



## MEMORANDUM

**DATE:** August 22, 2011  
**TO:** Housing Element Task Force  
**FROM:** Lilly Schinsing, Associate Planner   
**SUBJECT:** ADU Assumptions

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At the July 25, 2011 Housing Element Task Force meeting the Task Force added the discussion of the assumptions in the Accessory Dwelling Unit (ADU) portions of the Menu of Options document to the August 22, 2011 meeting. Attached are pages 3-6 and 11-12 of the Menu of Options document, which reference the assumptions in the "existing" and "future" ADU strategies. Staff recommends that the Task Force review Staff assumptions in ADU sections of the Menu of Options and determine an appropriate ADU component of the RHNA strategy.

### Attachments

1- Pages 3-6 and 11-12 of the Menu of Options document, dated August 2011

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**Table 2: Potential RHNA Credits for Housing Units Built, Under Construction, or Approved for Construction**

Strategy	Potential RHNA Credits				
	Very Low	Low	Moderate	Above Moderate	Total
Units built, under construction or approved for construction	22	0	1	33	56

**Strategy B: Vacant and Underdeveloped Land - No Rezoning**

This strategy uses information from the "Vacant and Underdeveloped Land Technical Study" which was approved by the Housing Element Task Force in April 2011. It was determined that there was a potential for 73 above moderate units from vacant parcels and a potential of 364 above moderate units from undeveloped parcels, each of which would fall into the "Above Moderate" income category as shown in Table 3. No rezoning would be required under this strategy.

**Table 3: Potential RHNA Credits from the Vacant and Undeveloped Land Technical Study**

Strategy	Potential RHNA Credits				
	Very Low	Low	Moderate	Above Moderate	Total
Information from Vacant and Underdeveloped Land Technical Study	0	0	0	437	437

**Strategy C: Existing Accessory Dwelling Units**

In this strategy, the Housing Element identifies a program to adopt an Accessory Dwelling Unit (ADU) amnesty program in order to legalize unpermitted ADU's under certain conditions and seek credits to the RHNA for some of the existing ADUs that would become legalized.

The Housing Element Task Force approved Accessory Dwelling Unit Technical Studies on March 28, 2011 which included detailed responses from surveys sent to all property owners in Sausalito. These surveys demonstrated that 15% of Sausalito property owners have an existing ADU on their property. Applying this percentage to the 3,077 units in Sausalito with two or more bedrooms<sup>a</sup> yields 492 existing ADUs. Approximately 25% of owners indicated that their ADUs were built without building permits. Applying this percentage to the 492 existing ADUs yields 123 illegal ADUs that potentially could be legalized via an amnesty program. The surveys determined that approximately 40% of owners who have an existing ADU indicated that they would be able to provide off-street parking for an ADU. Applying this percentage to the 123 existing illegal ADUs yields 49 ADUs which can provide parking and could be legalized via an amnesty program under this condition. The next step was to predict the number of ADUs which could be legalized via an amnesty program within the planning period.

In this and subsequent strategies, there are three approaches ranging from a "Light" approach, where the perceived impact on the community is the least, the specific conditions/regulations pertaining to the strategy are tight and the corresponding RHNA credits low, to a "Heavy" approach, where the perceived impact to the community would be greater, the conditions/regulations relaxed and the corresponding RHNA credits higher. A "Medium" approach lies between Light and Heavy.

<sup>a</sup> From 2000 US Census, Table H42

In the case of existing ADUs, the various assumptions that went into each approach are detailed in **Attachment II**.

In the Light approach, the conditions are very strict:

The ADUs must provide one off-street parking space; all development standards must be complied with (i.e., floor area, building coverage, etc.); no discount given on permitting fees.

In the Medium approach, the conditions are more relaxed:

The ADU must provide one off-street parking space, however, there may be cases where the requirement is waived for specific reasons, such as proximity to bus route or neighborhood location; development standards may be relaxed (i.e., a small square foot discount from floor area and/or building coverage could be given so that ADU does not make parcel non-conforming); small discount given on building permit fees.

In the Heavy approach, the conditions are the most relaxed:

Parking is not required for the ADU; ADU does not factor into building coverage or floor area; large discount given on building permit fees.

Table 4 summarizes the potential RHNA credits in each income category using the strategy of introducing an ADU amnesty program that would legalize existing ADUs using each of the three approaches. The different assumptions that were made to calculate the potential RHNA credits using each approach is given in detail in **Attachment II**.

