

## *Memorandum*

TO: Joint MTC Legislation Committee and  
ABAG Legislation Committee

DATE: May 4, 2018

FR: Deputy Executive Director, Policy

RE: SB 831 (Wieckowski) and SB 1469 (Skinner) – Support and Seek Amendments

### **Background**

A number of bills are being considered in Sacramento this year to remove barriers that may impede homeowners from investing in accessory dwelling units (ADUs). Two of these bills, all authored by Bay Area legislators, are detailed below.

- SB 831 (Wieckowski) would lower the cost of building accessory dwelling units (ADUs) by capping school development fees at \$3,000, limiting connection fees, capacity charges or other fees levied by a special district or water corporation and exempting ADUs from local impact fees charged for new development. Local agencies may continue to charge fees to recoup the cost of plan checks, health and safety inspections and other permit processing. The bill would provide that permits for ADUs meeting certain conditions be considered ministerially within 60 days of submission; permits that have not been acted upon within that time period would be deemed approved. SB 831 would relax certain local zoning and parking restrictions applicable to ADUs. The bill would also prohibit jurisdictions from including owner-occupancy requirements in local ADU ordinances and create a temporary amnesty program to incentivize owners of existing unpermitted ADUs to obtain the building permits and inspections necessary to legalize the units.
- SB 1469 (Skinner) would likewise exempt ADUs from the same fees and charges exempted in SB 831 and provide for similar ministerial approval. The bill would also similarly relax certain local zoning and parking restrictions applicable to ADUs. SB 1469 would additionally require that the Department of Housing and Community Development (HCD) create new, cost-effective small home building standards for ADUs. The bill would not prohibit local owner-occupancy requirements for ADUs or create an amnesty program.

SB 831 and SB 1469 would build on a number of ADU reform bills approved by the Legislature in recent years, including SB 1069 (Wieckowski, 2016), a bill MTC supported which eased restrictions on ADUs, sped up the permitting process and required that utility connection fees be proportional to the impact of the ADU.

**Recommendation:** Support and seek amendments

### **Discussion**

As the Bay Area's housing crisis deepens, innovative strategies are needed that can quickly and cost effectively increase the region's housing supply. ADUs can be an important part of the solution. According to a recent staff analysis, if one in ten Bay Area homeowners built an ADU, the Bay Area would add 150,000 units, enough to accommodate 20 percent of the region's projected population growth through 2040. Importantly, ADU infill development is inherently more energy-efficient than large-scale construction and ADUs are generally more affordable than other forms of housing. A 2012 study of the East Bay by the Berkeley Institute of Urban and Regional Development found that

the average ADU was advertised at a rental rate that made it affordable to a household earning 62 percent of the area median income. For these reasons, ADU development has the potential to significantly advance the Bay Area's climate and equity goals, as identified in *Plan Bay Area 2040*.

Recent reforms to ADU law appear to be having a positive effect on production levels. A 2017 report from UC Berkeley's Turner Center for Housing Innovation found that ADU streamlining bills enacted beginning in 2016 contributed to a rise in applications in cities throughout the Bay Area. In Oakland, there were 247 permit applications in 2017 – a sevenfold increase from 2015 – and San Francisco and San Jose saw similar increases. Smaller Bay Area cities like Mountain View also saw a significant gain, with 14 applications submitted in 2017, up from just four in 2015.

Despite this increase in production, there are still a number of barriers to ADU development, including cost and certain state building code requirements. One of the factors contributing to the cost of ADU production is building fees, including development fees. In communities throughout California, ADUs are often subject to substantially similar fees as those charged to larger scale developments, even though ADUs typically have less impact on a neighborhood's infrastructure and services. An analysis from the Senate Transportation and Housing Committee found that throughout the state, local development impact fees for ADUs range from anywhere between \$5,000 and \$60,000.

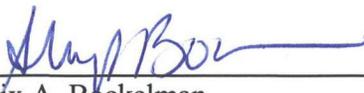
Though there is no comprehensive fee list for the Bay Area, a staff analysis showed that development impact fees appear to be similarly wide-ranging in our region (see Attachment A). For example, in Contra Costa County, traffic impact fees were estimated at \$18,000 for a 2017 permit to add a kitchen to the back area of a home to convert it into an independent living unit, while impact fees for a \$900 square foot detached ADU in the City of Fremont were estimated at \$0. This range is in part because a number of Bay Area jurisdictions have already taken steps to limit or eliminate impact fees associated with ADUs.

Given the potential for ADUs to be a part of the solution to the Bay Area's ongoing housing crisis, we support the policy of removing barriers to ADU production. We also concur with the author's sentiments that fees should not be so cost prohibitive as to discourage ADU development. However, ADUs still have some impact on neighborhood infrastructure and resources and it is important that localities retain the ability to charge reasonable fees to pay for community impacts associated with housing. We recommend the bills be amended to allow localities to impose modest ADU fees, up to a cap. Options include a straight dollar cap or a percentage cap relative to fees charged by a locality for larger developments.

