

From: Renee Schomp <renee@napasonomaadu.org>

Date: Tuesday, September 27, 2022 at 4:37 PM

To: Paul, Christina <cpaul@cityofpetaluma.org>

Subject: Housing Element Public Comment | Petaluma | Napa Sonoma ADU Center

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Hi Christina,

I just submitted HE feedback via the Google Form, however that format is really not conducive, I learned, to providing very detailed information. Are you able to connect me with the correct person to send the below to, as in email format it's so much easier for them to read and digest?

PS I am pleased with the draft, by the way! Thank you so much.

Many thanks!
Renée

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Dear Petaluma Housing Element team:

We appreciate so much what you have included in your draft Housing Element regarding ADUs, including mention of the Napa Sonoma ADU Center. I'm reaching out to provide input on your Housing Element process as you continue the iterative drafting process. Please don't hesitate to let me know if you have any questions whatsoever, or want to hop on the phone to chat.

The City of Calistoga recently received the following comments on its draft Housing Element from HCD, which can inform how your city considers iterating your current draft prior to submission to HCD: "the element must include a program that incentivizes or promotes ADU development. Examples of incentives include pursuing funding opportunities, modifying development standards, and reducing fees beyond state law, increasing awareness, pre-approved plans, and homeowner/applicant assistance tools. Other strategies could include developing information packets to market ADU construction, targeted advertising of ADU development opportunities or establishing an ADU specialist within the planning department."

With this feedback from HCD in mind, we recommend:

- **First:** When outlining ADU program plans in your HE for the beginning of the cycle versus two-three years into the cycle (if you're not hitting your ADU numbers) my recommendation is that you make a commitment from Day 1 to:
 - **(1)** consider as part of your collaboration with a local entity "such as the Napa Sonoma ADU Center or other organization(s) providing ADU help/services to homeowners" financial assistance to said organization in order to support us in continuing our services (see attached document with proposal for jurisdictional support for details) and

- (2) link to the [Standard Plans Program](#) from your website *and we are glad you plan to "consider" offering expedited permit approval and/or *capped/waived permit fees* for pre reviewed (aka pre-approved) ADU plans -- because if there is no incentive offered by the City for homeowners to use pre reviewed plans they are unlikely to actually use them* (for example, [Cloverdale guarantees a 4 week ADU permit turnaround for pre reviewed plans and advertises that on their website here](#)). City of Napa is likely going to offer a cap on permit fees for use of a pre reviewed plan.
 - **Reminder: The [Napa Sonoma ADU Standard Plans Program](#) features 50 diverse ADU plans sets, half of which are pre reviewed based on input from YOU, our local jurisdictions -- and these plans help your city or county Affirmatively Further Fair Housing**, including housing that is specifically designed to be accessible.
 - Also, keep in mind ADUs & JADUs come in many shapes and sizes - we help homeowners build a wide range of units that create housing for our community, including the [MicroADU 150 sf](#) and [Junior ADUs like the one Marian built in City of Sebastopol](#) which allows her to age in place in the city (it cost her \$10K to simply put in an efficiency kitchen to create the unit out of existing space in her house; she shares a bathroom with the main house.)
- (3) when you create more materials to market ADUs to your community, update your webpage for ADUs (which is [here](#)) and link to the Napa Sonoma ADU Center free online [tools & resources](#), and if you'd like [use the template graphics and materials we created for you which are located right here](#) to easily improve your website materials on ADUs
- (4) highlight what your city is doing to Affirmatively Further Fair Housing via ADUs keeping in mind the importance of how ADUs can benefit BIPOC and lower income homeowners, BIPOC and low income tenants, and individuals with disabilities. **We have extensive recommendations on incentivizations for ADUs, affordability, and equity in this set of recommendations - PLEASE ensure you read and consider them.**
 - **PLUS - if you really want to incentivize** affordable ADU development, reach out to me for info on the [San Diego model](#) that has contributed already to development of WAY more deed-restricted affordable ADUs. It stands out from the crowd.
- **Second:** Then I recommend that in your Housing Element you indicate that if you are not hitting your target ADU numbers two to three years into the HE cycle, you plan to change your ADU ordinance to make it easier to build ADUs. Key changes I recommend are below my signature in this email. You can pick and choose those that you prefer for your city!

