CONFERENCE ROOM F 10:45AM TO 11:45AM

ACCESSORY DWELLING UNITS LEGAL AND INFRASTRUCTURE OVERVIEW

DAVID ABEL, PUBLISHER/MANAGING EDITOR, THE PLANNING REPORT & METRO INVESTMENT REPORT, VERDEXCHANGE NEWS



NATHANIEL WILSON, AIA, AICP, CEP ARCHITECT/ENVIRONMENTAL PLANNER NSW Consulting, Sustainable Architecture & Planning



AMANDA DAFLOS, *DIRECTOR, INNOVATION TEAM*MAYOR'S OFFICE OF BUDGET AND INNOVATION



ROBERT L. SCOTT EXECUTIVE DIRECTOR MULHOLLAND INSTITUTE, SCOTT & ASSOCIATES, AV RATED LAW FIRM, LAND USE FMR PRESIDENT L.A. CITY PLANNING COMMISSION



DAVID ABEL

Publisher/Managing Editor, The Planning Report & Metro Investment Report, VerdeXchange News

DEFINITION

An accessory or second unit is an additional residential unit on the same lot as a primary single-family dwelling that provides complete, independent living facilities for one or more persons. An accessory unit includes permanent facilities for living, sleeping, eating, cooking and sanitation.

State Legislation was passed in 1982 & 1983 and amended in 1986 and 1990.

TODAY'S LEGISLATION & PARADIGM



Senator, you are again carrying legislation to incent the development of more accessory dwelling units (ADUs) in California. Share your motivation for taking state leadership on a matter traditionally left to local government.

Bob Wieckowski: First and foremost, California cities have underperformed or outright failed in crafting local ordinances and regulations that would spur the development of ADUs. Going back 16 years, this is not the first time that the state has urged cities to create ordinances to increase secondary units. Of the 485 cities with ADU ordinances on the books, I can think of only Santa Cruz that has been consistently supportive of constructing secondary units on residents' property.

In the Housing Elements of some of these cities, you see that typically they have no secondary units at all. That is the starting point. To combat this housing crisis, I introduced a bill two years ago to redefine ADUs' relationships to the "mother house." That allowed us to remove certain requirements that we found were barriers to construction. That is how we started our ADU work.

Now, we want to take a look at how to empower existing homeowners to decide whether to construct an accessory unit. The goal of my bill is to empower the homeowner.

In 2016, Governor Brown signed into law SB 1069, ADU legislation you carried. How does your new bill, SB 831, advance efforts to incent more ADUs throughout the state?



Sen. Bob Wieckowski

"The goal of my ADU bill is to empower the homeowner." -Sen. Bob Wieckowski

First, SB 831 removes all impact fees. Cities have introduced impacts fees as a way to pay for parks or schools—saying that new construction will impact the existing neighborhood. Impact fees are different than service fees. SB 831 eliminates these impact fees for accessory units.

Second, we set up an amnesty program that gives homeowners 10 years to become compliant. I believe that there are now 200,000 unpermitted ADUs in California, and more than 50,000 in Los Angeles alone. We have given the Housing and Community Development Department some authority to review local ADU ordinances, because after SB 1069, we found that there was some confusion between state and local rules. We also proposed exemptions for an ADU counting against a property's FAR, and changing setback requirements to be no greater than three feet as supposed to five feet.

Going back to the speed of approving applications, SB 831 will accelerate an ADU permit application to within 60 days. This will give more assurance to homeowners and the industry that is developing. This will benefit the financial community and the affordable housing advocates.



Michael Storper

"Without inclusiveness policies, the more density you create— especially linked to transit—the more displacement you'll get." - Professor Michael Storper, UCLA Luskin School of Public Affairs



Carlyle Hall

"It's frankly shocking that the planning establishment of a city like Los Angeles. which prides itself on being forwardlooking and on top of things, has for more than a year done nothing to take back local control over ADU buildout." - Carlyle Hall



Helen Leuna

"What SB 831 would do, for the first time, is make it actually feasible for ADUs to be permitted. It would provide a pathway to permitting that is not completely overbearing or very costly." -Helen Leung, I.A-Más

VERDEXCHANGE & SMART CITIES







NATHANIEL WILSON

Architect and SFV AIA Board Member, American Planning Association AICP, CEP Principal NSW Consulting, Sustainable Architecture and Planning 2907 Virginia Avenue Santa Monica CA.

HOUSING AFFORDABILITY IS AN INCREASING PROBLEM. CALIFORNIA LEGISLATORS ARE STRUGGLING WITH WAYS TO ADDRESS THE PROBLEM INCLUDING:

- Multi family big block residential developments.
- Mixed use retail/commercial with residential housing on upper floors above shared parking.

Medium One Bedroom One Level ADU Footprint = 24' x 24' \$94,000—\$99,000

624 sf

Accessory Dwelling Units.

