



MEMORANDUM

DATE: June 15, 2021

TO: Housing Advisory Committee

FROM: Pierce Macdonald-Powell, Senior Planner

SUBJECT: Informational Report on Implementation of the Current
2015 Housing Element Goals Related to ADUs

AGENDA ITEM NUMBER 3

RECOMMENDATION:

None. This report is informational. Comments from Committee Members and the public on this agenda item are welcomed and encouraged.

EXECUTIVE SUMMARY:

The supply of new apartments through the production of accessory dwelling units (ADUs) is a critical action by which the City can meet the goals of the current 2015 Housing Element. Lisa Wise Consulting (LWC) and City staff will present information on the implementation of the current 2015 Housing Element goals related to ADUs. LWC and Openscope Studio, an architectural firm and sub-consultant to LWC, will present a progress update on development of new ADU incentives and programs, including results of the Fair Housing Community Survey and information regarding ADUs and junior accessory dwelling units (JADUs).

This staff report will address:

- Project milestones
- Goals and benefits
- The role of resident comments
- Exemplary ADU programs in other jurisdictions
- What is being asked of the HAC
- When HAC review and action will occur

BACKGROUND AND ANALYSIS:

Project Milestones and Progress Meeting Project Deadline

On June 15, 2021, LWC and City staff will present the results of community engagement, completed since November 2020. Public engagement with Piedmont residents, property owners, business owners and workers encourages participation in development of new ADU programs and incentives. The results of public engagement include 877 responses to the Fair Housing Community Survey and 90 comments on an online Interactive Pinnable Map, both of which closed on April 15, 2021. Survey results show general levels of familiarity with state and federal housing law regarding ADUs and general design preferences for ADUs.

California law and Health and Safety Code section 65583(c)(7) requires cities, towns, and counties to develop a plan that incentivizes and promotes the creation of ADUs that can be offered at affordable rent to very-low to moderate-income renters. In response to this requirement and in coordination with this report, LWC and Openscope Studios will provide a slideshow presentation of Piedmonters' responses about ADUs and what these responses can tell us about new programs, regulations, and incentives designed to increase the production of ADUs in Piedmont.

Accessory Dwelling Unit is defined in the Piedmont City Code as “an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons and located on the same lot as a proposed or existing primary residence, which may be a single or multi-family dwelling, and has a separate, exterior entrance than that of the primary residence. It includes permanent provisions for living, sleeping, eating, cooking, and sanitation. It may include (1) an efficiency unit as defined in Health and Safety Code section 17958.1 and (2) a manufactured home as defined in Health and Safety Code section 18007.” A permitted ADU can be either an ADU or a JADU. Both are permitted on a lot containing a single-family home or multi-family residence, meaning one lot can have two apartments in addition to the primary residence.

California law requiring that the City develop ADU incentives took effect on January 1, 2021. In 2020, the City sought and received \$160,000 from the SB 2 grant program to develop incentives, programs, and regulations that facilitate the production of affordable housing. The grant deadline to develop ADU programs, described in this report, is June 2022.

Goals and Benefits of ADU Programs and Incentives

In 2015, Piedmont was recognized with an award of merit by the California Chapter of the American Planning Association for its Rent-Restricted Second Unit Program. Piedmont's ADU Ordinance (previously called the “Second Unit Ordinance”) has been as a tool for producing context-sensitive affordable housing. Other cities followed by adopting similar programs.

Unfortunately, changes to California laws for ADUs in 2017 have made Piedmont's rent-restricted program much less effective, although these changes have been beneficial for the production of greater numbers of market-rate ADUs in Piedmont and throughout California.

Previously, the City permitted a property owner to deed-restrict the rent on their new ADU to low or very low rents for a period of 10 years in return for exemptions to City parking requirements or ADU size limits. The parking exemption, in particular, was very effective in creating incentives to offer new ADUs to people earning low or very low incomes in Piedmont.

