



Monterey County

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Board Report

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- a. Receive a status report on Board Referral No. 2017.21 regarding the expansion of accessory dwelling units in Monterey County to address the housing shortage; and,
- b. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a status report on Board Referral No. 2017.21 regarding the expansion of accessory dwelling units in Monterey County to address the housing shortage; and
- b. Provide direction to staff.

SUMMARY:

Chair Alejo submitted a referral regarding the expansion of accessory dwelling units (ADUs) to help alleviate the housing shortage occurring in Monterey County. On April 3, 2018, staff from the Monterey County Resource Management Agency (RMA) and Economic Development Department made a presentation to the Board of Supervisors that discussed the impact of recent state legislation and presented a map that indicated where ADU's are currently allowed in the County. The Board of Supervisors directed staff to research how other jurisdictions are attempting to create more housing through ADUs. The Resource Management Agency presented an update of the ADU Ordinance to the Planning Commission on June 27, 2018. The Planning Commission requested that staff look at additional issues regarding ADU's and Tiny Homes. The Ordinance update is scheduled to be considered by the Planning Commission August 29, 2018. This report presents the results of CAO staff's initial research and requests additional direction about how the Board would like to see the County develop a more supportive environment to supply affordable housing.

There are three open Board Referrals that aim to create a more favorable environment for the development of affordable and employee housing. The three referrals are: 1) Board Referral No. 2017.21 which focuses on ADUs; 2) Board Referral No. 2018.03 which requested an update on the County's progress towards meeting its Regional Housing Needs Assessment (RHNA) and a short-term housing plan; and 3) Referral No. 2018.12 which resulted in the formation of Ad Hoc Committee to address Agriculture Employer-Sponsored Farmworker Housing. Following the staff presentation on this Board Referral on May 22, 2018, staff was directed to return with a refined list of policy and program recommendations that could be implemented to support the development of affordable housing.

Because the Affordable/Inclusionary Housing Ordinance and the three Board Referrals are interrelated and will result in an unknown number of policy and program recommendations for the Board to consider, staff is preparing a comprehensive report tying them together. Policy and project

recommendations will be presented in context with other activities affecting the overall affordable housing environment that the Board of Supervisors may wish to see implemented. The presentation is scheduled for the October 9, 2018, Board of Supervisors meeting.

DISCUSSION:

During the April 3, 2018, discussion of ADUs the Board's comments had three main themes: what can the County do to help the public understand where they can build ADUs today, what can the County do to incentivize production of ADUs and, what the County can do to keep ADUs from becoming short-term rentals. Board members also suggested specific policies and programs that might be models for addressing some of the issues behind these themes. Elements of the various policies and programs that have been implemented by Los Angeles County (Attachment 1), Santa Cruz city (Attachment 2) and Santa Cruz County (Attachment 3) are discussed here and in more detail in the attachments to this Board Report. Some elements have been incorporated into the draft ordinance that is being presented to the Planning Commission and will be presented to the Board

Permitting Requirements for ADUs

During the staff presentation on April 3, 2018, a map showing where ADU's are allowed was displayed. Board members felt that the map did not provide enough useful detail and requested a better way to convey information about where ADUs are allowed. The Santa Cruz County website allows property owners to get a rough idea of the allowable size of ADUs based on the street address or assessor's parcel number. The Santa Cruz County website also presents a lot of information on the county's ADU policies, things property owners should consider before committing to an ADU, and the permitting process for ADUs.

Sonoma County also has a detailed web page for ADUs. The Sonoma website contains information on ADUs, Junior ADUs, the County's ordinance, and FAQs. A key element of the Sonoma County system is the ability to look up zoning so property owners can determine if an ADU is allowed on their property. The system is set up to search by assessor parcel number or address and provides information on the zoning designation and groundwater availability, two key elements in determining if an ADU is allowed on a specific parcel. RMA staff is currently working on a Web Map that will allow property owners to acquire information regarding ADU's like the Santa Cruz and Sonoma County models.

Aside from simplifying the process of determining where ADUs are allowed, most jurisdictions surveyed provide users with an estimate of the fees that may be required. The Santa Cruz ADU Cost and Financing Guide indicates that County and Special District fees can make up between 7.6% and 25.3% of the total project cost.

Incentive Programs

Los Angeles County and the City of Santa Cruz offer loans to property owners to help fund the construction of ADUs in exchange for affordability restrictions being recorded against the property and ADU. The City of Santa Cruz also offers a fee reduction/waiver option to property owners in exchange for placing income and rent limits on the property. The City Attorney in Santa Cruz has determined that ADU fee waiver and loan recipients must require their contractors to pay state prevailing wage rates to their employees. Compliance with this requirement is estimated to increase

the construction cost of residential construction by approximately 35%. Sonoma County will defer payment of the County affordable housing fee for ADUs when the property owner voluntarily enters into an agreement with the County.

Short Term Rental Restrictions

Local jurisdictions may impose restrictions on ADUs being used as short-term rentals and may require the property owner to reside in either the primary residence or the ADU. Santa Cruz city and county and Sonoma County have all incorporated an owner occupancy requirement and prohibition on short-term rentals for properties where an ADU is built. Rental of either the primary residence or the ADU are investigated as code violations. To obtain an ADU building permit the owner is required to present proof that a deed restriction indicating owner occupancy and no short-term rentals are allowed as been recorded on the property.

OTHER AGENCY INVOLVEMENT:

The Resource Management Agency and County Counsel will be involved in further evaluating the policy and program options that will be presented to the Board of Supervisors on October 9, 2018.

FINANCING:

There is no financial impact on the General Fund associated with receiving this report. Cost estimates for the various policy and program options are being developed for the October 9, 2018, presentation.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This report indirectly supports the Board's Economic Development and Administration Strategic Initiatives. Many of the policy and program recommendations that are being prepared for the October 9, 2018, Board Housing Study Session may provide a more direct link to these initiatives but the extent of these links is unknown at this time..

Mark a check to the related Board of Supervisors Strategic Initiatives

X Economic Development
X Administration
___ Health & Human Services
___ Infrastructure
___ Public Safety

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Attachments:

Board Report

Attachment 1 - Los Angeles County ADU Pilot Project

Attachment 2 - Santa Cruz City ADU Programs

Attachment 3 - Santa Cruz County ADU Programs