We have additional detailed [recommendations for how to include ADUs in your Housing Element effectively available here](#) plus attached are the recs we have for financial support of ADU services -- and I am available to answer any questions you may have at any time. We are here to support you, and we appreciate you!

Warmly,
Renée

Adopt pro-ADU policies that go beyond state law

State law sets the minimum standards, but many homeowners do not build ADUs because local standards are still too restrictive. In fact, the State's original intent was that jurisdictions go above and beyond the bare minimum that the state law sets out and enact local ADU ordinances that are more permissive than the state mandates. Successful options for adopting pro-ADU policies include:

- Allowing two-story ADUs (including with minimum setbacks)
- ADUs on corner lots (or specifically having a four feet setback on street-facing side)
- Front yard setbacks that match the main house
- Reduced side or rear yard setbacks
- No parking replacement required for any ADUs
- Larger ADUs
- Greater FAR
- Allow JADUs in an attached garage and define "attached" as "connected by a common wall, or by a common roof, covered walkway, carport or garage, not more than twenty feet (20') wide."
- Allow more ADUs than permitted by state law

Some successful local examples of pro-ADU local ordinances include:

- *Cloverdale - allows 2 ADUs per parcel*
- *Rohnert Park - no parking replacement is required*
- *American Canyon - allows 3 foot setbacks*
- *Sonoma County offers a Cottage Housing Development program that allows multiple detached units clustered around a common open space. These proposals can be approved by staff with no hearings if they meet the relevant standards.*
- *Sonoma County defines Junior ADUs as being allowed as a conversion of existing space in the primary home or an attached garage and defines "attached" as "connected by a common wall, or by a common roof, covered walkway, carport or garage, not more than twenty feet (20') wide."*
- *Multiple local jurisdictions (but not all) allow electronic submissions & payment of fees electronically*
- *Multiple local jurisdictions (but not all) don't charge homeowners for time meeting with the planning department or other agencies regarding ADU rules and processes*

Similarly, jurisdictions may want to eliminate other barriers where appropriate by reconsidering costly and/or challenging obstacles to building an ADU that may not need to be applied to every single project. **For example, many homeowners struggle with the cost and logistics of having a soils report or even a soils waiver** completed for their ADU build. Consider whether this or other requirements are necessary for all projects. In addition, soils waivers alone (just the WAIVER) still generally cost over \$1,000 and are challenging for some homeowners to obtain as VERY few professionals are willing to complete a soils waiver. To that end, jurisdictions may want to consider whether there is a soils waiver process that does not require the expense and challenge of hiring an outside professional.

Similarly, sewer connection fees, while generally waived for ADUs of less than 500 square feet, **remain a very significant financial impediment to some homeowners on ADU projects over 500 square feet.** Currently, for example, Napa Sanitation District charges approximately \$1,000 per 100 square feet over 500 sf. Our recommendation is that this fee should be waived for ADUs that are less than 800 sf and lowered for ADUs over 800 sf.

Menu of Ideas: Incentives to invest in the development of affordable ADUs

The goal of this document is to provide concrete ideas for local jurisdictions regarding how they can invest in the development of affordable ADUs. Some jurisdictions may be overwhelmed by the potential cost of investing in ADU development, and this menu of options illustrates a wide range of investments jurisdictions can make – some without having a large impact on budget, staff time or other resources.

The menu includes options ranging from an investment of as little as \$150 per ADU to as much as \$50,000 per ADU or more, with those funds going **directly** to the homeowner to incentivize ADU development. Each incentivization can be tied to an affordability restriction on the ADU that *matches* the level of incentive. Best practices for such affordability restrictions are discussed below.