City staff, LWC, and Openscope Studio are actively seeking new incentives to encourage the development of new ADUs that are affordable to low and very-low-income residents. Examples of possible new incentives include pre-approved architectural plans, new size allowances, new technical assistance and publicity campaigns, and a low-interest loan program.

The goals and benefits of new ADU programs and incentives are the following:

- comply with California law
- affordable to build expeditiously
- encourage the production of affordable housing that is privately managed and maintained
- help publicize and market affordable housing in Piedmont
- promote excellent design and high-quality building and landscape materials

Purpose of this Report

This report, augmented by the June 15, 2021 slideshow, presents information on ADU incentive programs. Staff seeks comments from Committee Members and the public, including the following topics:

- community values, including design and materials
- usefulness and cost-savings of pre-approved plans
- potential exemptions from zoning provisions to gain deed restrictions
- funding mechanisms for low-income ADUs

Public Comment Informs Design Standards

Public comments about community values, design elements, and architectural styles will directly inform the preparation of new ADU programs and incentives. Over the summer, LWC and Openscope will use community feedback, as well as Openscope's experience working in a range of cities and towns that have recently changed their ADU regulations to comply with California law, to develop recommendations for a new ADU program that includes pre-approved plans and, potentially, a low-interest loan funding mechanism. The draft ADU program will be made available for public review and comment for a minimum of 30 days, and the ADU program will be the topic of a community meeting this fall (date to be determined).

Once all of the public comments have been received on the draft ADU program, it will be scheduled for hearings before the Housing Advisory Committee, Planning Commission, and City Council for adoption.

Cities and Counties with Exemplary ADU Incentive Programs

California Department of Housing and Community Development (CA HCD) provides a technical assistance webpage for local jurisdictions, such as Piedmont. CA HCD lists the following ADU programs as references for other jurisdictions seeking to develop ADU incentive programs:

City of Clovis: ADU Finance Program – provides financing to eligible property owners seeking funding to build or repair ADUs on their existing single-family lots.

Santa Cruz County: ADU Forgivable Loan Program – offers forgivable loans up to \$40,000 to homeowners who rent ADUs to low-income households at affordable rents for 20 years.

San Mateo County: One Stop Shop Program – provides no-cost support from Hello Housing with design, permitting, and project management involved with building an ADU. San Mateo also offers an ADU amnesty program for ADUs built without permits.

Monterey Bay: My House My Home Program – creates affordable ADUs for low-income senior homeowners.

City of San Jose: ADU Program – provides pre-approved ADU plans and support for ADU construction.

City of Chico: ADU Program – provides pre-approved ADU plans and support for ADU construction.

Housing Trust Silicon Valley – provides funding to support homeownership, rental housing, development financing, and offers programs for homeowners.

CONFORMANCE WITH GENERAL PLAN:

Work to develop new ADU programs, regulations, and incentives is consistent with the goals, policies, and actions of the 2015 Housing Element of the Piedmont General Plan, including the following:

Goal 1: New housing construction – provide a range of new housing options in Piedmont to meet the needs of all household types in the community.

Goal 3: Affordable Housing Opportunities – Create additional housing opportunities for moderate, low, and very low income Piedmont residents.

Policy 1.5 – Second units – Continue to allow second units (in-law apartments) “by right” in all residential zones within the City, subject to dimensional and size requirements, parking standards, and an owner-occupancy requirements for either the primary or secondary unit. Local standards for second units may address neighborhood compatibility, public safety, and other issues but should not be so onerous as to preclude the development of additional units.

Policy 1.6: Second units in new or expanded homes – Strongly encourage the inclusion of second units when new homes are built and when existing homes are expanded.

Policy 1.7: Housing in commercial districts – Ensure that local zoning regulations accommodate multi-family residential uses on commercial properties in the City, including the addition of apartment to existing commercial buildings.