**Table 4: Potential RHNA Credits from Existing ADUs**

Strategy Existing ADUs	Potential RHNA Credits				
	Very Low	Low	Moderate	Above Moderate	Total
Light	3	2	1	0	6
Medium	6	4	1	1	12
Heavy	19	15	2	2	38

It should be noted that the RHNA is a forward-looking number designed to address future housing needs. Illegal ADUs are existing units that may already serving the needs of lower-income residents in Sausalito. To count ADUs against the RHNA, the units must create a net increase in the housing stock. HCD has indicated that they will consider a strategy that credits the RHNA through an amnesty program if the City can document that the illegal units were never counted by the US Census nor permitted by the City. Therefore, the Task Force is considering this strategy as well. However, an amnesty program is not expected to yield a significant number of ADUs to credit toward the RHNA, and it should be noted, that the City has been advised by the City's Housing Element consultant, Mintier-Harnish, that there is a risk that this strategy will not be accepted by the HCD:

*The city may be able to count ADUs that have been built since 1999, the start of the planning period. However, the ADU survey did not ask when these units were built, so the city would have to*

collect additional information from second unit owners to identify if any of the units were built since 1999.<sup>b</sup>

**Strategy D: Future Accessory Dwelling Units**

In this strategy, the Housing Element identifies a program to adopt regulations to allow ADUs. The ADU survey demonstrated that 16% of Sausalito owners would be inclined to create a new ADU if the City allowed ADUs. Applying this percentage to all properties in Sausalito yields 525 new potential ADUs. As above, three approaches were developed, Light, Medium and Heavy, based on whether parking was required, whether developed standards were imposed or relaxed etc. The conditions for each approach are detailed in **Attachment III** together with the other assumptions used. The potential RHNA credits obtained using this strategy with these differing approaches are summarized in **Table 5**.

**Table 5: Potential RHNA Credits from Future ADUs**

Strategy Future ADUs	Potential RHNA Credits				
	Very Low	Low	Moderate	Above Moderate	Total
Light	6	5	1	1	12
Medium	13	10	2	1	25
Heavy	81	64	9	8	164

State law allows the City to count the number of future ADUs expected to be built within the Housing Element planning period. The analysis of the potential for ADU development must rely on the following factors:

1. The number of ADUs developed in the prior planning period (i.e., 1999-2006);
2. The community need for ADUs;
3. The resources and/or incentives available that will encourage the development of ADUs; and
4. Other relevant factors as determined by the State.

Since the City adopted an ordinance in 1984 prohibiting ADUs, Sausalito does not have a track record of permitting ADUs and therefore the analysis must rely on factors 2-4. It is important to remember that the City is only able to count the number of ADUs that are expected to be accommodated within the planning period (i.e., through 2014).

There are a variety of factors to consider when predicting the number of ADUs that could be accommodated through 2014. The first is what the accessory dwelling unit regulations would look like. Strict regulations will yield fewer units to credit the RHNA. More relaxed regulations will yield a greater number of units. Accessory dwelling unit regulations would need to be carefully crafted to address the community's parking concerns. For example:

- **Parking:** Should parking be required for the accessory dwelling unit? What if parking is not available on the site? Requiring parking for each accessory dwelling unit will yield fewer ADUs to credit the RHNA.
- **Neighborhoods:** Some neighborhoods in Sausalito are less suited for ADUs due to congestion, restricted parking availability, narrow and steep streets, etc. Restricting new ADUs to specific neighborhoods will yield fewer ADUs to credit the RHNA.

<sup>b</sup> From Minter-Harnish's May 19, 2011 "City of Sausalito Housing Element – Preliminary Comments on Menu of Options"

- **Development Standards:** Some communities offer floor area and/or building coverage credits to encourage the development of ADUs. Should Sausalito offer such a discount? Offering a discount may result in more ADUs to credit the RHNA.

Another factor is that building permits and water/sewer hook-up fees will be required to develop a new accessory dwelling unit. These fees can range from \$20,000 to \$40,000. Although building permit fees are controlled by the City, water and sewer fees are set by agencies outside of the City's control. These costs might be prohibitive to some property owners.

Taking all of these factors into account suggests that may be unrealistic to expect that the entire RHNA could be accommodated with new accessory dwelling unit regulations alone. The Task Force should consider how strong of an accessory dwelling unit strategy to pursue and how many associated ADUs could be accommodated through 2014. An accessory dwelling unit strategy may need to be coupled with other strategies to accommodate the RHNA.

**Strategy E: Liveabords - Existing**

Sausalito has a well-established and vibrant boating culture that plays an important role in shaping the character of the community. Many boaters have chosen to make their boats their homes. The Sausalito Zoning Ordinance allows for 10% of berths to be used for housing, and calls for half of those to be available to low and moderate income residents. However, low and moderate income liveaboards are currently not counted towards Sausalito's affordable housing quota. In 2009 a survey was conducted among the boating community and the results were described in detail in the Liveaboard Technical Study which was approved by the Housing Element Task Force on May 23, 2011. This study indicated, that the median income reported by liveaboards was approximately \$42,500 and that the median cost of a berth for those surveyed was \$657.50, which is significantly below the market rate for a one-bedroom apartment in Sausalito. Furthermore, the survey data suggests that the majority of liveaboards are permanent residents on their boats.