The document covers the following:

1. Best practices for affordability restrictions on ADUs
2. Menu of incentives for development of affordable ADUs

Best practices for affordability restrictions on ADUs

The menu of ideas below are all developed with a few crucial best practices in mind based on lessons learned from prior ADU programs developed in CA. Those overarching best practices are:

- Avoid long term affordability restrictions – Homeowners do not want to make long-term, particularly multi-decade, commitments
- Offer an out for homeowners – Ensure they can pay back the loan and exit the system when desired
- Match the incentives to the requirements – If a jurisdiction wants to offer more restrictive conditions (e.g., renting to a Section 8 tenant, etc.), the incentives need to be large
- Reduce uncertainty in the process for the homeowner -- The more fixed costs and clarity in the permitting process, the better

It's crucial to also consider equity when creating an affordable ADU program, especially if you have a goal of Affirmatively Furthering Fair Housing via ADU development. Items to keep in mind:

If your goal is to support BIPOC and/or low-income tenants via ADUs:

- Estimate accurately and with precision for your specific jurisdiction the number of ADUs that can reasonably be expected to accommodate Very Low and Low Income households, *especially* without your jurisdiction implementing any incentives with concurrent affordability restrictions such as those listed in this document. For guidelines on affordability and ADUs [see here](#), but

note that you should tailor your numbers with information gathered from your jurisdiction specifically as well.

- Allow family members (or at least low-income family members) to live in an ADU built through your program. Limiting tenants to non-family members excludes some BIPOC communities that value multi-generational living for cultural and/or financial reasons.

If your goal is to support BIPOC and/or lower-income homeowners via ADUs:

- Grants are better than loans. Debt averseness is a big barrier for BIPOC homeowners to benefit from ADUs due to discriminatory lending practices they've either witnessed or suffered from in the past. White and affluent homeowners have conversely been able to literally leverage debt to access more wealth. For this reason, grants are better than loans for many BIPOC homeowners to build ADUs. At the very least, any ADU loan program should have clear upfront marketing that includes financial education to build trust in the program.
- Allow homeowners to use an ITIN number or a Social Security number to access ADU financing. This ensures you don't exclude undocumented homeowners from your program.
- Ensure your program has bilingual capacity so that language access is prioritized for non-English speaking homeowners.
- Partner with grassroots and community based organizations with specifically targeted marketing to BIPOC subgroups in your jurisdiction to ensure that trusted organizations in these communities can help you spread the word about your ADU program.

If your goal is to support community members with disabilities via ADUs:

- Include the option for an additional grant or other subsidy to build an accessible ADU.
- Include an incentive (e.g., financial or expedited permitting) for all ADUs in your jurisdiction to be built to be accessible or at least with principles of Universal Design.

For further background, we spoke with a prefab company recently that shared these thoughts, which resonate very much with what we've seen statewide:

- The simpler the better when it comes to a successful affordable ADU program. All of these conditions (must be rented to low income tenant, homeowner must be 80% of median income, etc.) are discouraging and confusing for homeowners, and that confusion prevents qualified homeowners from even applying to use it. So simpler and straightforward will generate more interest, and in addition more qualified usages.
- Grants have seen much more success than loans. The model is the recent changes to the CalHFA ADU grant. First version, almost no interest nor applications. Second version, everyone is sprinting and scrambling to get access to it, and people who couldn't previously build an ADU now can.

- \$10k not only covers significant up front hard costs, but will also move the needle much more for customers than \$5k.

Affordability requirement options to mix and match with the menu of incentive options

- Requirement to rent ADU to Sec 8 tenant
- Requirement to rent ADU to low-income tenant at no more than 30% of tenant's income
- Requirement that homeowner be lower income

Characteristics to consider:

- Limit requirement timeline to 5 - 8 years (HCD may prefer 8 years to match the Housing Element cycle)
- Option to opt out of requirement by paying off loan or paying back grant
- Match the requirement to the incentive appropriately

With this in mind, below are some ideas we have (which may be mixed and matched).

Menu of Affordable ADU Incentives:

Incentive 1: Cover costs ancillary to the Redwood Credit Union ADU loan product (~\$3,500 - \$4,500 per ADU)

Cover ancillary costs for the homeowner associated with [Redwood Credit Union's ADU construction loan product](#), which is designed to help homeowners who don't have sufficient income or equity in their existing home finance building an ADU. These costs are normally paid by the homeowner directly to RCU. These ancillary costs for the loan range from about \$3,500 - \$4,500 depending on the project. This total includes an origination/processing fee (\$120 fixed fee), lender fee paid to 3rd party (includes tax service contract & flood zone check)(\$60), title insurance (~\$500), notary fees (~\$150-200), government recording fee (~\$400), property appraisal (~\$1,000), RCU construction management & 3rd party inspection fees (\$1,500 fixed fee).