Policy 1.10: Intergovernmental coordination – Coordinate local housing efforts with the California Department of Housing and Community Development, the County of Alameda, and adjacent cities. Where City-sponsored housing programs are infeasible due to limited local resources, explore the feasibility of participating in programs initiated by other jurisdictions.

Action 1.C: Market-rate second unit production – Maintain zoning regulations that support the development of market-rate second units in Piedmont neighborhoods.

ATTACHMENTS:

- A Pages 5 to 6 General Plan Housing Element Goals, Policies, and Actions, related to the scope of work funded by SB 2 planning grant program

Attachment A

General Plan Housing Element Goals, Policies, and Actions

The SB 2 Planning Grants Program scope of work is consistent with the following General Plan Housing Element goals, policies, and actions:

Goal 1: New housing construction – provide a range of new housing options in Piedmont to meet the needs of all household types in the community.

Policy 1.2: Housing diversity – Continue to maintain planning, zoning, and building regulations that accommodate the development of housing for all income levels.

Policy 1.4: Context-appropriate programs – Participate in those state and federal housing assistance programs that are most appropriate to Piedmont’s character and that recognize the unique nature of affordable housing opportunities in the City.

Policy 1.5 – Second units – Continue to allow second units (in-law apartments) “by right” in all residential zones within the City, subject to dimensional and size requirements, parking standards, and an owner-occupancy requirements for either the primary or secondary unit. Local standards for second units may address neighborhood compatibility, public safety, and other issues but should not be so onerous as to preclude the development of additional units.

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Action 1.C: Market-rate second unit production – Maintain zoning regulations that support the development of market-rate second units in Piedmont neighborhoods.

Action 1.E.: Allowing multi-family housing and mixed-use in in the Commercial Zone – Amend the Piedmont Zoning Ordinance to add multiple family housing and mixed-use development to the list of conditionally permitted uses in the Commercial Zone (Zone D).

Action 1.G: Facilitating multi-family development – Develop incentives which would facilitate multi-family development on land zone for multi-family or commercial uses in Piedmont, including modifications to lot coverage requirements for multi-family uses in Zones C and D, and modifications to permitted and conditionally permitted use requirements for Zones C and D. The City will also consider potential ways to streamline environmental review in the event future multi-family uses are proposed in these areas.

Action 2.E: Streamlining design review – Conduct a Planning Commission study session to identify steps that might be taken to expedite and improve the design review process. Following this session, develop amendments to the Design Review process consistent with Action 28.C of the General Plan (Design and Preservation Element).

Action 2.F: Update Design Review Guidelines – Update the 1988 City of Piedmont Residential Design Guidelines consistent with Action 28.E of the Piedmont General Plan.

Goal 7: Equal access to housing – Ensure that all persons have equal access to housing opportunities in Piedmont.

Policy 7.1: Housing choice – Promote the development of housing for all persons regardless of race, religion, ethnic background, or other arbitrary factors.

Policy 7.3: Fair housing enforcement – Implement and enforce relevant State and federal fair housing laws.

Action 5.A: Shared housing program – Consider participating in ECHO Housing’s shared housing program as a way to improve housing opportunities for lower income seniors and extremely low income households.

Action 5.C: Assistance to non-profit developers – Provide assistance to non-profit entities interested in developing housing for low and moderate income Piedmont residents, including elderly and others with special needs.

Action 5.H: Faith Community participation – Work with local faith community to serve residents in need within Piedmont and the greater East Bay, and to identify potential partners for meeting local extremely low income housing needs.

Action 5.I: Second units for extremely-low income households – Maintain an inventory of second units that are available at rents that are affordable to extremely low income households. Explore ways to expand this inventory and encourage the development of additional extremely low income second units through the City’s affordable second unit program and other means.

Action 5.J: Housing for extremely low income families – Develop incentives to meet the needs of Piedmont’s extremely low income households potentially including modified development standards for new multi-family buildings that include units for extremely low income families.