materials were released, including a [new website](#) and workbook that offer information on how to build and rent a second unit, and a series of webinars tailored to specific areas of Marin, where over 200 participants joined.

In 2020, the County gave 36 fee waivers for the creation of ADUs/JADUs, totaling \$71,000, an increase from the previous year, where the County gave 20 fee waivers, totaling \$49,000. The increase in fee waivers given correlates with the increase in educational materials and resources that have been disseminated, in addition to greater Countywide collaboration. However, the COVID-19 pandemic, which began in March 2020, affected both the overall interest and ability to create second units, and presented additional challenges for first-time landlords.

A moratorium on non-essential construction was put in place from March 31, 2020 through May 3, 2020, and eviction moratoriums for nonpayment of rent due to COVID-19 related financial hardship were enacted at the federal, state and local level, with the moratorium running from March 24, 2020 through June 30, 2021 in Marin⁴. Additionally, at the height of the pandemic, the Judicial Council of California enacted an emergency rule that suspended all evictions (unless necessary due to health and safety concerns) from April 2020 through August 2020.

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

³ The Marin jurisdictions taking part include Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, Tiburon, County of Marin (unincorporated)

⁴ The State eviction moratorium (SB 91) expires June 30, 2021

The eviction moratoriums impacted the ability for prospective landlords to locate tenants since most tenants remained housed due to initial stringent shelter-in-place laws, in addition to the pandemics' economic impact on the community. The County did not receive any applications for the development of second units for low-income or moderate-income tenants. The pandemic has severely impacted Marin renters, especially lower-income renters. The County's Rental Assistance program has received over 5,000 requests for rental assistance and is currently in the process disseminating a total of \$20 million in rental assistance, the majority of which will be granted by August 2021. County Staff are working closely with both the landlord and renter population to offer resources and education as the community recovers from the pandemic.

FISCAL IMPACT:

Using information from ADU and JADU permit records from 2019⁵ 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 2021, with \$150,000 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 \$10,694,239. 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 would have a net County cost of an estimated \$330,000.

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,



Aline Tanielian
Planner



Leelee Thomas
Planning Manager

⁵ 2019 permit records data are used as the basis of this analysis since it presents pre-pandemic data

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 2020-05
2. JADU/ADU Fee Waiver background
3. JADU and ADU permit analysis from 2017-2019
4. JADU/ADU application
5. JADU/ADU Fee Waiver FAQs