In this strategy, the goal is to show that the 2000 US Census did not count some existing unpermitted liveaboards and that the Housing Element identifies an amnesty program to legalize as many of the estimated 116 unpermitted liveaboards as possible, subject to the requirement that they not exceed 10% of each marina. Documentation would be provided to show why liveaboards should count as housing units and as providing affordable housing. **Attachment IV** details the basic assumptions, taken from the Liveaboard Technical Study, provides a Light, Medium and Heavy approach that could be adopted and shows the potential RHNA credits that could be obtained. This is summarized below in **Table 6**.

**Table 6: Potential RHNA Credits from Existing Liveaboards**

Strategy Existing Liveaboards	Potential RHNA Credits				Total
	Very Low	Low	Moderate	Above Moderate	
Light	23	23	23	23	92
Medium	31	31	30	0	92
Heavy	46	46	0	0	92

**ATTACHMENT II: ADUs- Existing**

**Strategy:**  
Housing Element identifies a program to adopt an ADU amnesty program to legalize unpermitted ADUs

**Basic Assumptions (from ADU Technical Studies):**

- 15% of properties have existing ADU
- 25% of those properties w/ ADU have an ADU without building permits
- 40% of those properties w/ ADU would be able to provide off-street parking

Approach	Strategy	Additional Assumptions	Potential RHNA Credits				Total
			Very Low	Lower	Moderate	Above Moderate	
Light	Housing Element identifies program to adopt ADU amnesty program to legalize unpermitted ADUs under <i>certain conditions</i> :  Conditions are very strict: ADUs must provide one off-street parking space; all development standards must be complied with (i.e., floor area, building coverage, etc.); no discount given on permitting fees.	<ul style="list-style-type: none"> <li>• Parking is a factor</li> <li>• One eighth of those property owners with an illegal ADU would take advantage of amnesty program within the planning period (through 2014)</li> </ul>	3	2	1	0	6 <sup>g</sup>
Medium	Housing Element identifies program to adopt ADU amnesty program to legalize unpermitted ADUs under <i>certain conditions</i> :  Conditions are more relaxed: ADU must provide one off-street parking space, however, there may be cases where the requirement is waived for specific reasons, such as proximity to bus route or neighborhood location; development standards may be relaxed (i.e., a small square foot discount from floor area and/or building coverage could be given so that ADU does not make parcel non-conforming); small discount given on building permit fees.	<ul style="list-style-type: none"> <li>• Parking is a factor</li> <li>• One fourth of those property owners with an illegal ADU would take advantage of amnesty program within the planning period (through 2014)</li> </ul>	6	4	1	1	12 <sup>h</sup>
Heavy	Housing Element identifies program to adopt ADU amnesty program to legalize unpermitted ADUs under <i>all conditions</i> :  Parking is not required for the ADU; ADU does not factor into building coverage or floor area; large discount given on building permit fees.	<ul style="list-style-type: none"> <li>• One third of those property owners with an illegal ADU would take advantage of amnesty program within the planning period (through 2014)</li> <li>• Parking is not a factor</li> </ul>	19	15	2	2	38 <sup>i</sup>

<sup>g</sup> The ADU survey demonstrated that 15% of Sausalito owners have an existing ADU on their property. Applying this percentage to all two bedroom or more units in Sausalito (3,077 units, from the 2000 US Census Table H42) yields 462 existing ADUs. Approximately 25% of owners indicated that their ADUs were built without building permits. Applying this percentage to the 462 existing ADUs yields 116 illegal ADUs. Approximately 40% of owners who have an existing ADU indicated that they would be able to provide off-street parking for an ADU. Applying this percentage to the 116 existing illegal ADUs yields 46 ADUs which can provide parking and could be legalized via amnesty program. Assuming that only one eighth of those property owners would take advantage of an ADU amnesty program in the planning period yields 6 ADUs legalized via an amnesty program within the planning period. The Marin Countywide Housing Element Workbook assumptions for ADU affordability were applied to the 6 amnesty ADUs.

<sup>h</sup> The ADU survey demonstrated that 15% of Sausalito owners have an existing ADU on their property. Applying this percentage to all two bedroom or more units in Sausalito (3,077 units, from the 2000 US Census Table H42) yields 462 existing ADUs. Approximately 25% of owners indicated that their ADUs were built without building permits. Applying this percentage to the 462 existing ADUs yields 116 illegal ADUs. Approximately 40% of owners who have an existing ADU indicated that they would be able to provide off-street parking for an ADU. Applying this percentage to the 116 existing illegal ADUs yields 46 ADUs which can provide parking and could be legalized via amnesty program. Assuming that one quarter of those property owners would take advantage of an ADU amnesty program in the planning period yields 12 ADUs legalized via an amnesty program within the planning period. The Marin Countywide Housing Element Workbook assumptions for ADU affordability were applied to the 12 amnesty ADUs.