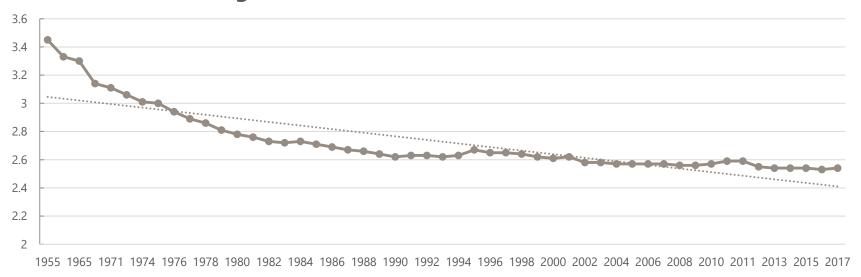




ADUs, are a way to repair / repurpose the urban fabric. In the 1950's California Car Centric culture drove planning that made automobiles happy! Today architects and urban designers are taking a human centric approach.

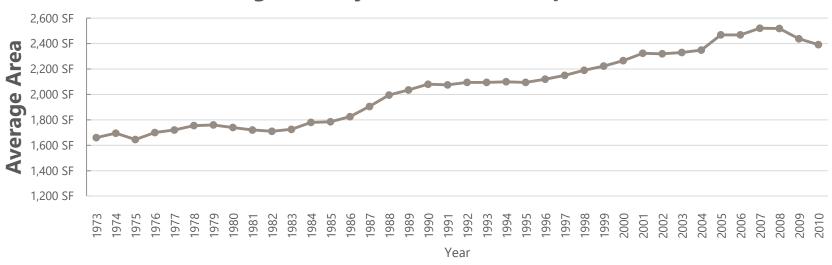
Today new disruptive transportation alternatives provide alternatives to owning an automobile. (Uber/ Lyft, Bird, Bike Rentals, Public transit, Zimride and BEV/AVs.)

Change in Household Size From 1955 to 2017



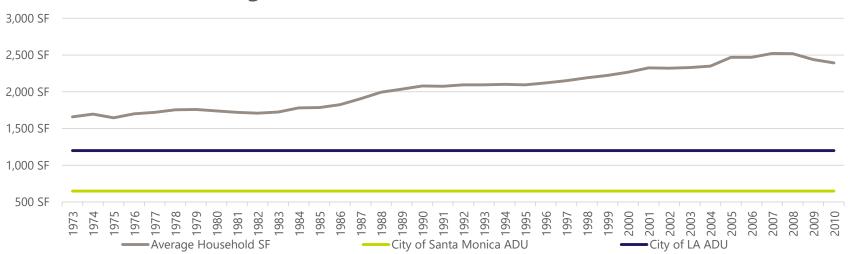
- People per household has decreased over the past 4 decades.
- The percentage of single-person households has been on the rise since 1970 and made up the second largest proportion of households in the U.S. in 2016, at 28 percent.



