

# EPA Second Unit Task Force Recommendations

November 2019

## Task Force Members

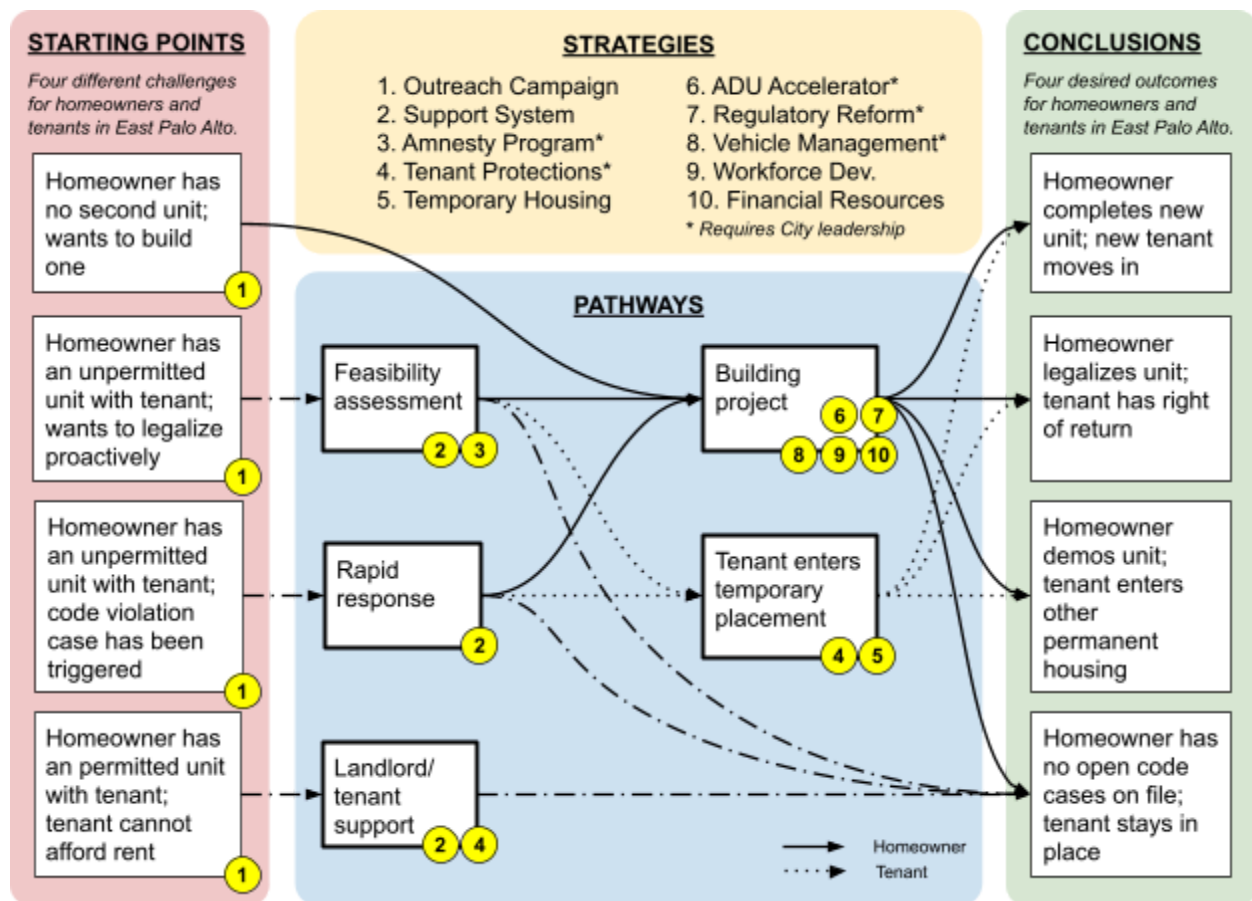
| Name                      | Organization / Appointment                                                        |
|---------------------------|-----------------------------------------------------------------------------------|
| Belén Seara               | San Mateo County Health System                                                    |
| Bernardo Huerta           | Faith in Action (deceased)                                                        |
| Cari Pang Chen            | Rebuilding Together Peninsula                                                     |
| Carlos Romero             | City Council                                                                      |
| Cesar Jimenez             | Resident (appointed by Councilmember Moody)                                       |
| Rev. Chester McCall       | Resident (deceased)                                                               |
| Doroteo Garcia            | Resident (appointed by Councilmember Romero) / El Comité de los Vecinos del Oeste |
| Heather Peters            | San Mateo County Department of Housing                                            |
| Jane Howell               | Faith in Action (Alternate)                                                       |
| Javanni Brown             | Planning Commission                                                               |
| Jon Johnston              | Menlo Park Fire Protection District                                               |
| Keith Ogden               | Community Legal Services                                                          |
| Laura Rubio               | Resident (appointed by Councilmember Romero)                                      |
| Lisa Gauthier             | City Council                                                                      |
| Melissa Lukin             | Rebuilding Together Peninsula (Alternate)                                         |
| Michael Mashack           | Resident (appointed by Mayor Gauthier)                                            |
| Senita Uhilamoelangi      | Faith in Action                                                                   |
| Sister Trinitas Hernandez | Resident (appointed by Councilmember Abrica)                                      |
| Stewart Hyland            | Faith in Action (Alternate)                                                       |
| Uriel Hernandez           | Planning Commission                                                               |
| Sean Charpentier          | City Staff Official - no longer with the City of EPA                              |
| Tonga Victoria            | Resident (appointed by Councilmember Moody) - no longer in the City of EPA        |

# Executive Summary

This report represents a key milestone in the East Palo Alto community's six-year advocacy effort for a more inclusive, socially-informed, and culturally-sensitive approach to implementing local policy with regard to unpermitted Accessory Dwelling Units (ADUs). It follows a community white paper authored by a faith-based coalition in 2016 that first articulated a holistic and collaborative approach to preserving housing affordability and reducing displacement. This report also represents the culmination of the Secondary Unit & Anti-Displacement Task Force's two years of public service, which included a meeting hiatus during which a Working Group leveraged philanthropic funds to assist local residents in legalization projects and document lessons learned. In the past two months, aligned with the momentum of new state legislation benefiting accessory dwelling unit development and other local housing progress, the Task Force reconvened and developed a shared platform of ten strategies to be collaboratively pursued by a growing network of public, private, nonprofit, and community stakeholders in 2020. The following strategies are presented with the ambition that many specific actions can be initiated and completed within 1-2 years to alleviate the barriers that homeowners and tenants face on the pathways to stable and affordable housing.

The Task Force identifies four key starting points in which homeowners and tenants experience housing challenges, all of which could benefit from a more proactive **Outreach Campaign** (Strategy #1). For tenants who live in unpermitted units and are subject to a citation for a code violation, a **Support System** (Strategy #2) can provide case managers to assist with rapid response, with the goal of preventing the tenant from having to leave at all. The case manager can also assist tenants and landlords generally with housing stability situations, and provide feasibility assessments to homeowners who want to proactively legalize an unpermitted unit before it receives a citation for a code violation. Through a future **Amnesty Program** (Strategy #3), homeowners could receive a scope of work for the minimum health- and safety-critical issues to address. If those are successfully resolved, they could receive amnesty on other non-critical issues. Or, if determined to be feasible, full legalization can be pursued. Otherwise, the homeowner could decline further steps and avoid risk of code enforcement activity. For projects that proceed, while some retrofits may be minor enough to never require the tenant to vacate the unit, most would require temporary housing placement, which has presented a significant logistical and legal challenge. **Tenant Protections** (Strategy #4) and **Temporary Housing** (Strategy #5) solutions are critical to provide short-term assistance in these cases, and may also extend to permanent housing assistance in the event that the homeowner do not choose to legalize. Meanwhile, for homeowners who proceed with a building project, including those who are building a brand new ADU, many interventions are needed to streamline this complicated, resource-intensive process. An **ADU Accelerator** (Strategy #6) would streamline procedures on both sides of the permit counter, and **Regulatory Reform** (Strategy #7) would address additional local policy barriers beyond the state reforms. **Vehicle Management** (Strategy #8) solutions must be actively supported by housing partners given transportation's

inextricable relationship to housing. Assuming the building permit process can be streamlined, **Workforce Development** (Strategy #9) would then be needed to train an adequate supply of local builders to complete the ADU projects, as well as train the next generation of City and support staff to accommodate the market for additional units. Last but not least, all of these strategies depend on adequate **Financial Resources** (Strategy #10), including creative ADU financing instruments to incentivize deed-restricted affordability. Together, these interventions help more homeowners have code-compliant ADUs on their properties, and more tenants have stable, healthy, and affordable housing of their own choice. The diagram below illustrates those ten strategies, and the table that follows provides more summary detail.