Incentive 2: Fee waiver for use of [Napa Sonoma "pre-reviewed" ADU plan](#) (prefab or site built) (~\$5,000 - \$47,000 per ADU)

The fee waiver amount can vary but could include coverage of: Sewer district connection fees (can be ~\$5,000-\$12,000); impact fees (varies widely but could be up to ~\$30,000); school district fees (varies but can be up to ~\$5,000). This has the added benefit of incentivizing homeowners to use

"pre-reviewed" plans which will also save time and money for the jurisdiction itself (reduced staff time spent on ADU permit processing).

Incentive 3: Cover license fee for use of [Napa Sonoma "pre-reviewed" ADU plan](#) (prefab or site built) (~\$500 - \$2,000 per ADU)

This has the added benefit of incentivizing local homeowners to use "pre-reviewed" ADU plans which then saves the jurisdiction staff time and resources during the plan check process. The license fee is paid directly from the homeowner to the designer, architect or prefab company that created the plan so this can be a reimbursement from the jurisdiction to the homeowner.

Incentive 4: Free ADU Feasibility Consult (\$150 - \$500 per ADU)

At the moment, the Napa Sonoma ADU Center provides free [ADU feasibility consults](#) but soon we will be beginning to charge homeowners a flat fee of around \$150 to cover partial costs of the consults. The consults themselves cost our nonprofit around \$500 and costs can be higher as well depending on the consult. The jurisdiction could reimburse the fee paid by the homeowner directly to the homeowner.

Incentive 5: Capped ADU fees (~\$0 - \$42,000 per ADU)

One of the deterrents for homeowners to build ADUs is that it is often impossible for them to get concrete information from a jurisdiction upfront about the likely fees they'll have to pay for the ADU. If the jurisdiction could guarantee that ADU fees would be capped at ~\$5,000 and any additional fees would be waived or subsidized, that would be a significant help to homeowners by reducing uncertainty and risk in the ADU process.

Incentive 6: Grants to cover upfront costs of a prefab ADU (~\$1,000 - \$20,000 per ADU) (note that some prefab options may not fit on smaller city parcels, sloped properties, or properties with access barriers)

One of the key barriers for homeowners to build ADUs is the level of risk and uncertainty in terms of cost, timeline, complexity, and unforeseen obstacles that can arise during site built construction. As prefab ADU companies take off, we're seeing prefab options as a key way to overcome these barriers and thereby foment ADU development/increase innovation in construction practices. One of the best elements of prefab is that most companies offer a turnkey solution ("concierge service") that takes the time, cost and energy of construction management and getting through the permitting process off the shoulders of the homeowner. If the jurisdiction covered some of the upfront costs of prefab ADUs it could help incentivize homeowners to build ADUs:

- \$1,000 refundable charge for an estimate and proposal from the prefab company
- \$9,000 service charge for the prefab company to manage design and permit submittal

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- \$5,000 - \$10,000 possible additional costs to submit permit e.g., soils report, survey, foundation engineering costs
- And then permit costs which can range up to \$47,000

I'll just note of course that prefab ADUs won't work on every lot -- e.g., they don't work well if there are challenges with site access or a slope. They also won't work on smaller lots -- more common in city limits where we really want to increase density from a climate resiliency standpoint -- because on smaller city lots we really should be building up, not out (e.g., above garage, 2 story units, etc.) For this reason, I think it makes most sense to apply financial assistance to [any pre-reviewed plans in the Napa Sonoma ADU Standard ADU Plans Program](#) since this includes both prefab and pre-reviewed site built plans.