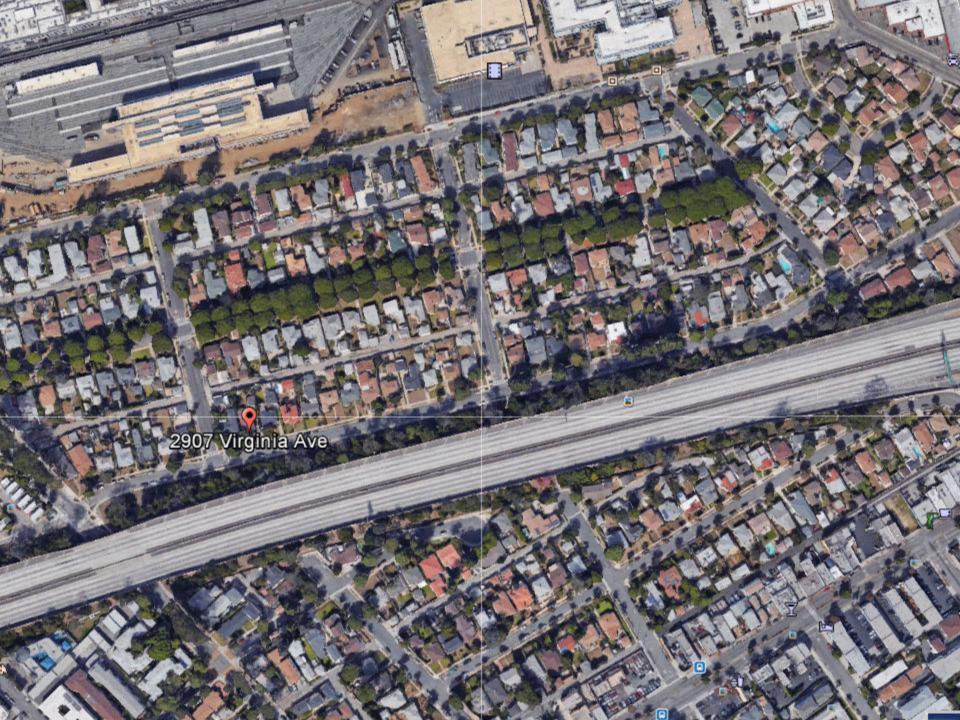


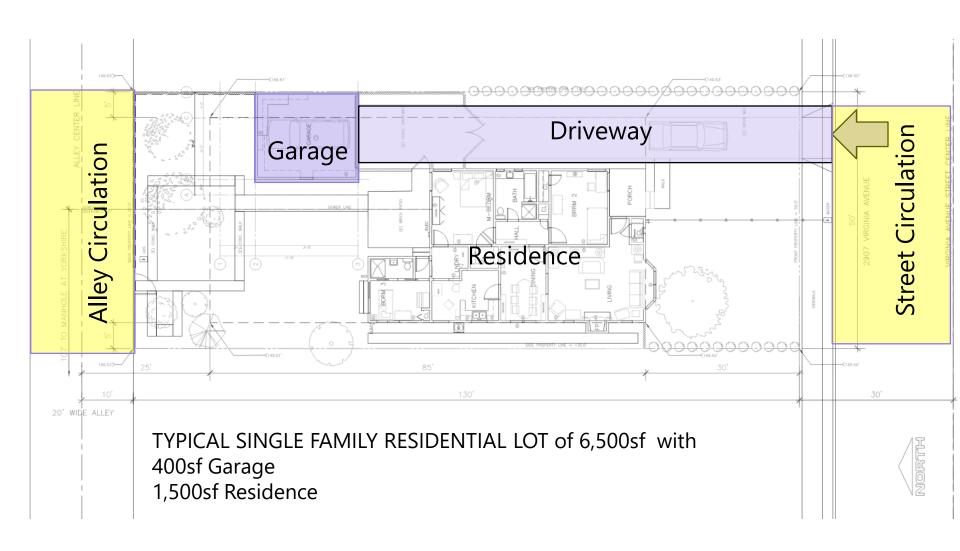
 Average Square Feet of Floor Area in new Single Family Houses increased from 1,660 in 1973 to 2,392 in 2010

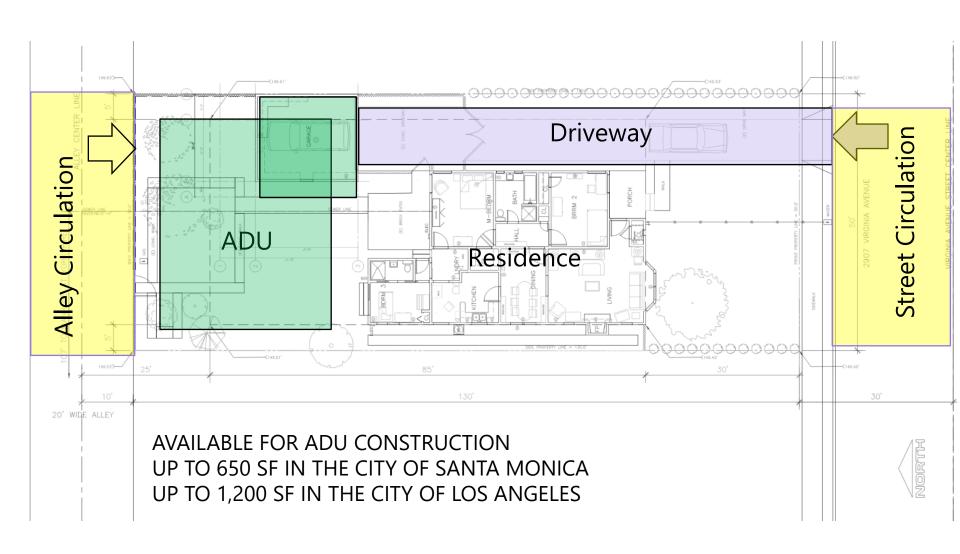
Average New House Construction Size in SF



- Trend for New Single Family Residential Construction is Increasing SF?
- City of Los Angeles ordinance allows new ADUs up to 1,200 sf (Green)
- City of Santa Monica ordinance allows new ADUs up to 650 sf (Blue)







Sustainabilty Goals

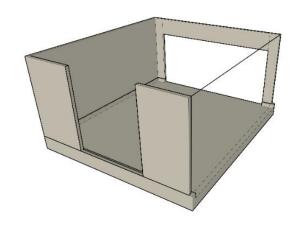
- SMART Systems Controls (Nest, Gridpower, etc.)
- NZE Operation for both Residence & ADU
- BEV Charging station
- Battery Storage for Off Grid Operation / Resilience
- Solar Hot water generation for space heating
- Radiant Space Heating water source
- Rainwater capture / percolation
- Graywater for irrigation