| STRATEGIES                  | ACTIONS                                                                    | LEADS            | TIMELINE   | RESOURCES                          |
|-----------------------------|----------------------------------------------------------------------------|------------------|------------|------------------------------------|
| <b>1. Outreach Campaign</b> | Multilingual community outreach program                                    | Nonprofits, City | < 6 months | Grants                             |
|                             | Written handouts & regular outreach/training activities                    | Nonprofits, City | < 6 months | Grants                             |
| <b>2. Support System</b>    | Case manager position at a nonprofit to assist both tenants and homeowners | Nonprofits       | < 1 year   | Grants                             |
| <b>3. Amnesty Program</b>   | EPA Amnesty Program, modeled after San Mateo County's pilot                | City             | < 2 years  | Staff time, County support, Grants |

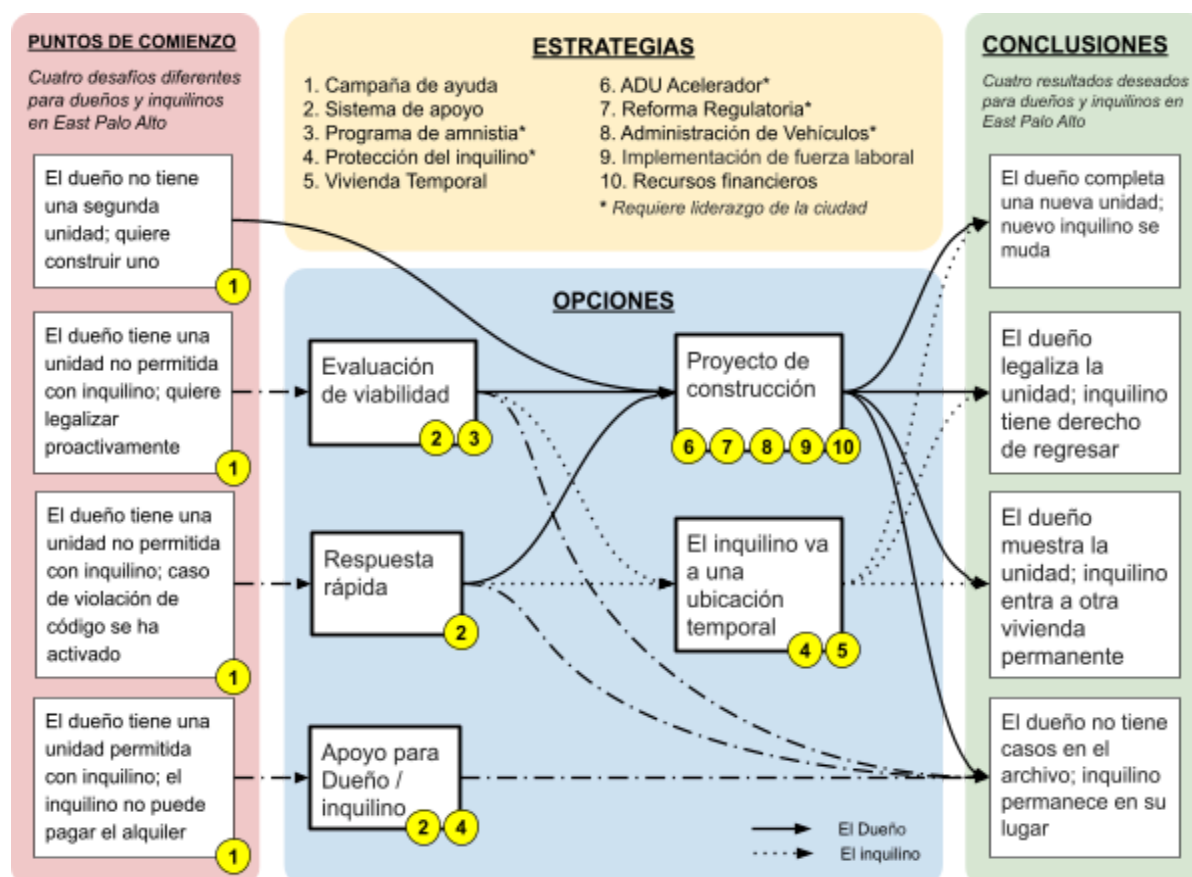
|                                 |                                                                   |                       |            |                                       |
|---------------------------------|-------------------------------------------------------------------|-----------------------|------------|---------------------------------------|
| <b>4. Tenant Protections</b>    | Suspension of code enforcement during legalization process        | City                  | < 6 months | Staff time                            |
|                                 | Emergency Tenancy Ordinance                                       | City                  | < 1 year   | Staff time                            |
|                                 | Temporary relocation assistance program                           | City                  | < 1 year   | Staff time                            |
|                                 | Permanent relocation expense program                              | City                  | < 1 years  | Staff time                            |
| <b>5. Temporary Housing</b>     | Master leasing                                                    | Nonprofits, landlords | < 2 years  | Grants, City tax revenues             |
|                                 | Homesharing                                                       | Nonprofits            | < 2 years  | Grants                                |
|                                 | Faith community support                                           | Nonprofits            | < 2 years  | Grants                                |
|                                 | County shelter partnership                                        | Nonprofits            | < 2 years  | Grants                                |
| <b>6. ADU Accelerator</b>       | ADU project development assistance                                | Nonprofits            | < 1 year   | Grants                                |
|                                 | Bi-weekly, multi-department design review of bundled ADU projects | City                  | < 1 year   | Staff time                            |
|                                 | Alternatives to professional appraisal                            | City                  | < 6 months | Staff time,                           |
|                                 | Study of possible prescriptive engineered foundation options      | Nonprofits            | < 1 year   |                                       |
|                                 | Credit card payment option                                        | City                  | < 6 months | Staff time                            |
| <b>7. Regulatory Reform</b>     | Updated local ADU ordinance                                       | City                  | < 6 months | Staff time                            |
|                                 | Bedroom conversion standards                                      | City                  | < 6 months | Staff time                            |
|                                 | Revisiting requirements for units in the floodplain               | City                  | < 6 months | Staff time                            |
|                                 | Fee structure reform                                              | City                  | < 6 months | Staff time                            |
|                                 | Density rules for single-family properties                        | City                  | < 6 months | Staff time                            |
|                                 | Inclusionary housing ordinance in-lieu fee                        | City                  | < 6 months | Staff time                            |
| <b>8. Vehicle Management</b>    | Increased front yard parking                                      | City                  | < 6 months | Staff time                            |
|                                 | Residential parking permit program                                | City                  | < 1 year   | Staff time                            |
|                                 | Shared parking on commercial lots                                 | Nonprofits, City      | < 1 year   | Grants                                |
|                                 | Improved transit and transit-oriented development                 | City, Nonprofits      | < 1 year   | Staff time                            |
|                                 | Guidelines for RV parking and utilities                           | City                  | < 2 years  | Staff time                            |
| <b>9. Workforce Development</b> | Community hiring hall                                             | Nonprofits, City      | < 2 years  | Grants                                |
|                                 | City employee career path                                         | City, Nonprofits      | < 2 years  | Staff time                            |
|                                 | ADU Accelerator jobs                                              | Nonprofits, City      | < 2 years  | Grants                                |
| <b>10. Financial Resources</b>  | Grant funding for program support                                 | Nonprofits, City      | < 2 years  | Grants, City tax revenues             |
|                                 | Fund for early project management                                 | Nonprofits            | < 2 years  | Self-supporting                       |
|                                 | Revolving loan fund for ADU construction                          | Nonprofits            | < 3 years  | Grants, investment, City tax revenues |

# Resumen ejecutivo

Este informe representa un hito clave en el esfuerzo de defensa de seis años de la comunidad de East Palo Alto para un enfoque más inclusivo, socialmente informado y culturalmente sensible para implementar la política local con respecto a las unidades de viviendas accesorias no autorizadas. Este informe elabora conceptos que han sido detallados en un reporte publicado en el 2016 por una coalición de organizaciones de fe. Este reporte articuló por primera vez un enfoque holístico y colaborativo para preservar las viviendas económicas y reducir el desalojo de inquilinos. Este informe también representa la culminación de dos años de servicio público del Equipo de Trabajo Sobre Las Viviendas Accesorias y el Desalojo de Residentes, que por casi un año no se reunió, pero con ayuda de fondos filantrópicos el Equipo de Trabajo continuó ayudando a los residentes locales en proyectos de legalización y documentando las lecciones aprendidas. En los últimos dos meses, alineados con el impulso de la nueva legislación estatal que beneficia el desarrollo de unidades de viviendas accesorias y otros avances en la vivienda local, el Equipo de Trabajo volvió a reunirse y desarrolló una plataforma de diez estrategias para ser implementadas en el 2020 en colaboración por una red creciente de entidades públicas, privadas, organizaciones sin fines de lucro y grupos interesados de la comunidad, con la ambición de que se puedan iniciar y completar muchas tareas específicas dentro de 1-2 años para aliviar las barreras que enfrentan los propietarios e inquilinos en el camino hacia una vivienda saludable, estable y económica.