For these reasons, we recommend a "support and seek amendment" position on SB 831 and SB 1469.

#### **Known Positions**

See Attachments

  
Alix A. Bockelman

#### **Attachments:**

- Attachment A: Bay Area ADU Permitting Fees
- Attachment B: SB 831 Known Positions
- Attachment C: SB 1469 Known Positions

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**Example Local Fees for Accessory Dwelling Unit (ADU) Permits in the Bay Area\***

<b>Jurisdiction</b>	<b>ADU Example</b>	<b>Processing Fees</b>	<b>Impact Fees</b>	<b>Total Local Fees</b>
Contra Costa County	In-home conversion (adding a kitchen)	\$1,452	\$18,295	\$19,747
Fremont	900 SF detached ADU	\$9,282	waived	\$9,282
Novato	364 SF detached ADU	\$3,810	\$7,480	\$11,290
Oakland	531 SF detached ADU	\$7,711	\$100 (most fees are waived)	\$7,811
Redwood City	600 SF detached ADU	\$5,300	\$1,617	\$6,917
Rohnert Park	600 SF detached ADU	\$3,071	waived	\$3,071
San Francisco	In-home conversion (within built envelope)	\$1,896	waived (fees are charged for ADUs that add to gross floor area)	\$1,896

\* Fees include both processing and impact fees charged by a jurisdiction for permitting an ADU. This does not include school fees or other fees charged separate water or utility districts.

**SB 831 (Wieckowski) Known Positions**

**Support**

Bay Area Council (Sponsor)  
Abundant Housing LA  
ADU Builder, Inc.  
Basis Studio  
Bay Area Rapid Transit (BART)  
Bridge Housing  
Build  
California Apartment Association  
California Association of Realtors  
California Building Industry Association  
California Chamber of Commerce  
California Community Builders  
California Renters Legal Advocacy and Education Fund  
California YIMBY  
Coalition for Supportive Housing  
Cover  
Crest Backyard Homes  
Corporation for Supportive Housing  
The Fairmont San Francisco  
Half Moon Bay Brewing Co.  
Heller Manus Architects  
HKS Architects  
Inn at Mavericks  
LA Más  
Los Angeles Business Council (LABC)  
Mavericks Event Center  
McKinsey and Company  
North Bay Leadership Council  
Non-profit Housing Association of Northern California  
Pacific Standard  
Postmates  
Resources for Community Development  
ReVisions Resources  
Rise Together  
San Diego County Apartment Association  
San Francisco Bay Area Planning and Urban Research Association (SPUR)  
San Francisco Housing Action Coalition  
San Mateo County Economic Development Association (SAMCEDA)  
Shorenstein Properties

SV Angel  
Turner Center for Housing Innovation  
Tim Lewis Communities  
TMG Partners  
Wareham Development  
Webcor

**Opposition**

American Planning Association – California Chapter  
Association of California School Administrators (ACSA)  
California Association of School Business Officials  
California Contract Cities Association  
California School Board Association  
California Special Districts Association  
California State Association of Counties  
City of Camarillo  
City of Coronado  
City of Fullerton  
City of Glendora  
City of Hawthorne  
City of Huntington Beach  
City of Lakewood  
City of Lake Forest  
City of San Marcos  
Coalition for Adequate School Housing  
County of Del Norte  
League of California Cities  
Marin County Council of Mayors and Councilmembers  
Rural County Representatives of California  
Urban Counties of California  
1 individual

**SB 1469 (Skinner) Known Positions**

**Support**

Bay Area Council (Sponsor)  
Bridge Housing  
CalForward  
California Association of Realtors  
California Building Industry Association  
California Forward Action Fund  
California YIMBY  
City LA-UCLA Director, Dr. Dana Cuff  
Enterprise  
Greenbelt Alliance  
Habitat for Humanity East Bay/Silicon Valley  
LA Más Co-Executive Director Helen Leung  
Non-profit Housing Association of Northern California  
North Bay Leadership Council  
San Francisco Bay Area Planning and Urban Research Association (SPUR)  
SV@Home  
Turner Center for Housing Innovation  
Tennis Wick, AICP, Director, Sonoma County Planning Department  
University of California, Berkeley Professor Doctor Karen Chapple  
Unite Here Local 19

Office of the Riverside County Superintendent of Schools  
Rural County Representatives of California  
San Diego Unified School District  
Small School Districts' Association  
Urban Counties of California

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California Association of Suburban Schools  
California Contract Cities Association  
California School Board Association  
California Special Districts Association  
California State Association of Counties  
Coalition for Adequate School Housing  
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