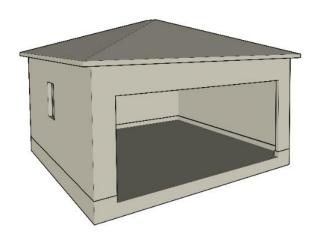
Lessons Learned

- Photo Voltaic Panels Locate at 2nd floor roof
- Minimize increase of hardscape and ADU footprint
- Side yard setback of $5' = 120sf \times \$200/sf (\$24,000)$
- Alley for Vehicle Circulation / ADU Entry
- Living Building Challenge Scale Jumping

Sustainable Site Design 101

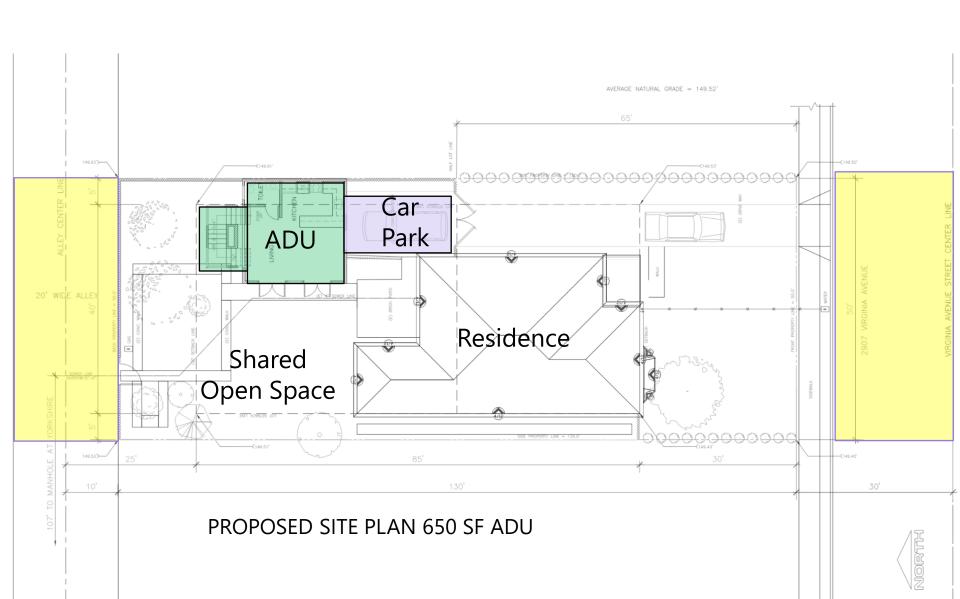
- Reuse the existing structure.
- Reduce materials sent to landfill.
- Minimize Haz. Mat. disposal (Original Stucco).
- Preserve 120sf of open space (\$24,000)





UP TO 50% DEMOLITION ALLOWED

EXISTING GARAGE



Bruce Resnick, SE Principal

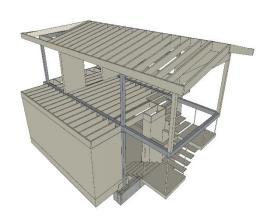
Parker Resnick Structural Engineering

NSW Consulting Resilient, Adaptable, Sustainable Architecture & Planning

NZE Design Coordination

STRUCTURAL
ENGINEERING FOR
NEW 2 STORY
STRUCTURE WITH ROOF
TO SUPPORT PV PANELS
AND COLUMNS AND
FOUNDATIONS TO
SUPPORT 2ND FLOOR