El Equipo de Trabajo identifica cuatro puntos de partida claves en los que los propietarios e inquilinos sufren desafíos de vivienda, los cuales podrían beneficiarse de una **Campaña Educativa** más proactiva (Estrategia #1). Para los inquilinos que viven en unidades no autorizadas y están sujetos a una violación del código de viviendas, un **Sistema de Apoyo** (Estrategia #2) puede activarse y poner en contacto a inquilinos con asistentes para ayudarlos rápidamente, con el objetivo de evitar que el inquilino tenga que irse de la propiedad. El asistente también puede ayudar a los inquilinos y propietarios en general con situaciones de estabilidad de la vivienda, y también puede ayudar a los propietarios de viviendas que quieran legalizar proactivamente una unidad no autorizada antes de que reciba una citación por una violación del código de viviendas con una evaluación de viabilidad. En particular, a través de un futuro **Programa de Amnistía** (Estrategia #3), el propietario podría recibir una estimación de los arreglos necesarios de la propiedad para abordar los problemas críticos de salud y seguridad, y si se resuelven con éxito, el propietario podría recibir amnistía en otros arreglos no críticos, o la unidad podrá ser completamente legalizada; o el propietario podría rechazar la propuesta de amnistía sin ningún tipo de penalización. Para los proyectos que continúan en el proceso de amnistía, mientras que algunos proyectos pueden ser lo suficientemente menores como para nunca requerir que el inquilino desocupe la unidad, muchos otros sí requieren una reubicación temporal de los inquilinos y presentan un desafío logístico y legal significativo. Las soluciones de **Protección del Inquilino** (Estrategia #4) y **Vivienda Temporal** (Estrategia #5) son fundamentales para proporcionar asistencia a corto plazo, y también pueden extenderse a

la asistencia permanente para la vivienda en caso de que el propietario no pueda completar la legalización completa de la unidad. Mientras tanto, para los propietarios de viviendas que continúan con un proyecto de construcción, incluidos aquellos que están construyendo una nueva unidad de vivienda accesoria, se necesitan muchas intervenciones para optimizar este proceso complicado y que requiere muchos recursos. **Un Acelerador de Viviendas Accesorias** (Estrategia #6) ayudaría a optimizar procesos que benefician a la ciudad y los propietarios c, y la **Reforma Regulatoria** (Estrategia #7) abordaría algunas barreras de políticas locales adicionales más allá de las reformas de la ley estatal. Las soluciones de **Administración de Vehículos** (Estrategia #8) deben contar con el apoyo activo de los grupos a favor de viviendas dada su relación inextricable con el desarrollo de vivacesorias. Suponiendo que el proceso de permisos de construcción se pueda optimizar y acelerar, se necesitaría el **Desarrollo de la Fuerza Laboral** (Estrategia #9) para capacitar a un suministro adecuado de trabajadores de la construcción locales para completar los proyectos de viviendas accesorias, así como capacitar a la próxima generación de personal de la Ciudad. Por último, todas estas estrategias dependen de los **Recursos Financieros** (Estrategia #10), incluidos los instrumentos innovativos de financiación de viviendas accesorias para incentivar la producción de unidades económicas restringidas en la escritura. Juntas, estas intervenciones ayudan a más propietarios a completar viviendas accesorias que cumplen con el código de viviendas, y a más inquilinos a vivir en viviendas estables, saludables y económicas. El siguiente diagrama ilustra estas diez estrategias, y la tabla que le sigue proporciona más detalles resumidos.



| ESTRATEGIAS                        | ACCIONES                                                                                                    | LIDER                 | CALENDAR<br>IO | RECURSOS                                             |
|------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------|----------------|------------------------------------------------------|
| <b>1. Campaña de Ayuda</b>         | Programa de ayuda comunitario multilingüe                                                                   | Nonprofits, Ciudad    | < 6 meses      | Subsidios                                            |
|                                    | Folletos escritos y actividades regulares de divulgación / capacitación.                                    | Nonprofits, Ciudad    | < 6 meses      | Subsidios                                            |
| <b>2. Sistema de Apoyo</b>         | Puesto de administrador de casos en una organización non-profit para ayudar a los inquilinos y propietarios | Nonprofits            | < 1 año        | Subsidios                                            |
| <b>3. Programa de Amnistía</b>     | Programa de Amnistía de la EPA, inspirado en el piloto del condado de San Mateo                             | Ciudad                | < 2 años       | Tiempo de Trabajadores, Apoyo del condado, Subsidios |
| <b>4. Protección del Inquilino</b> | Suspensión de la aplicación del código durante el proceso de legalización                                   | Ciudad                | < 6 meses      | Tiempo de Trabajadores                               |
|                                    | Ordenanza de arrendamiento de emergencia                                                                    | Ciudad                | < 1 año        | Tiempo de Trabajadores                               |
|                                    | Programa de asistencia de reubicación temporal                                                              | Ciudad                | < 1 año        | Tiempo de Trabajadores                               |
|                                    | Programa de gastos de reubicación permanente                                                                | Ciudad                | < 1 años       | Tiempo de Trabajadores                               |
| <b>5. Vivienda Temporal</b>        | Arrendamiento maestro                                                                                       | Nonprofits, landlords | < 2 años       | Subsidios, Ingresos fiscales de la ciudad            |
|                                    | Compartir el hogar                                                                                          | Nonprofits            | < 2 años       | Subsidios                                            |
|                                    | Apoyo comunitario de fe                                                                                     | Nonprofits            | < 2 años       | Subsidios                                            |
|                                    | Asociación de refugio del condado                                                                           | Nonprofits            | < 2 años       | Subsidios                                            |
| <b>6. Acelerador de ADU</b>        | Asistencia para el desarrollo del proyecto ADU                                                              | Nonprofits            | < 1 año        | Subsidios                                            |
|                                    | Revisión de diseño quincenal y de varios departamentos por proyectos de ADU agrupados                       | Ciudad                | < 1 año        | Tiempo de Trabajadores                               |
|                                    | Alternativas a la valoración profesional.                                                                   | Ciudad                | < 6 meses      | Tiempo de Trabajadores                               |
|                                    | Estudio de posibles opciones de fundamentos de ingeniería prescriptiva                                      | Nonprofits            | < 1 año        |                                                      |
|                                    | Opción de pago con tarjeta de crédito                                                                       | Ciudad                | < 6 meses      | Tiempo de Trabajadores                               |
| <b>7. Reforma Reguladora</b>       | Ordenanza local actualizada por el ADU                                                                      | Ciudad                | < 6 meses      | Tiempo de Trabajadores                               |
|                                    | Estándares de conversión de dormitorio                                                                      | Ciudad                | < 6 meses      | Tiempo de Trabajadores                               |

|                                           |                                                                           |                    |           |                                                       |
|-------------------------------------------|---------------------------------------------------------------------------|--------------------|-----------|-------------------------------------------------------|
|                                           | Revisión de requisitos para unidades en la llanura de inundación          | Ciudad             | < 6 meses | Tiempo de Trabajadores                                |
|                                           | Reforma de estructura de tarifas                                          | Ciudad             | < 6 meses | Tiempo de Trabajadores                                |
|                                           | Reglas de densidad para propiedades unifamiliares                         | Ciudad             | < 6 meses | Tiempo de Trabajadores                                |
|                                           | Tarifa de ordenanza de vivienda inclusiva en lugar                        | Ciudad             | < 6 meses | Tiempo de Trabajadores                                |
| <b>8. Administración de Vehículos</b>     | Aumentar el estacionamiento del patio delantero                           | Ciudad             | < 6 meses | Tiempo de Trabajadores                                |
|                                           | Programa de permiso de estacionamiento residencial                        | Ciudad             | < 1 año   | Tiempo de Trabajadores                                |
|                                           | Estacionamiento compartido en lotes comerciales                           | Nonprofits, Ciudad | < 1 año   | Subsidios                                             |
|                                           | Tránsito mejorado y desarrollo orientado al tránsito                      | Ciudad, Nonprofits | < 1 año   | Tiempo de Trabajadores                                |
|                                           | Pautas para estacionamiento de vehículos recreativos y servicios públicos | Ciudad             | < 2 años  | Tiempo de Trabajadores                                |
| <b>9. Desarrollo de la Fuerza Laboral</b> | Sala de contratación comunitaria                                          | Nonprofits, Ciudad | < 2 años  | Subsidios                                             |
|                                           | Citar la trayectoria profesional de los empleados                         | Ciudad, Nonprofits | < 2 años  | Tiempo de Trabajadores                                |
|                                           | Empleos de ADU Accelerator                                                | Nonprofits, Ciudad | < 2 años  | Subsidios                                             |
| <b>10. Recursos Financieros</b>           | Conceder fondos para el apoyo al programa.                                | Nonprofits, Ciudad | < 2 años  | Subsidios, Ingresos fiscales de la ciudad             |
|                                           | Fondos para administrar proyectos tempranos                               | Nonprofits         | < 2 años  | Self-supporting                                       |
|                                           | Fondo rotativo de préstamos para la construcción de ADU                   | Nonprofits         | < 3 años  | Subsidios, investment, Ingresos fiscales de la ciudad |



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# Background

Since 2013, East Palo Alto (EPA) residents have been advocating for a more inclusive, socially-informed, and culturally-sensitive approach to implementing local policy with regard to unpermitted accessory dwelling units (ADUs). Balancing the health and safety risks of living in unpermitted units with the very real negative health impact of potential homelessness or displacement on vulnerable residents, this community has been at the forefront in designing a holistic approach to deal with poor housing conditions and risk of displacement due to inhabitability and gentrification.

