Draft
Accessory Dwelling Units Background Report

June 2010

City of Sausalito
Community Development Department | Planning Division

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Introduction

In June 2010, the City of Sausalito Planning Division identified the number of unpermitted Accessory Dwelling Units (ADUs) that could be applied toward the City's Regional Housing Needs Allocation (RHNA) in the 2007-2014 Housing Element planning period. Staff determined that there are a total of 12 unpermitted second units that were not counted by the Census toward the City's total number of housing units. Based on an estimate of the rental rates for studios and one bedroom apartments within Sausalito and a study included in the Marin Housing Workbook on the affordability of ADUs, these units would primarily satisfy the housing needs of one-person households that fall within the "Very Low" and "Income" category determined by the State of California Department of Housing and Community Development (HCD).

Since 1984, the City has not allowed the establishment of ADUs: Ordinance No. 1003, adopted by the City in February 1984, prohibits new ADUs in all residential zoning districts. ADUs and duplexes built prior to February 1984 are classified as legally non-conforming as they were built prior to the adoption of this ordinance. Several other ADUs built prior to 1984 received permitting from the City and are therefore also legal units. All other ADUs in Sausalito are unpermitted and are therefore unpermitted units.

Identifying Potential Unpermitted Accessory Dwelling Units

Single-family residentially zoned properties listed by the County of Marin Assessor's Office as having two existing units were identified as those with the potential for an unpermitted ADU. The Assessor's Office data included a variety of information for each property in the City, including its zoning district and number of units on the property. The data was first limited to properties zoned for single-family residential (R-1-6, R-1-8, and R-1-20). Within this dataset, the properties with two or more units were selected. A total of 103 properties were identified.

Staff then reviewed Planning Division and Building Code Enforcement records for each of the 103 properties. The purpose of this review was to identify those properties that warranted further investigation for an unpermitted ADU.

There were several reasons why a property did NOT warrant additional investigation. These included:

- There was a legally non-conforming duplex on the property;
- The property had a permitted ADU;
- An ADU was removed from the property; or
- There was a prior conversion of a duplex to a single family home.

Staff identified a total of 30 properties that warranted a site visit (i.e., did not meet the criteria above). As these 30 properties had been identified as the potential locations of ADUs which had not been permitted by the City, they had also not been reported to the California State Department of Finance.

Next, Staff visited the 30 properties identified as the potential locations of unpermitted ADUs. A visual survey of the property was conducted from the street. Residents were not contacted or consulted. Several criteria were used to identify if there was an ADU on the property. Attributes of an unpermitted ADU included:

- A visible separate entrance to a ADU around the side of a home or on a separate level;
- An additional stairway or gate leading to a second entrance;
- Two doorbells; and/or
- A two-level, single-family home with separate entrances on the upper and lower floors.

In situations where any of the above attributes were found but the ADU had a separate mailbox or address from the primary residence, that property was eliminated from consideration since these units were most likely counted by the U.S. Census Bureau and could therefore not be applied to the City's RHNA (a total of 4 such properties were found).

Based on the site visits,12 unpermitted ADUs were identified. All but one of these units was attached to the primary residence.

The Affordability of Accessory Dwelling Units

In order to satisfy its RHNA numbers, the City must provide for housing units that are affordable to individuals in varying income categories established by HCD, as listed in the below table. Those housing units that satisfy the requirements for housing in each category much be priced no greater than 30 percent of the income level in each category. For instance, individuals in the Lower Income category can afford to spend 30 percent of his or her annual income ($60,200) on housing annually, or $1,505 per month.

2010 State Income Limits*

Income Category	Extremely Low	Very Low	Lower	Median	Moderate
Income for one-person household*	$22,600	$37,650	$60,200	$69,600	$83,500
Monthly rent for one-person household spending 30% of his/her income on housing costs	$565	$941	$1,505	$1,740	$2,087

*Source: State of California Department of Housing and Community Development, June 17, 2010. Memo regarding State income limits for 2010.

Staff used two methods to estimate the rental price of ADUs to determine the income category that those units would fall if applied to the City's RHNA.

Craigslist Ads Method

Staff researched Sausalito rental listings posted on Craigslist.org from May 27, 2010 – June 29, 2010. The price range for the 82 studios and one-bedroom apartments listed in Sausalito during this timeframe was $750 - $2,375. Five units were identified as ADUs based on the description of the residence in the listing. The price for these units ranged from $1,175 - $1,650.

The data from Craigslist was used to determine the median rental price for all listed studios and one-bedroom apartments in the City. The median rental price was $1,500. Assuming that the unpermitted ADUs provided comparable amenities as Craigslist units as well as features that set the price below the market rate for a non-accessory dwelling one-bedroom apartment (such as a smaller floor area, lack of privacy or lack of parking), the 12 identified unpermitted ADUs would fall into the Lower Income category when applied to the City's RHNA numbers. However, as this approach assumed a median rental price, further research was conducted to more accurately estimate the proportion of the unpermitted ADUs in the City which would fall into each rental category.

Marin Workbook Study Method

A study was published in the Marin Countywide Housing Element Workbook in February 2009 on the affordability of ADUs in Marin County. The Workbook used the following sources for its study:

- Craigslist;
- RealFacts;
- Burke's "Apartment for Rent" Survey;
- Surveys conducted by: Marin County; City of San Rafael; Town of Tiburon; and
- U.S. Census.

The report found that some of the units were rented for free to employees (e.g. caregiver) or relatives, and therefore met the need for extremely low income households. Other units were rented below the market price for typical larger apartments.

With regard to the affordability of ADUs, the following proportions were reported in the Marin Countywide Housing Element Workbook:

- Up to 10 percent of ADUs in Marin County are rented for free (and therefore are affordable to **extremely low income** households);
- Up to 20 percent of ADUs in Marin County are affordable to **extremely low income** households;
- Up to 20 percent of ADUs in Marin County are affordable to **very low income** households;
- Up to 40 percent of ADUs in Marin County are affordable to **low income** households;
- The remaining ADUs in Marin County are affordable to moderate or above moderate households.

Applying the Marin Workbook proportions to the 12 identified unpermitted ADUs in the City would yield the following results:

4 units would be classified as affordable to **extremely low income households;**
2 units would be classified as affordable to **very low income households;**
5 units would be classified as affordable to **lower income households;**
1 unit would be classified as affordable to **moderate income households.**

Conclusion

Using the methodology described in this report, Staff determined that there are a total of 12 unpermitted second units in the City that can be applied to the City's RHNA if an amnesty program is identified in the updated Housing Element to legally permit the units for the following reasons:

(1) Since as they do not have addresses or mailboxes they were not counted by the U.S. Census when calculating the City's total number of housing; and

(2) As they are unpermitted by the City, they have not been reported to the California State Department of Finance as new housing units.

Applying the two methods described above to the unpermitted ADUs in Sausalito indicate that the majority of the unpermitted units would qualify as providing housing affordable to those earning 80% or less of the median income in Marin County.

Therefore, the following ADUs can be applied toward the City's RHNA:

Income Category	**Very Low**	**Low**	**Moderate**	**Above Moderate**
Percentage of Marin County Median Income	**50% or Less**	**51-80%**	**81-120%**	**121% +**
Unpermitted ADUs applied to RHNA	6	5	1	0

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