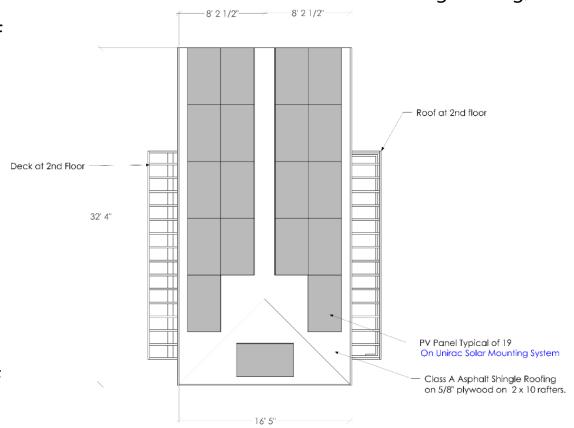


STRUCTURAL DESIGN FOR PHOTO VOLTAIC PANELS

NZE Design Coordination

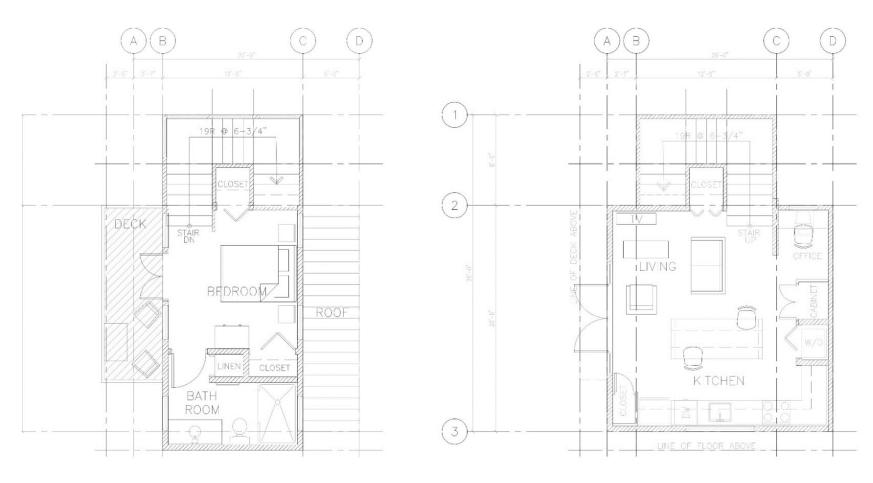
19 PV Panels on roof of ADU will provide power for both the existing residence, new ADU and EV charging. On an annual basis both buildings will then be Net Zero Energy (NZE) Battery Storage will power 12 circuits which will remain active even if SCE grid goes down.

William C. Ishii, P.E. President Ishii Engineering, Inc.



ELECTRICAL DESIGN FOR PHOTO VOLTAIC PANELS

INTEGRATED STRUCTURAL, MEP & ARCHITECTURAL



SECOND FLOOR

FIRST FLOOR

Impediments to Construction of Sustainable ADUs

- Design is more complicated. Structural and MEP consultants are needed.
- Multiple Concurrent Approvals, City, Utility, Fire Marshal, etc.
- Civil and Soils reports may be required.
- Vetting of PV panels and providers
- Utility approvals for Battery Storage
- Qualified contractors for Solar Hot water/ radiant.
- Rainwater capture / percolation and soils reports
- Graywater for irrigation LA County Health approval and City may or may not approve.
- Life Cycle Cost Analysis Comparison of higher first cost with future energy savings.
- Uncertainty regarding incentives, rebates and tax savings.

AMANDA DAFLOS

Director, Innovation Team, City of Los Angeles, Mayor's Office of Budget and Innovation IA, AICP, CEP

What is an ADU?

A complete <u>second home on a lot</u> with an existing primary dwelling already in existence

Can be:

- Detached and separate
- Conversion of existing space
- Added to main home or other structure



ADU in Los Angeles, CA



State Intent

ADUs are a valuable form and an essential supply of housing:

- Lower construction costs
- Serves diverse housing needs
- Can extend homeownership
- Low environmental impact



<u>ADU in Seattle, WA</u> Photo courtesy of houzz.com

Local ordinances should have the effect of providing for ADUs

Local ordinance should not unreasonably restrict the ability of homeowners to create ADUs

New State Laws

AB 2299 (2016) requires cities to have an ADU ordinance that:

- Provides a by-right "ministerial" process
- Complies with certain State standards

City's 1985 second unit law (§12.24 W.43-44) has neither

As a result:

- All local ADU laws became "null and void" on 1/1/17
- State's ADU standards effective until a new ADU ordinance
- New City ordinance must include most State standards

State's Main ADU Standards

Size

- 1,200 SF for detached
- No more than 50% of structure for attached

New State Laws

Parking

- 1 space per ADU, or 0 if ½ mile from transit, in historic district, etc.
- Garage doesn't need replacement (uncovered & tandem ok)

Setbacks

- Not required for garage conversions
- 5 ft if built in top of a garage (or otherwise per LAMC)

Passageways n/a (except still need 10 ft. b/w buildings)

Allows <u>conversions</u> within existing buildings, with independent access and fire-safety setbacks.

December 2016 DCP-DBS Memo

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: December 30, 2016

TO: Department of City Planning Staff

Structural Plan Check Engineers and Building Inspectors

FROM: Kevin J. Keller, AICP, Deputy Director, Department of City Planning; and

Ara Sargsyan, Assistant Deputy Superintendent of Building, Department of

Building and Safety

SUBJECT: ACCESSORY DWELLING UNITS – AB 2299 AND SB 1069

State's Development Standards

- Implementation and Timing
- Building Permits
- Reasonable Accommodation
- ADU Checklist

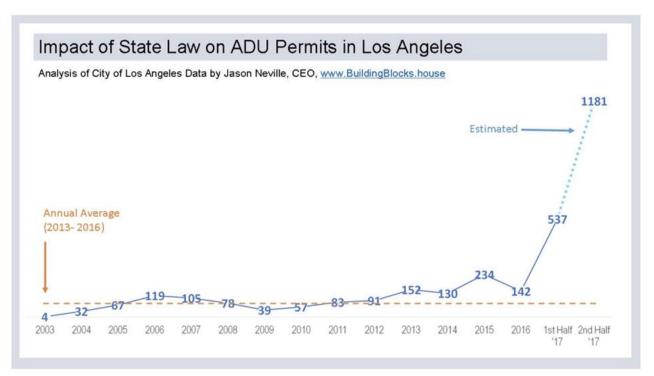
Attachment: Accessory Dwelling Unit Checklist (As of January 1, 2017)