On October 18, 2016, a community white paper titled “Legalizing Accessory Dwelling Units in East Palo Alto - A Vision for a Long-Term Solution”<sup>1</sup> authored by St. Francis of Assisi Catholic Church, Faith Missionary Baptist Church, Tokaikolo Church, Project Sentinel<sup>2</sup>, and Faith in Action Bay Area<sup>3</sup> was presented to City Council, and described the crisis that year of code enforcement cases and displacement pressure and resultant recommendations from the community for short-term and long-term solutions for EPA’s ADUs (many of which are reaffirmed in this report three years later). Also that year, a community benefits partnership was established with Facebook that set aside \$250,000 over two years to engage Rebuilding Together Peninsula<sup>4</sup> (RTP) in working with the community to develop some solutions to help address the red-tagged ADU issues in the community.

In 2017, the authors of this report were formally organized as the Secondary Unit & Anti-Displacement Task Force<sup>5</sup>, and held public meetings through 2018, at which point the City put the Task Force on hiatus because of other pressing issues that required staff priority, as well as staff turnover that is part of a general pattern for the City, causing it to be perpetually under-resourced.

In 2018, in light of the Task Force’s hiatus, RTP created a Working Group that included City staff, Faith in Action, EPA CAN DO<sup>6</sup>, Soup<sup>7</sup>, and City Systems<sup>8</sup> and was funded by Chan Zuckerberg Initiative<sup>9</sup>, Wells Fargo, and Get Healthy San Mateo County<sup>10</sup> to complete four pilot garage conversions and document the process involved in legalization.

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<sup>1</sup> [https://drive.google.com/open?id=1\\_FomEFHv6sLwzVIN6JtzU4535Gqc9la4](https://drive.google.com/open?id=1_FomEFHv6sLwzVIN6JtzU4535Gqc9la4)

<sup>2</sup> <https://www.housing.org/>

<sup>3</sup> <https://faithinactionba.org/>

<sup>4</sup> <https://www.rebuildingtogetherpeninsula.org/>

<sup>5</sup> <http://www.ci.east-palo-alto.ca.us/AgendaCenter/2nd-Unit-Task-Force-10/>

<sup>6</sup> <https://epacando.org/>

<sup>7</sup> <https://soup.is/>

<sup>8</sup> <https://city.systems/>

<sup>9</sup> <https://chanzuckerberg.com/>

<sup>10</sup> <http://www.getthehealthysmc.org/>

As of November 2019, one garage conversion has been completed, and two are in the review process. The Working Group has also developed templates and tools for assisting future homeowners through the development pipeline, engaged the community in multiple outreach events, represented the community in regional conversations about ADUs, and reconvened the Second Unit Task Force in 2019 to review the Working Group's progress, as well as complete its final deliverable, which is this report. It is also worth noting that major state legislation was passed in the fall of 2019, with ADU regulations going into effect in 2020 that, among other changes, eliminate the minimum lot requirements in EPA's development code that previously restricted attached ADUs to only 50% and detached ADUs to only 13% of single family parcels.

The Task Force determined that Fall 2019 was a critical window of opportunity to bring residents and key community partners together to document the lessons learned since 2016 as a public record and to produce a comprehensive set of strategic recommendations for all key partners to collectively endorse. Subcommittees from the Task Force participated in an intensive series of meetings from September through November, as documented in the table below.

| <b>Date/Time/Location</b>            | <b>Activity</b>                                                                                                                                                                          |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9/19/19                              | Following discussions with City staff and the Working Group, Stewart & Cari reached out to every Task Force member to determine whether they would like to be involved in subcommittees. |
| 9/18/19, 6-8pm @ Mouton Center       | All Subcommittees Meeting #1. Three subcommittees were formalized: Communications/Outreach, Anti-Displacement, and Building/Rehab Policies & Resources                                   |
| 9/21/19, 9am-12pm @ Cooley Landing   | Building Code Workshop to review summary of proposed state building code changes                                                                                                         |
| 9/24/19, 1:30-2:30pm @ Mouton Center | Communications/Outreach Subcommittee Meeting #1                                                                                                                                          |
| 9/24/19, 4:30-6:30pm @ EPA CAN DO    | Anti-Displacement Subcommittee Meeting #1                                                                                                                                                |
| 9/27/19, 8:30-10:30am @ 1960 Tate St | Working Group Monthly Meeting                                                                                                                                                            |
| 9/30/19, 3:30-5pm @ EPA CAN DO       | Building/Rehab Policies & Resources Subcommittee Mtg #1                                                                                                                                  |
| 10/1/19, 1:30-3pm @ Mouton Center    | Communications/Outreach Subcommittee Meeting #2                                                                                                                                          |
| 10/2/19, 4:30-6:30pm @ EPA CAN DO    | Anti-Displacement Subcommittee Meeting #2                                                                                                                                                |
| 10/9/19, 6-8pm @ Mouton Center       | All Subcommittees Meeting #2                                                                                                                                                             |
| 10/9/19                              | Key state ADU bills signed by Governor Newsom <sup>11</sup>                                                                                                                              |

<sup>11</sup>

<https://www.bayareacouncil.org/housing-and-sustainable-development/governor-newsom-signs-council-backed-adu-and-housing-reform-bills-into-law/>

|                                                            |                                                                           |
|------------------------------------------------------------|---------------------------------------------------------------------------|
| 10/11/19, 10-11am @ City Hall                              | Coordinating meeting with Working Group, Hello Housing, and City staff    |
| 10/13/19, 1-5 pm @ Veterans Memorial Community Center, RWC | San Mateo County ADU Resource Fair                                        |
| 10/16/19, 6-8pm @ Mouton Center                            | All Subcommittees Meeting #3                                              |
| 10/24/19, 6:30-8:30pm @ City Hall                          | Task Force Meeting                                                        |
| 10/25/19 @ College of San Mateo                            | Housing Leadership Day; ADU panel featuring Task Force members            |
| 11/1/19, 8:30-10:30am @ 1960 Tate St                       | Working Group Monthly Meeting                                             |
| 11/9/19 @ Community Church                                 | ADU Teach-In, part of EPA Community Revitalization Fair                   |
| 11/13/19, 11am-12pm @ Millbrae Community Center            | 21 Elements Review of ADU regulations for City Planners                   |
| 11/13/19, 7-9p @ City Hall                                 | Rent Stabilization Board Meeting                                          |
| 11/19/19, 7pm @ City Hall                                  | City Council: Round I Code Changes                                        |
| 11/22/19                                                   | Task Force Recommendations submitted to City                              |
| 12/3/19, 7pm @ City Hall                                   | City Council: Round II Code Changes                                       |
| 12/6/19, 8:30-10:30am @ 1960 Tate St                       | Working Group Monthly Meeting                                             |
| 12/9/19, 7pm @ City Hall                                   | Planning Commission Meeting; present Recommendations from Task Force      |
| 12/11/19, 7pm @ City Hall                                  | Rent Stabilization Board Meeting; present Recommendations from Task Force |
| 12/17/19, 7pm @ City Hall                                  | City Council Meeting; present Recommendations from Task Force             |
| 1/1/20                                                     | Building Codes and State ADU Measures go into effect                      |

The Task Force Working Group organized an ADU Teach-In event on November 9, 2019, as part of a larger EPA Community Revitalization Fair. Over 200 attended the revitalization fair, and about 30 engaged specifically in our housing resources, which included presentations, surveys, information tables, and 1-1 consultation booths.