Incentive 7: ADU Rescue Program & fee waivers or grants for unpermitted ADUs (~\$500 - \$80,000 per ADU)

As we know there are a number of unpermitted ADUs that need to be brought up to code in order to be permitted. Sonoma County recently instituted a new "ADU Rescue Program" which allows homeowners to submit a request for a 5 year stay of enforcement on their unpermitted unit (based on the Jan 2020 state law that states a homeowner can be granted a 5 year stay of enforcement on an unpermitted ADU if the jurisdiction determines there is no health & safety issue with the unit). Sonoma County's program allows the homeowner to hire a licensed professional (architect, contractor or engineer) to conduct a 3rd party assessment of the unit for habitability and submit a form to the county requesting the state of enforcement. Other jurisdictions could institute a similar program, with the added benefit of (1) reimbursing the cost of the 3rd party professional to conduct the habitability assessment & submit the required form; and/or (2) covering the costs of the fees to get the ADU permitted (~\$5,000 - \$47,000); and/or (3) covering the cost of the architect/designer to draw up plans and submit the ADU Permit Application required to get the unit permitted (~\$5,000 - \$20,000). Note that none of these options includes the cost of any other professionals required to do the work to actually bring the unit up to code, which can include plumbers, electricians, GC, structural engineers, etc. (I bring this up to note the extremely high cost of getting an ADU permitted for some projects.)

Please feel free to reach out to Renée J. Schomp, Director, Napa Sonoma ADU Center with any questions: renee@napasonomaadu.org.

Jurisdictional Support for ADU Services

The Napa Sonoma ADU Center was launched as a three-year pilot in 2020 by Napa Valley Community Foundation, with support from Community Foundation Sonoma County, to catalyze ADU development across the 16 jurisdictions in Napa and Sonoma Counties. This pilot project was designed to identify and test services that would address the barriers that prevent homeowners and jurisdictions from ADU development. Funding during the pilot phase was provided mostly by philanthropy, with key initial support from a few jurisdictions. Planning has begun for continuation of the services to jurisdictions and homeowners that have proven most effective beyond the pilot period of 2020 - 2023. The intent of this nonprofit pilot project was that sustainability of these ADU services beyond the pilot phase would rely on financial support from jurisdictions that find such services useful.

This document covers three key topics:

1. How we've helped our local jurisdictions build ADUs so far
2. ADU services we envision continuing with your support
3. Potential funding structure to support ongoing ADU services

“Honestly, if it weren't for the Napa Sonoma ADU organization, I doubt this project would get off the ground. The feasibility report is such a vital stepping stone for everyday people confronting a complicated ADU world. Please keep doing this great work!” – *Local homeowner*

How we've helped our local jurisdictions build ADUs so far

The nonprofit Napa Sonoma ADU Center provides technical assistance to homeowners on their ADU projects and also does significant proactive community outreach and education to ensure that local homeowners across all 16 jurisdictions in Napa and Sonoma Counties are aware of their local ADU rules, processes, and resources. It also serves as an innovative public/private partnership that bridges the government, philanthropic, nonprofit and private sectors in order to advance ADUs.

The Napa Sonoma ADU Center has a comprehensive [ADU website](#) with many ADU tools and resources available on it today, including an [ADU Workbook](#), [ADU Calculator](#) tool, frequent [ADU webinars](#), [ADU feasibility consults](#), [ADU Home Match](#), [ADU newsletter & blog](#), [spotlights](#) of Napa and Sonoma County neighbors who have built ADUs, forthcoming Napa Sonoma Standard ADU Plans program, and much more. Homeowners and jurisdictions can [Contact Us](#) for more information or help with ADU questions. **Our educational information for local homeowners helps reduce jurisdiction staff time expended on answering questions about the ADU permitting process.** One local building official recently commented, “If it wasn't for the Napa Sonoma ADU Center, my phone would be ringing off the hook!”

In collaboration with multiple Napa and Sonoma County jurisdictions, in May 2022 we will launch a comprehensive [Napa Sonoma Standard ADU Plans Program](#) (“pre-reviewed” plans program) with a gallery of diverse ADU plan sets available at low cost to homeowners. This program stands to **significantly reduce jurisdiction time and resources expended on the ADU permitting process**. Not only will your staff become more familiar with streamlined ADU plan sets submitted, we have also set up a relationship with a third party consulting firm that will be available to conduct the individual plan check review process for submittals on an as-desired basis for your jurisdiction.