<sup>i</sup> The ADU survey demonstrated that 15% of Sausalito owners have an existing ADU on their property. Applying this percentage to all two bedroom or more units in Sausalito (3,077 units, from the 2000 US Census Table H42) yields 462 existing ADUs. Approximately 25% of owners indicated that their ADUs were built without building permits. Applying this percentage to the 462 existing ADUs yields 116 illegal ADUs. Assuming that one third of those property owners would take advantage of an ADU amnesty program in the planning period yields 38 ADUs legalized via an amnesty program within the planning period. The Marin Countywide Housing Element Workbook assumptions for ADU affordability were applied to the 38 amnesty ADUs.

**ATTACHMENT III: ADUs- Future**

**Strategy:**  
Housing Element identifies a program to adopt ADU regulations to allow ADUs

**Basic Assumptions (from ADU Technical Studies):**

- 16% of owners without an ADU would be inclined to create a new ADU if the City allowed ADUs.
- 20% of owners indicated that they would be able to provide off-street parking for a new ADU

Approach	Strategy	Additional Assumptions	Potential RHNA Credits				Total
			Very Low	Lower	Moderate	Above Moderate	
Light	Housing Element identifies program to adopt ADU regulations to allow ADUs in select areas based on health and safety (i.e., emergency vehicle access)  Very strict standards are placed on ADUs: each ADU must provide one off-street parking space; all development standards must be complied with (i.e., floor area, building coverage, etc.)	<ul style="list-style-type: none"> <li>• One eighth of property owners would take advantage of ADU program within the planning period (through 2014)</li> </ul>	5	5	1	1	12 <sup>j</sup>
Medium	Housing Element identifies program to adopt ADU regulations to allow ADUs in specific residential Zoning Districts based on health and safety (i.e., emergency vehicle access)  Standards are placed on ADUs: each ADU must provide one off-street parking space, however, there may be cases where the requirement is waived for specific reasons, such as proximity to bus route; development standards may be relaxed (i.e., a small square foot discount from floor area and/or building coverage could be given so that ADU does not make parcel non-conforming); small discount given on building permit fees.	<ul style="list-style-type: none"> <li>• One fourth of property owners would take advantage of ADU program within the planning period (through 2014)</li> </ul>	11	10	2	1	25 <sup>k</sup>
Heavy	Housing Element identifies program adopt ADU regulations to allow ADUs in all residential Zoning Districts.  Very relaxed standards are placed on ADUs: parking is not required for the ADU; ADU under a certain size does not count towards building coverage or floor area.	<ul style="list-style-type: none"> <li>• One third of property owners would take advantage of ADU program within the planning period (through 2014)</li> </ul>	81	64	10	9	164 <sup>l</sup>

<sup>j</sup> The ADU survey demonstrated that 16% of Sausalito owners would be inclined to create a new ADU if the City allowed ADUs. Applying this percentage to all two bedroom or more units in Sausalito (3,077 units, from the 2000 US Census Table H42) yields 492 new potential ADUs. Approximately 20% of owners indicated that they would be able to provide off-street parking for an ADU. Applying this percentage to the 492 ADUs yields 98 ADUs. Assuming that only one eighth of those property owners would create an ADU in the planning period yields 12 ADUs. The Marin Countywide Housing Element Workbook assumptions for ADU affordability were applied to the 12 ADUs.

<sup>k</sup> The ADU survey demonstrated that 16% of Sausalito owners would be inclined to create a new ADU if the City allowed ADUs. Applying this percentage to all two bedroom or more units in Sausalito (3,077 units, from the 2000 US Census Table H42) yields 492 new potential ADUs. Approximately 20% of owners indicated that they would be able to provide off-street parking for an ADU (this number could be adjusted to account for the assumption that some property owners may apply for a waiver—the Task Force should discuss). Applying this percentage to the 492 ADUs yields 98 ADUs. Assuming that only one quarter of those property owners would create an ADU in the planning period yields 25 ADUs. The Marin Countywide Housing Element Workbook assumptions for ADU affordability were applied to the 25 ADUs.

<sup>l</sup> The ADU survey demonstrated that 16% of Sausalito owners would be inclined to create a new ADU if the City allowed ADUs. Applying this percentage to all two bedroom or more units in Sausalito (3,077 units, from the 2000 US Census Table H42) yields 492 new potential ADUs. Assuming that only third of those property owners would create an ADU in the planning period yields 164 ADUs. The Marin Countywide Housing Element Workbook assumptions for ADU affordability were applied to the 164 ADUs.