Surveys for homeowners<sup>12</sup> and renters<sup>13</sup> were made available, and nine homeowner responses were received:

- Average of 22 years living in EPA, and 10 years owning current home
- Average of \$2,200 monthly mortgage
- 7 out of 9 respondents were below 100% AMI; almost half were below 30% AMI

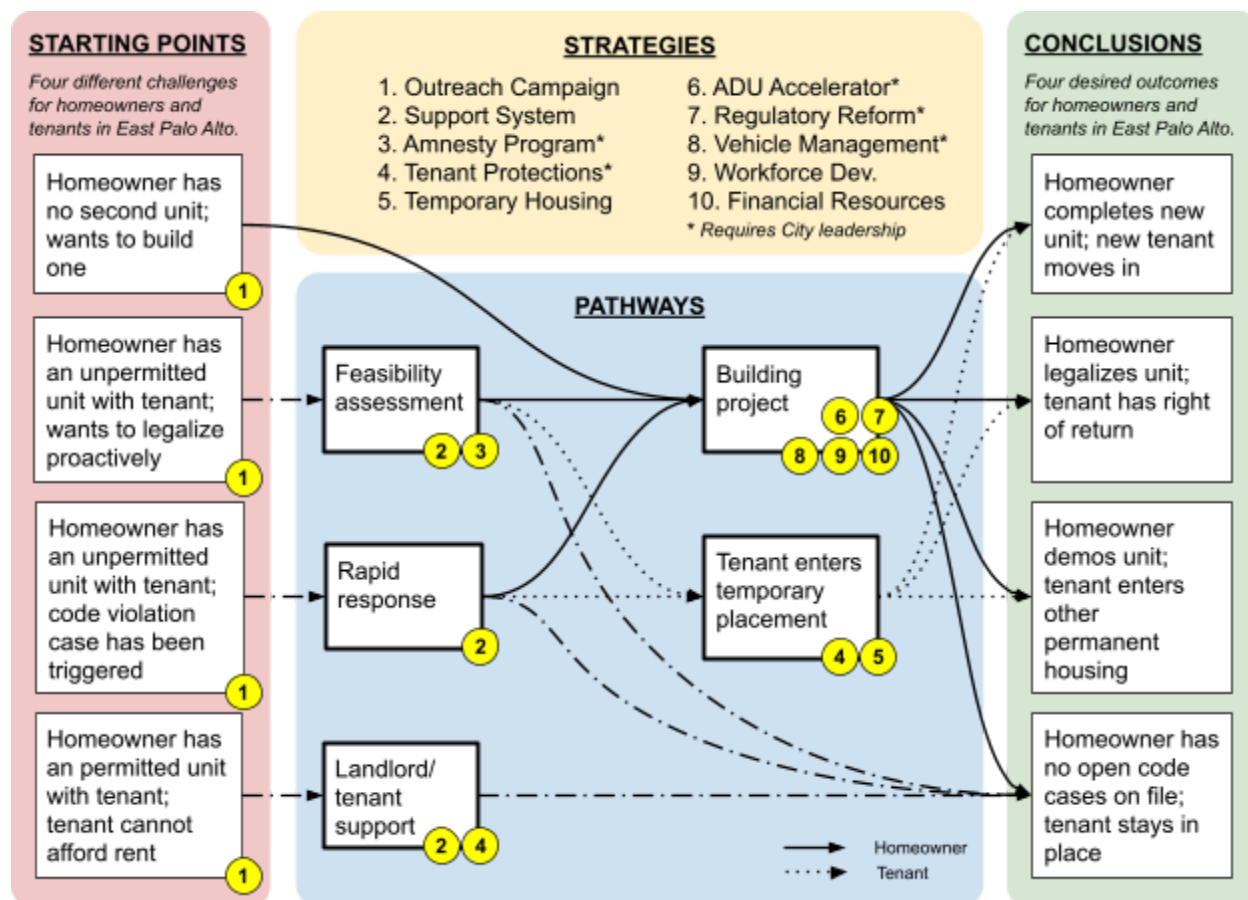
<sup>12</sup> <https://ee.kobotoolbox.org/x/#zwxbhfhfC>

<sup>13</sup> <https://ee.kobotoolbox.org/x/#Ze8Nn2Ob>

- 3 out of 9 were renting out part of their property to tenants, all garage-converted ADUs for family members who were existing EPA residents. Monthly rents were \$0 for 1 tenant, \$500 for 2 tenants, and \$1,000 for 3 tenants. Two units were unpermitted, and one has an active code violation; these homeowners expressed a desire to legalize as soon as possible, but one of them was unable to do so prior to state legislation.
- The other 6 respondents were all interested in building an ADU. There was about equal interest in using the ADU as extra rental income and using the ADU to house family and friends. 4 of these respondents used our online eligibility tool and determined that they were ineligible for a detached and/or attached ADU before prior to state legislation.
- The top funding sources considered were cash-out refinancing and home equity lines of credit (HELOCs).
- 7 out of 9 respondents said they would be willing to accept free project management services in exchange for agreeing to charge rents under the County's affordability limits, and be audited annually to verify this. One respondent suggested that some waived zoning restrictions, like setbacks on a main house expansion, would also be a sufficient incentive to agree to the affordability restriction. This seems to align with our ideas in the strategy on Financial Resources.
- All 9 respondents had 2-4 bedrooms in their existing home, meaning they are all required to have 2 parking spaces on their property. They actually have on average 4-5 cars, with 1-2 parked regularly on the street. This seems to align with community concerns over parking congestion, and motivates our strategy on Vehicle Management.

Residents received a presentation about the ten strategy areas covered in this report, and were invited to provide their feedback about strategies that were important to them. Those comments are included in the Background sections for each strategy chapter below.

# Strategies



The Task Force produced a strategy map (above) that illustrates the multiple pathways that homeowners and tenants have to take to get from initial starting points (red) that present a housing challenge to stable conclusions (green). Within the pathways are key stages (blue) that have been barriers or bottlenecks for homeowners and tenants, for a variety of reasons. Ten strategies (yellow) have been proposed as policy or programmatic interventions to alleviate these pathways and enable more homeowners and tenants to achieve their housing goals. While five of these strategies depend on City leadership, the other five depend on leadership from nonprofits and other organizations. The process of developing this strategy map involved many meetings and discussions, as well as the hands-on experience of many partner organizations directly assisting homeowners and tenants through the existing, often confusing steps. The resultant strategy map retains some of that inevitable messiness, emphasizing that the housing system is inherently complex with many different starting and ending points, pathways in-between, barriers and bottlenecks, and opportunities to intervene. Our overall

message is that our shared goal of increasing affordable housing and reducing displacement requires an all-hands-on-deck approach by public, private, and community stakeholders.

The next ten chapters detail these ten strategies using the following template:

- **Background:** Any relevant description about or history behind the specific barrier/bottleneck being considered. Direct feedback from residents and other stakeholders may be included in this section.
- **Desired Outcome:** A concise statement of what success looks like, for homeowners and tenants who are currently facing this issue.
- **Detailed Actions and Examples:** One or more specific policies, programs, or other proposed actions with enough detail to merit further study and ultimate implementation by City Council or other partners. Where appropriate, examples of best practices from other cities are referenced.

These strategies and proposed actions are meant to be comprehensive, but not yet fully vetted for feasibility. While many can be considered low-hanging fruit, others may involve significant resources and trade-offs that warrant further discussion. Most importantly, these chapters reflect a broad and participatory process and invite all parties to take a holistic and cross-disciplinary approach to further planning and implementation.

Note that throughout this report, the term “ADU” is used for efficiency, but can potentially mean any of the following types of secondary housing options:

- **Garage-to-bedroom conversion**, which can include a bathroom but no additional kitchen
- **Garage-to-ADU conversion**, which implies that a new kitchen is also provided
- **Bedroom addition**, which adds a bedroom but no additional kitchen
- **Junior ADU**, which is a conversion of another existing space like a master bedroom into a standalone unit with an additional kitchen
- **Attached ADU**, which is a standalone unit with an additional kitchen built as new construction attached to the existing home
- **Guest house**, which is a detached backyard unit with no kitchen
- **Detached ADU**, which is a detached backyard unit with a kitchen

While ADUs are the Task Force’s preferred housing type because they provide the greatest flexibility for independent tenant living, we also acknowledge that the other options which only provide additional bedrooms to the primary residence may be just as effective at providing affordable housing, especially given that many EPA families are primarily focused on providing housing assistance for their own family members.



# 1. Outreach Campaign

## Background

Despite strong civic engagement in EPA, residents often remain unaware of building and planning codes, as well as policies around ADUs. A landlord or tenant's first interaction with city staff or elected officials should not be after a code enforcement violation, and everyone should have a baseline understanding of EPA-specific regulations so that no enforcement action comes as a surprise. Especially in the wake of the many changes from state legislation starting in 2020, it is critical to establish an open line of communication between the City and its residents regarding current and future trajectory of ADU regulations.

The diverse multicultural and multilingual community in EPA adds additional complexity to outreach efforts. Communication materials should express cultural sensitivity and awareness, as well as proper written translation and oral interpretation in the primary languages spoken in EPA: English, Spanish, Tongan, and Samoan.

From our 11/9 teach-in, we received the following resident feedback:

- "Lack of information on legal/illegal building. Inspectors have told me I need to change sewage system, but it costs too much."
- "I had no idea I could have 2 ADUs on my property. I want to understand how to finance loans through HELOC or other options."
- "I don't have access to information and organizations like these. Events such as this are incredibly helpful."

## Desired Outcome

EPA landlords and tenants should be broadly educated on a wide range of resources locally available to them, both from local government and other organizations. An open and continuous flow of information is required to keep them abreast of:

- Issues and concerns to be addressed at the property
- Context for why those issues and concerns need to be addressed
- Options and resources for addressing these concerns, including financing, sample tools, and contractor referrals
- Emerging regulations and other opportunities to keep in mind

Whenever possible, resources should be set aside to ensure that information is communicated with cultural sensitivity and awareness, combined with proper written translation and oral interpretation in English, Spanish, Tongan, and Samoan.