YES/NO	STATE STANDARD*	GOVERNMENT CODE SECTION
	Unit is not intended for sale separate from the primary residence and may be rented.	65852.2(a)(1)(D)(i)
	Lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.	65852.2(a)(1)(D))ii)
	Accessory dwelling unit is either attached to the existing dwelling or located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.	65852.2(a)(1)(D)(iii)
	Increased floor area of an attached accessory dwelling unit does not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.	65852.2(a)(1)(D)(iv)

Available at planning.lacity.org under virial sinew:

ADUs in LA (1/1/17 - 10/12/17)

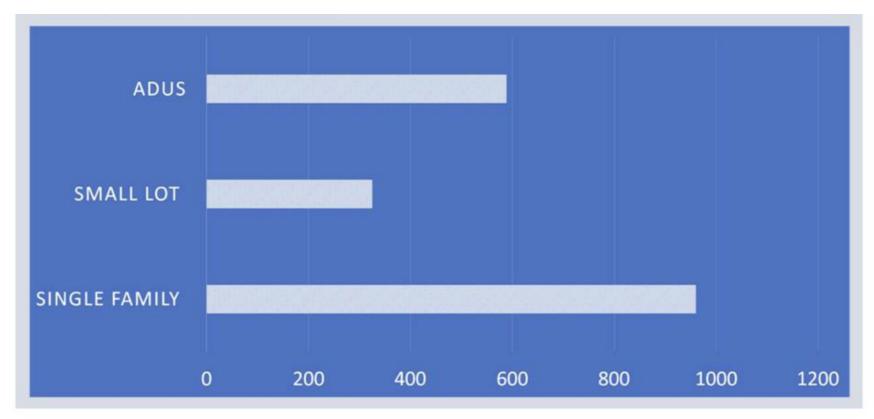
- 2,100 ADU permit applications (210/mo.)
- 650 permits issued
- Many represented pent up demand





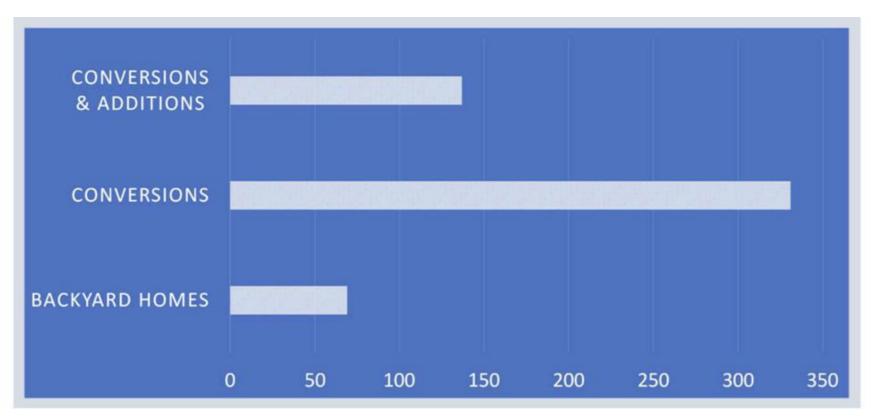
Additional Information

ADUs Now Significant Part of Single-Family Construction in LA

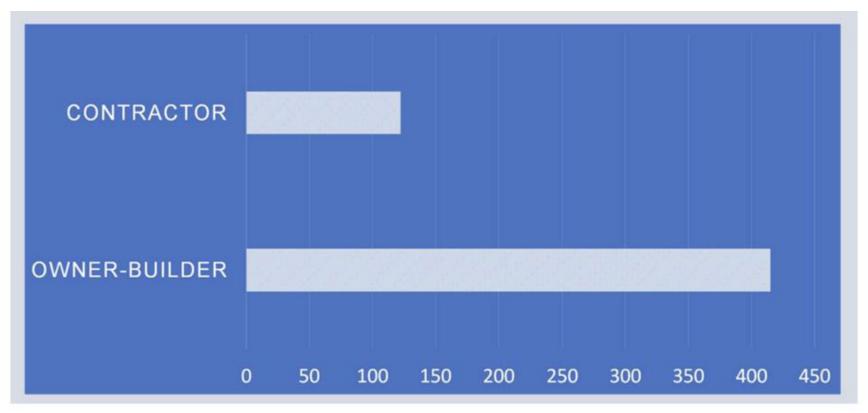


Source: data.lacity.org, as analyzed by Jason Neville, CEO, www.buildinblocks.net

Most ADUs are Conversions of Existing Space



Source: data.lacity.org, as analyzed by Jason Neville, CEO, www.buildinblocks.net