As of April 2022, the Napa Sonoma ADU Center has helped over 400 unique homeowners across Napa and Sonoma counties with one-on-one assistance, and 180 homeowners have received a completed individualized ADU feasibility consultation (another 37 are currently in the pipeline, with more being added every day). A survey of 53 homeowners who have received ADU feasibility consultations in the 3-6 months prior to survey indicated that 70% of them were moving forward with their ADU projects. **Applying this success rate to the total number of ADU consults we’ve conducted so far, that equates to over 125 potential new ADUs being built coming out of just the first 18 months of our pilot program.**

So far, the Napa Sonoma ADU Center has already supported our local jurisdictions with:

- [Housing Elements ADU Recommendations](#) including sample language
- Technical assistance on understanding complex new ADU state laws
- Technical assistance and development of webpage copy to educate local homeowners about your ADU planning, permitting and building process, including a customized:
 - ADU Process Map
 - ADU Building Checklist
 - Jurisdictions also routinely refer homeowners to the Napa Sonoma ADU Center to answer ADU questions and link directly to our web tools and resources such as our ADU Calculator tool
- Holding 20 webinars with 1,790 registrants to educate local residents about ADUs including:
 - How to Build an ADU in Napa & Sonoma Counties
 - ADUs 101 for Napa & Sonoma County Homeowners
 - How to Create an ADU Permit Application
 - How to Finance Your ADU
 - And many more – view our full [on-demand webinar library](#)
- A subscriber list of 1,640 individuals who receive our monthly educational ADU newsletter and blog

“If it weren’t for the Napa Sonoma ADU Center, my phone would be ringing off the hook!”
– *Local Building Official*

ADU services we envision continuing with your support

With funding support from local jurisdictions, as part of our planning for the next iteration of ADU services we are considering the following:

- Ongoing development & management of the Napa Sonoma ADU Standard Plans program (including “pre-reviewed” plans)
- Public education & community engagement in multiple languages with local homeowners on ADUs
- Continued provision of 1:1 assistance to homeowners via our ADU feasibility consults and ADU office hours
- Development of improved ADU educational & reference materials for your website
- Proactive education & community engagement to local residents about your ADU planning, permitting & building processes and the benefits of building ADUs
- Trainings for your staff on ADU laws and best practices
- Partnership in the rollout and maintenance of the Napa Sonoma ADU Standard Plans Program
- Support with improving your ADU processes & programs
- Support with interpretation of state laws applicable to ADUs
- Ongoing updates and improvements to our comprehensive toolkit of [ADU resources & information](#) for local residents

Nonprofits can be more nimble than local government and once formed can **help reduce the number of hours expended by jurisdiction staff on educating homeowners about local rules and the ADU permitting and building process**. Countless homeowners and other stakeholders recently interviewed about our services have stressed that the fact that we are a neutral third party resource separate from government or for-profit institutions is key for building trust in our services. Nonprofits are beneficial in that they serve as a neutral resource for local homeowners who may be mistrustful of local government agencies and housing professionals alike. We hope our local jurisdictions will join us to continue advancing our local RHNA targets for ADUs and create housing for our community.

“We received some very valuable feedback [from your ADU feasibility consult] and we DEFINITELY intend to proceed.” – *Local homeowner*

Potential funding structure to support ongoing ADU services

Jurisdiction	Total Residential Parcels	Annual Funding Proposal
X Small Jurisdiction	750 - 1,500	\$5,000
Small Jurisdiction	1,500 - 3,000	\$10,000
Medium Jurisdiction	3,000 - 5,000	\$15,000
Large Jurisdiction	5,000 - 12,000	\$20,000
X Large Jurisdiction	12,000 - 30,000	\$30,000
XX Large Jurisdiction	30,000 - 50,000	\$40,000
Total Annual Funding		\$300,000

Please feel free to reach out to Renée J. Schomp, Director, Napa Sonoma ADU Center with any questions: renee@napasonomaadu.org.