## Detailed Actions and Examples

### Multilingual community outreach program

EPA should develop a program similar to The City of Mountain View's Multilingual Community Outreach Program<sup>14</sup>, which provides City and community information to residents in four languages - English, Spanish, Chinese, and Russian - regarding City programs and services. In an effort to reach residents, particularly individuals who might not have access to traditional communication methods, the City provides multiple services including program translation and interpretation services. This program is reflective of the City's "Community for All" goal<sup>15</sup> confirming Mountain View's commitment to diversity and inclusion – to "promote strategies to protect vulnerable populations and preserve the socioeconomic and cultural diversity of the community." It is emblematic of the City's stand against actions or policies that could negatively impact the lives of its residents, and a shared commitment to providing solutions the community needs to feel safe, secure, and welcomed.

We believe this program can be realistically implemented by City staff and partners within 6 months of this report.

### Written handouts & regular outreach/training activities

It is critical that the City of EPA and its partners agree upon a core set of written handouts to guide outreach and training activities for landlords and tenants regarding ADUs. This includes distribution of written handouts in key locations within the City (e.g. 1960 Tate/Community Development Department, 2415 University/City Hall & Library) as well as online through the City's website (under "Housing Information" as well as the Resources/Handouts section for both the Planning & Building Divisions). Bi-monthly or Quarterly Outreach/Training Activities that are offered in the evenings or weekends are also encouraged to help provide opportunities for dialogue and conversation regarding the information in the handouts, as well as an opportunity to improve the information included in the handouts based on real-time feedback from landlords and tenants. When possible, it is recommended that these handouts and outreach/training activities be coordinated between City Staff and community partner organizations, including the case manager position recommended as part of the **Support System** (Strategy #2). San Mateo County's Home for All Initiative has a Community Engagement Resource Manual that can be used as a guide<sup>16</sup>.

We believe these materials can be realistically implemented by City staff and partners within 6 months of this report.

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<sup>14</sup> <https://www.mountainview.gov/depts/manager/multilingual/default.asp>

<sup>15</sup> [https://www.mountainview.gov/depts/manager/community\\_for\\_all/default.asp](https://www.mountainview.gov/depts/manager/community_for_all/default.asp)

<sup>16</sup> <https://homeforallsmc.org/wp-content/uploads/2019/09/Engagement-Manual-Final-Sept-2019.pdf>

## 2. Support System

### Background

Additional units provide a unique opportunity for community-led housing growth on private land for an ultimate public good. In many households in EPA, unpermitted additional units and garage conversions are already doing this. But whether or not a homeowner is only just now considering building an extra unit, or finally considering getting an informal unit officially approved, it is difficult for them to know what first step to take. Without a trusted and well-publicized pipeline to educate them about the benefits of a second unit and connect them with useful resources, residents may abandon the project idea before even starting.

Particularly for homeowners with unpermitted units, the cost of inaction is high. If their extra unit does not meet building and planning codes — regardless of whether or not a code violation is found — entire families could be enduring substandard housing conditions. And fear of punishment keeps many from even asking basic questions about the process to legalize their existing units. This can lead to financial and personal stress and potentially displacement if the unpermitted unit is found to be in violation of critical health and safety standards.

From our 11/9 teach-in, we received the following resident feedback:

- “Need help guiding me through the process without getting stressed out. I don’t have any ADUs or conversions but really want to.”

### Desired Outcome

For any homeowner considering an additional unit — whether they build new or permit existing — there should be a clear and intuitive pipeline of support to guide them through the process. This is especially important for residents found in violation of local code and forced to address immediate health and safety issues. No homeowner should feel stranded in this process.

### Detailed Actions and Examples

#### Case manager position

We propose setting up a case manager position at a local nonprofit (e.g., EPA CAN DO) to assist both homeowners and tenants through the full process of feasibility assessment for new construction, or rapid response for a code violation, or other landlord/tenant support. Any code violations would trigger a call from City Staff to link the homeowner to this case manager. This case manager would then link the homeowner and tenant to a range of support from a variety of nonprofit partners, including:

- **ADU project development assistance outlined in ADU Accelerator** (Strategy #6): Conduct a feasibility assessment for repairs to be completed
- **Rebuilding Together Peninsula:** Home repairs and upgrades for income-qualified (80% AMI), owner-occupied households
- **Samaritan House**<sup>17</sup>: Income supports to defray housing costs; direct financial assistance for housing costs; case management to assist with problem solving (i.e. negotiation of stays with landlords); flexible funding to maintain current housing situations through the Coordinated Entry System (CES) Homelessness Diversion & Placement program; and connection to core services, information, and referral.
- **Community Legal Services of EPA** (CLSEPA)<sup>18</sup>: Legal services, particularly for tenants
- **Project Sentinel:** Tenant-Landlord counseling and mediations
- **United Policyholders:** Resources for insurance check-up for landlords and property owners<sup>19</sup>; resources for ways to double check homeowner insurance coverage<sup>20</sup>; Amicus project library<sup>21</sup> with copies of 400+ legal briefs filed to help courts respect and effectuate consumers' reasonable expectations of coverage and reach fair results in coverage and claim dispute lawsuits.

It is recommended that the nonprofit set up an advisory board to support the case manager position. This could consist of representatives from these various organizations who would commit to meeting at least twice/year to share information, provide advice, and update their systems for collaboration and referral. This nonprofit support should be coordinated with **Tenant Protections** (Strategy #4) and the **ADU Accelerator** (Strategy #6), and compliance work should happen in a transparent and timely fashion across all partners.

In the particular case of a rapid response action, where a code violation has been issued by the City and a tenant is at risk of displacement, the Support System should spring into action with considerable urgency. The lead nonprofit would arrange for a site visit to assess the issue leading to code violation and immediately triage with the appropriate other nonprofit partners. In the event that the most serious health & safety violations (meriting a red tag) can be directly addressed without the need for a building project (e.g. removing metal bars from a bedroom egress window), the lead nonprofit would have the resources available to call a "rapid response team" to perform targeted, nonstructural work (e.g. removing the metal bars), and assist the resident in communicating with the code enforcement officer about these repairs. Our hope is that some code violation issues that have led to displacement because of a lack of knowledge or resources from the homeowner and tenant may be avoided in the future through the rapid response of the Support System.

We believe this position can be realistically formed by a nonprofit within 1 year of this report.

<sup>17</sup> <https://samaritanhousesanmateo.org/>

<sup>18</sup> <https://clsepa.org/>

<sup>19</sup> <https://www.uphelp.org/pubs/insurance-check-landlords-and-property-owners>

<sup>20</sup> <https://www.uphelp.org/pubs/4-ways-double-check-your-homeowners-insurance-coverage>

<sup>21</sup> [https://www.uphelp.org/resources/amicus-briefs?field\\_amicusstate\\_value=California](https://www.uphelp.org/resources/amicus-briefs?field_amicusstate_value=California).

# 3. Amnesty Program

## Background

In 2016, a crisis emerged when 65 unpermitted ADUs were “red-tagged” by the City of EPA. Occupants were evicted and displaced without clear options, and homeowners (many for whom English was not their first language) were left to determine what repairs were required to bring their units up to code so that the ADU occupants could return. Permanent displacement posed a very real threat for many.

It is difficult to estimate the total number of unpermitted units, but anecdotal reports indicate that the numbers are significant, and that the 65 units identified in 2016 represent only a small number of the unpermitted ADUs that may exist in the City. These ADUs, which have been built without some or all necessary permits, may pose a number of potential health and safety risks to inhabitants and to surrounding residents and properties. However, requiring the removal of these units directly displaces existing residents and removes units from the housing market, simultaneously reducing housing supply and increasing housing demand, as well as imposing the hardships of displacement on residents who may have few resources. Displacement impacts the health and well-being of residents by generating stress and trauma<sup>22</sup>. These second units may also be a source of income for low-income homeowners, provide an affordable residence for tenants unable to afford other units, and/or provide housing for extended family, relatives in need of some type of living assistance, adult children, or other sensitive populations.

From our 11/9 teach-in, we received the following resident feedback:

- “Yes, Don’t make people pay more penalties to make property legal.”

## Desired Outcome

San Mateo County (SMC) is in the process of piloting an Amnesty Program<sup>23</sup> for unpermitted units, along with many other California jurisdictions<sup>24</sup>. The intent of the amnesty program is to provide a low-risk, more affordable path for owners of unpermitted units to bring their units into compliance with health and safety standards, without fear of penalty or removal of the units, and without displacement of existing residents, resulting in an overall increase in safe, habitable, and affordable housing. The Task Force is supportive of this pilot and would like to see an Amnesty Program replicated in the City of EPA. Our goal is that all unpermitted units on record

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<sup>22</sup>

[https://www.urbandisplacement.org/sites/default/files/images/impacts\\_of\\_displacement\\_in\\_san\\_mateo\\_county.pdf](https://www.urbandisplacement.org/sites/default/files/images/impacts_of_displacement_in_san_mateo_county.pdf)

<sup>23</sup> <https://planning.smcgov.org/second-unit-amnesty>

<sup>24</sup> An extensive list of cities in California that have implemented ADU amnesty programs: <https://www.redwoodcity.org/Home/ShowDocument?id=4218>

with the City will participate in the EPA amnesty program during an initial 2-year period. Insights from this initial phase will inform further efforts.