Source: data.lacity.org, as analyzed by Jason Neville, CEO, www.buildinblocks.net

Proposed Ordinance (CPC-2016-4345-CA)

Proposed Accessory Dwelling Unit Ordinance CPC-2016-4345-CA Page 1 – November 17, 2016

ORDINANCE NO. _____

An ordinance amending Sections 12.03, 12.22, and 12.24 of Chapter 1 of the Los Angeles Municipal Code (LAMC) for the purpose of regulating Accessory Dwelling Units and complying with State law.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Sec. 1. Section 12.03 of the Los Angeles Municipal Code is amended by adding a definition for "Accessory Dwelling Unit" in proper alphabetical order to read:

ACCESSORY DWELLING UNIT. Attached residential dwelling units or detached Accessory Buildings, not considered to exceed the allowable density of the parcel, which provide complete independent living facilities for one or more persons with permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as a single-family dwelling. Accessory Dwelling Units include efficiency units, as defined in Section 17958.1 of the Health and Safety Code, and manufactured homes, as defined in Section 18007 of the Health and Safety Code.

Sec. 2. Subsection A of Section 12.22 of the Los Angeles Municipal Code is amended by adding a new Subdivision 31 to read:

31. Accessory Dwelling Units (ADU).

- (a) Purpose. The purpose of this Subdivision is to provide for the creation of Accessory Dwelling Units in a manner that is consistent with requirements set forth in California Government Code Sections 65852.2, as amended from time to time.
- **(b) General Provisions.** Accessory Dwelling Units shall comply with the following provisions:
 - Accessory Dwelling Units must comply with all provisions of this section as well as the underlying zoning district. In instances where there is conflict this section shall govern.
 - (2) Accessory Dwelling Units are allowed in all zones wherein residential uses are permitted by right.
 - (3) Only one Accessory Dwelling Unit is permitted per lot.
 - (4) The parcel contains an existing single-family dwelling unit.
 - (5) No Accessory Dwelling Unit is permitted on such parcels located in Hillside Areas as defined by the Hillside Area Map per LAMC 12.03.
 - (6) Accessory Dwelling Units are not intended for sale separate from the existing dwelling unit and may be rented.

Key Differences from State Law:

Movable Tiny Homes

Restricts ADUs in hillside districts*

Prevents parking in front setback

Equine (Horsekeeping) Zones

State's size limits?

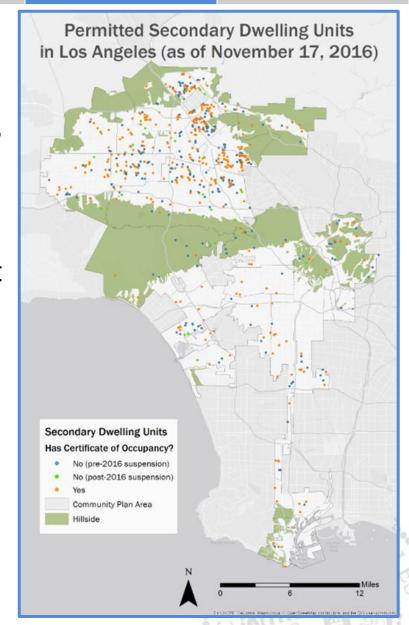


Hillside Restriction

Hillside defined in LAMC §12.03

136,000 single-family lots (28%)

About 11% of these lots are exempt from restrictions because ½ mile from transit and standard streets



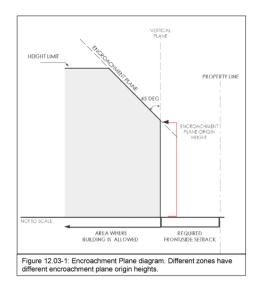
Other (e) Regulations

ADU is an "Accessory Building" Per LAMC §12.21 A.5

- 2 story height limit
- Must be located in rear (up to 55 ft)
- 5 ft. rear and side setbacks

Baseline Mansionization/Baseline Hillside R1 Variation Zones

- Mass envelope
- Encroachment Planes
- Floor Area Limits
- Max Height
- Lot Coverage



Ordinance

Other Relevant Considerations

Assessment of Property

New State Laws

- Rent Stabilization Ordinance (RSO)
- **Utility Connections**
- **Building Codes Still Apply**
- **Power Line Easements**



Active Projects



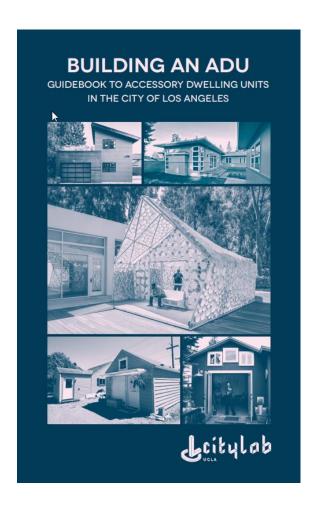


ADU Pilot Project



https://mayorschallenge.bloomberg.org/competition-overview/

Additional Resources





California Department of Housing and Community Development
Where Foundations Begin