## Detailed Actions and Examples

### EPA Amnesty Program

The City of EPA should implement an amnesty program, modeled on the successes of SMC's pilot, for 2 years (with a 1-year evaluation and an option to extend at City Council's discretion) for existing ADUs constructed without some or all necessary permits and approvals. Key elements of the program include:

- Bring unpermitted units into compliance with basic health and safety standards (or with all current standards, in the case that such improvements are feasible)
- Partner with a culturally-competent third party program manager and inspector to work with interested homeowners to:
  - Explore and understand the program
  - Assure homeowners that there will be no risk of code enforcement activity in the event that homeowners decide not to participate in the program
  - Provide free or low-cost inspection of unpermitted ADUs (inspecting only ADU violations, not other potential violations that might exist on the property)
  - Create a detailed scope of work and estimated cost of repairs, and establish a reasonable timeline for repairs
  - Provide final inspections of completed work, assuring that units are rehabilitated to program standards
- Waive/reduce fees/penalties for unpermitted construction, planning/building permits, etc.
- Provide a streamlined, alternative processing path for ADUs in the Amnesty Program, with substantial guidance from trained professionals
- For units that can achieve full legalization, the City issues a full certificate of occupancy. San Mateo County has found that a lot of the units that are coming forward in its pilot are in surprisingly good shape, and they are pushing those to full legalization, but still offering them all the benefits of the amnesty track (e.g. fee reductions, waivers, fast-track, etc.).
- For units that cannot achieve full legalization, but can meet basic health and safety standards per the International Property Maintenance Code<sup>25</sup>, the City issues a certificate of no code enforcement (quasi-legalization), assuring that for any issue identified and rectified through the Amnesty Program, the City will take no further code enforcement action in perpetuity.

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<sup>25</sup> See SMC's Housing Quality Standard inspection: <https://housing.smcgov.org/sites/housing.smcgov.org/files/documents/files/The%20HQS%20Inspection%208-24-16.pdf>; See EPA code enforcement's handout regarding critical code violations: <https://drive.google.com/file/d/1M8FBIYGvRjTdpDCwJsFkGonWlqke6O77/view>

- Provide financial resources or in-kind assistance for applicants that cannot afford the repairs. See **Financial Resources** (Strategy #10)

The overall intent of the Amnesty Program design is to reassure applicants that they can rehabilitate their unpermitted units in a feasible, affordable manner, without fear of either fines or removal of their unit. We believe this program can be realistically implemented by City staff within 2 years of this report.

## 4. Tenant Protections

### Background

Code violations immediately displace the most vulnerable tenants living in second units, including garage conversions. Displacement can lead to instability and homelessness, and increases levels of stress and trauma<sup>26</sup>. The City endeavors to prevent displacement of tenants living in second units, including garage conversions.

In cases of temporary displacement, existing EPA law requires the owner to provide temporary housing placement, pay moving and storage costs, and give the tenant the right to return. In cases of permanent displacement, existing law requires the owner to make significant relocation payments to the tenant, among other benefits. In some of these cases, the law also provides a right of return for the tenant if the owner later cures code violations and rebuilds. In practicality, these laws are difficult to enforce because of a lack of supports and incentives for homeowners to provide temporary relocation, cure the code violations, and ensure the tenant returns; challenges and delays at the permitting, planning, and construction phases of a project; and lack of coordinated temporary housing supply available to tenants experiencing sudden, disruptive displacement.

### Desired Outcome

To accomplish anti-displacement goals, we recommend that the City establish programs and dedicate resources aimed at helping homeowners prevent or proactively fix code violations that could otherwise require a tenant to vacate. To this end, we recommend that stakeholders create policies and marshal resources to proactively eliminate vacancy-inducing violations in such a way that occupancy is not disrupted. See **Amnesty Program** (Strategy #3) and **ADU Accelerator** (Strategy #6).

In cases where potential vacancy-inducing violations are not proactively eliminated and a code violation is issued, we recommend that stakeholders create policies and marshal resources to enable the homeowner to correct the violation while the tenants remain housed on site. If the City determines that the violations require tenants to vacate temporarily (30 days or less), we recommend that incentives and resources be established to ensure that the homeowner corrects the vacancy-inducing violations quickly, that the tenants are housed temporarily in sufficient housing, and that the tenants are able to return to the residence promptly. See **Temporary Housing** (Strategy #5) and **ADU Accelerator** (Strategy #6).

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[https://communityinnovation.berkeley.edu/sites/default/files/yes\\_in\\_my\\_backyard\\_mobilizing\\_the\\_market\\_for\\_secondary\\_units.pdf?width=1200&height=800&iframe=true](https://communityinnovation.berkeley.edu/sites/default/files/yes_in_my_backyard_mobilizing_the_market_for_secondary_units.pdf?width=1200&height=800&iframe=true)



If the City determines that the violations require tenants to temporarily vacate and that the work required will take more than 30 days, we recommend that policies, incentives and resources be established and enforced to ensure that the homeowner corrects the vacancy-inducing violations quickly, that the tenants are housed temporarily in sufficient housing and provided other required relocation benefits, that the tenants are given the right to permanently occupy another comparable available unit if possible and desired, that the unit preferably be in EPA or a neighboring jurisdiction, and that the tenants are able to return to the residence as soon as possible if alternate permanent housing is not provided. See **Temporary Housing** (Strategy #5) and **ADU Accelerator** (Strategy #6).

In cases where a tenant is required to vacate for longer than 30 days and the homeowner at any point thereafter chooses not to correct the violations and instead terminate the tenancy, we recommend that the City establish mechanisms to ensure that the tenant receives relocation benefits required under existing law in order to prevent homelessness. We also recommend that the City amend existing law as needed to clarify that if, at a later date, the owner changes course and decides to correct the violations and rebuild, the owner would be required to offer the displaced tenants the right to return at rent substantially the same as the rent previously paid.

Besides the detailed tenant protection actions described below, displacement pressures can be reduced through the prompt engagement of a case manager in the **Support System** (Strategy #2), a streamlined process for the homeowner completing a legalization in the **ADU Accelerator** (Strategy #6), and **Financial Resources** (Strategy #10) that include contingent deed restrictions for affordability.

## Detailed Actions and Examples

### *Actions to Avoid Displacement In Certain Situations.*

#### **Suspension of code enforcement during legalization process**

In situations where a code violation has been issued and legalization is officially being pursued through the submission of a building permit application (whether via a formal Amnesty program or otherwise), suspension of further code compliance and non-habitability should occur to keep a tenant in place since code compliance would be incorporated into the permit approval and building inspection process.

We believe this change can be realistically enacted by City staff within 6 months of this report.

### *Actions to Facilitate Temporary Housing for Displaced Tenant.*

## Emergency tenancy ordinance

The City could adopt a “Good Samaritan Tenancy” Ordinance<sup>27</sup> to facilitate the Master Lease program proposed in **Temporary Housing** (Strategy #5), whereby a displaced tenant could enter into a “Good Samaritan Tenancy” of up to 12 months, extendable up to a maximum of 24 months, with a good Samaritan landlord at a reduced rent, i.e., a rent no more than 10% greater than the rent the displaced tenant was paying at the now uninhabitable unit. The tenant would be allowed to end the tenancy and return to the unit from which they were displaced if and when that unit is ready to be inhabited. If the tenant remains at the new unit at the end of the “Good Samaritan Tenancy”, the landlord can choose to either evict or raise the rent to market, subject to certain conditions.

This approach would require temporary landlords to opt in, and might require a finding that a human-induced red tag displacement is similar in effect to a natural disaster-induced red tag displacement. We believe this ordinance can be realistically adopted by City staff within 1 year of this report; however, certain provisions may require a ballot measure<sup>28</sup>.

### ***Actions to Ensure that Tenants Receive Relocation Benefits Required by EPA Municipal Code.***

## Temporary relocation assistance program

Where a tenant is temporarily displaced due to a red-tag, EPA law requires the ADU owner to pay temporary relocation expenses and allow the displaced tenant to return once necessary repairs are made<sup>29</sup>.

**Option 1. Avoid the need for funds.** The need for this program could be avoided in most cases by passing a “Good Samaritan Tenancy” Ordinance, discussed above, and identifying temporary landlords willing to enter into a tenancy pursuant to this new Ordinance.

**Option 2. City-funded temporary relocation expense program.** This proposed program is adapted from the City of San Mateo’s tenant relocation assistance ordinance<sup>30</sup>. Where the ADU owner cannot temporarily house a tenant in an alternate unit that the owner owns, current EPA

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<sup>27</sup> <https://sfrb.org/topic-no-990-good-samaritan-tenancy-information>

<sup>28</sup> A “Good Samaritan Ordinance” would likely require an amendment to EPA’s Rent Stabilization Ordinance (“RSO”) to add a “cause” for “failure to vacate at the expiration of a Good Samaritan Tenancy.” An amendment to the RSO would require a ballot measure.