Accessory Dwelling Unit
Memorandum

December 2016

https://citylab.ucla.edu/projects/

http://www.hcd.ca.gov/policyresearch/AccessoryDwellingUnits.shtml



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MulhollandInstitute.org • 818-712-9500 • 23679 Calabasas Rd. #507 • Calabasas, CA 91302

P-3 ON A MICRO LEVEL PUBLIC, PRIVATE PARTNERSHIP

- Housing & Homelessness Crisis
- Effect of Concentrating Poverty
- "Containing" Growth
- Sound Public Policy
- SFR Owners Can Participate
- Leverage Primary Asset Economic Driver
- Self Interest Financial Security Supplemental Income



NUMEROUS SUITABLE PROPERTIES

- Many Properties on the Edge
- Improved Mix in Large Lot Communities
- Retrofit Affordable in Unaffordable Areas
- Additional Housing with Minimal Impact
- Avoid Concentration of Poverty
- Effect on RHNA Allocations



TYPICAL ADU USES MARKETING TO THE HOMEOWNER

- Aging Parents Ailing Family
- Independent but Nearby
- Multi-Generational Family Solutions
- Extended Families
- Baby Boomers Downsizing
- Option to Rent ADU or SFR
- Parent Child Switch-up ADU/SFR
- Nursing and Domestic Accommodation
- Accessory Unit for Office, Studios, etc.
- Defray Mortgage for First-time Buyers
- Pool House or Guest House
- Man/Woman "Cave"



FINANCIAL ISSUES

- No Land Acquisition Cost
- By-Right Entitlements/Permitting
- Second Mortgages & HELOCs
- Equity from Seasoned Mortgages
- Lack of Retirement
- Generate Revenue to Keep SFR
- Future Supplement to Reverse Mortgage



FINANCIAL ISSUES

- No Land Acquisition Cost
- Convert Fallow Land to Residential Unit
- Legal Unit Bankable 2nd TD or HELOC
- Safe Equity Investment from Seasoned TD
- Add Value to Home Future Security
- Alternative or Supplement to Reverse Mortgage



FINANCIAL ISSUES



Rents Average Los Angeles \$2,200

Santa Monica \$3,400

HELOC on \$100K 15 Year \$736/mo

■ 30 Year \$473/mo

■ Net Rental Income \$750 - \$2,000/mo*

LEGAL UNIT WITH PERMITS

Added property value \$250,000+ Based on Gross Rent Multiple or Income

*Less expenses

BUILDING A SUSTAINABLE LA: AN OPEN FORUM 10:45AM TO 11:45AM

QUESTION & ANSWER

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ROBERT L. SCOTT

EXECUTIVE DIRECTOR MULHOLLAND INSTITUTE,

SCOTT & ASSOCIATES, AV RATED LAW FIRM, LAND USE
FMR PRESIDENT L.A. CITY PLANNING COMMISSION



ACCESSORY DWELLING UNITS, LEGAL AND INFRASTRUCTURE OVERVIEW

Accessory Dwelling Units - City Benefits

- Permitted construction.
- Permit fees and city inspection fees.
- Contractor Business licenses.
- Economic Multiplier effect construction goods / services
- Improves local jobs housing balance.(SCAG issue).
- Way to address existing illegal garage conversion.
- Way to discourage future bootleg garage conversions.
- Way to encourage sustainable design to meet 2020 residential energy requirements
- Does not require new road construction
- Does not require new sewer construction.
- Young families in ADUs more stable school population.

ACCESSORY DWELLING UNITS, LEGAL AND INFRASTRUCTURE OVERVIEW

Accessory Dwelling Units- Community Benefits

- Provides housing where people want to live, exiting
- residential neighborhoods.
- Improves local jobs housing balance.
- Converts a garage into a residence.
- Makes neighborhood more pedestrian friendly.
- Promotes other modes of transportation.
- Uses Alleys for Entry / Exit
- Different market and delivery than large scale development.
- Opportunity for very Sustainable design solutions.
- Opportunity for off the grid energy generation / storage.
- Successful local designs solutions will be emulated for similar projects (local sustainable vernacular)

ACCESSORY DWELLING UNITS, LEGAL AND INFRASTRUCTURE OVERVIEW

Accessory Dwelling Owner Benefits

- Opportunity to make upgrades to the existing dwelling.
- Allows owner to remain in location as family grows and ages.
- Financial Way to finance upgrades to existing home.
- Financial Provides future rental income (Home or ADU).
- Opportunity for very Sustainable design solutions that will reduce future utility and operating costs.
- Financial Tax credits and rebates for sustainable options
- Permitted construction increases value at resale.