<sup>29</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT14HO\\_CH14.02T\\_EPR\\_14.02.130TERE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT14HO_CH14.02T_EPR_14.02.130TERE)

<sup>30</sup> <https://www.cityofsanmateo.org/DocumentCenter/View/69846/Ordinance-2019-6-Tenant-Relocation>

law<sup>31</sup> requires the owner to pay for temporary housing elsewhere, and for the tenant to continue paying the contracted rent to the owner. A City-administered temporary relocation expense program should be applied in cases where the ADU owner cannot afford to offset the tenant's rent expense at the temporary relocation unit as required by law. The City would pay this cost to the temporary landlord and create a loan with the ADU owner. The ADU owner could then enter into a repayment plan with the City. The City could either allow the ADU owner unit to pay the debt over time, with interest, or place a lien on the property, to be repaid at time of refinance or sale of property. The City could cap the maximum amount it would pay by ordinance. If the City created a cap, alternate funding may be required to pay the offset (see Option 3, below). A nonprofit lender could also replace the City in this role.

**Option 3. Subsidized temporary relocation expense program, likely used in conjunction with Master Lease Program (Strategy #5).** Where the ADU owner cannot temporarily house the tenant in an alternate unit that the owner owns, current EPA law<sup>32</sup> requires the owner to pay for temporary housing elsewhere, and for the tenant to continue paying the contracted rent to the owner. With this program, the displaced tenant would pay the ADU owner the regular, contracted rent. The ADU owner would in turn pay that rent to the Master Lessee. The Master Lessee would in turn pay the total rent to the temporary landlord (the Master Lessor), including the amount received from the displaced tenant via the ADU owner, plus whatever additional amount is required under the Master Lease. The Master Lessee would receive funding through public, private, and/or public-private funding sources to subsidize this offset and would either pass the cost on to the ADU owner in the form of a loan or would pay the cost itself.

**Option 4. City Program to offer grants to red-tagged homeowners.** In March 2019, the City of Menlo Park established a community housing fund<sup>33</sup>, administered by Samaritan House South, to provide relocation assistance payments to Menlo Park residents facing displacement from their rental units for reasons not addressed by the City's tenant relocation assistance ordinance that went into effect at that time. This fund was established through the City Council's allocation of one-time initial funding of \$100,000 from the general fund, with the expectation that private community donations will be contributed to the community housing fund to leverage the City's initial commitment. EPA could set up a similar program that would be used to cover the monthly offset (the difference between the contracted rent the displaced tenant pays and the amount that the temporary landlord charges for rent) that the ADU owner is required to pay for temporary housing under EPA law.

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<sup>31</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT14HO\\_CH14.02T\\_EPR\\_14.02.130TERE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT14HO_CH14.02T_EPR_14.02.130TERE)

<sup>32</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT14HO\\_CH14.02T\\_EPR\\_14.02.130TERE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT14HO_CH14.02T_EPR_14.02.130TERE)

<sup>33</sup> <https://www.menlopark.org/DocumentCenter/View/21445/G2-201905007-Sam-House-TRO-CC>

We believe a temporary relocation assistance program featuring one or more of these options can be realistically implemented by EPA City staff within 1 year of this report.

### **Permanent relocation assistance program**

Where a red-tagged ADU owner opts not to bring the unit into compliance such that the displaced tenant can reoccupy the unit at a future date, temporary relocation benefits may not be the suitable response. EPA Municipal Code Section 14.02.130(G)<sup>34</sup> allows the ADU owner to terminate a tenancy after 30 days in situations where the ADU owner opts not to bring the unit into compliance. However, in this case the ADU owner is obligated to pay permanent relocation expenses pursuant to EPA Municipal Code Section 14.08.060<sup>35</sup>. These relocation expenses routinely equal more than \$12,500 per displaced adult. Further, pursuant to applicable EPA law, the tenant may have a right to return should the ADU owner reverse course and rebuild in the future<sup>36</sup>. We recommend that the City amend existing law to make crystal clear that if, at a later date, the owner changes course and decides to correct the violations and rebuild, the owner would be required to offer the displaced tenants the right to return at rent substantially the same as the rent previously paid.

In many cases, the ADU owner does not pay relocation expenses as required by EPA law. Similar to Option 2 described in the temporary relocation assistance program section above, we recommend that the City adopt an ordinance that allows the City to pay the relocation expenses and then collect that debt from the ADU owner. The City could either allow the ADU owner to pay the debt over time, with interest, or place a lien on the property, to be repaid at time of refinance or sale of property. The City could cap the maximum amount it would pay by ordinance. If the amount the City pays to the displaced tenant does not equal the amount owed by law, the displaced tenant could pursue other legal means to recoup the remaining amounts from the ADU owner. The City of San Mateo has an ordinance that EPA could adapt to suit local needs<sup>37</sup>.

We believe this program can be realistically implemented by City staff within 1 year of this report.

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<sup>34</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT14HO\\_CH14.02TERE\\_14.02.130TERE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT14HO_CH14.02TERE_14.02.130TERE)

<sup>35</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT14HO\\_CH14.08WIUN\\_14.08.060MIADIMDIPE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT14HO_CH14.08WIUN_14.08.060MIADIMDIPE)

<sup>36</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT14HO\\_CH14.08WIUN\\_14.08.040RERECOWIAC](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT14HO_CH14.08WIUN_14.08.040RERECOWIAC)

<sup>37</sup> <https://www.cityofsanmateo.org/DocumentCenter/View/69846/Ordinance-2019-6-Tenant-Relocation>

# 5. Temporary Housing

## Background

As noted in **Tenant Protections** (Strategy #4), existing EPA law requires owners to provide temporary housing placement and gives tenants the right to return once the owner cures the code violations. In practicality, the laws are difficult to enforce for a variety of reasons, including lack of coordinated temporary housing supply available to tenants experiencing sudden, disruptive displacement. Currently, most tenants who are displaced end up finding temporary housing privately by staying with friends or family in the area. Each month, case management staff from Samaritan House estimates that there are approximately 1-2 tenant households that are unable to identify temporary housing options on their own.

## Desired Outcome

As a result, we propose the creation of a small, coordinated supply of temporary housing options (master leases, home sharing, ADU rentals, etc.) to assist households who find themselves in these difficult situations. In the unfortunate event that a code violation forces tenants in an unpermitted unit to be displaced, the household in question should be provided the immediate option of nearby short-term housing. This will require a specified number of units made permanently available for this purpose, as well as coordination with case management support for the tenant to minimize disruption to the household and streamline their return to long-term housing. To provide adequate support to tenants, this strategy must be coordinated with **Tenant Protections** (Strategy #4) and the case manager role outlined in **Support System** (Strategy #2).

## Detailed Actions and Examples

### Master leasing

A nonprofit housing provider should explore master leasing partnerships with private landlords.

**Option 1. Multifamily units.** Potential landlords with multifamily units in their portfolio in EPA would be explored. As an example, a nonprofit could enter into short-term master lease with a temporary landlord. The nonprofit would pay market rent to the temporary landlord, with the original ADU owner paying rent received from the displaced ADU tenant to the nonprofits. This would likely require the nonprofit to offset the cost difference between the rent the tenant has been paying the ADU owner for the original ADU and the cost of the new multifamily unit that is being rented from the temporary landlord. This difference would likely be in the range of \$1,000 to \$1,500 per month, which the nonprofit would need to raise **Financial Resources** (Strategy #10) for. Alternatively, as explored in **Tenant Protections** (Strategy #4), the City might also set

up a loan program for the owner to borrow funds in order to pay the nonprofit the full cost of the rented unit, and that loan could either be repaid or converted to a lien to be paid off upon refinance or sale of the property. The nonprofit would only agree to be the “Master Lessee” for the period of time from displacement to when the ADU is ready to be inhabited again. If at that point the tenant does not want to move back in, the ADU owner would terminate the tenancy, and the nonprofit would cancel the master lease. At that point the displaced tenant would be a tenant of the temporary landlord, subject to all terms and conditions of a tenancy with the temporary landlord including the market rent that the Master Lessee had been paying up to that point. The previously described Good Samaritan Tenancy Ordinance would facilitate this situation by ensuring that the landlord has the right to just cause eviction or market rents for temporary tenants after the specific temporary housing assistance period.

**Option 2. Single family units.** Family Promise of Lawrence<sup>38</sup> in Kansas offers an interesting model that involves master leasing properties that are then sponsored by local churches or other community sponsors to provide temporary or transitional housing opportunities in the local community.

**Option 3. ADUs.** One or more ADUs could be made available as a master lease for temporary housing through EPA CAN DO or another partner nonprofit. If we are successful at streamlining ADU production, then it would be likely be feasible for an ADU developer to plan for the setting aside of some ADUs for this purpose.

One seemingly unrelated anecdote may be insightful here. St. John’s Regional Health Center<sup>39</sup> in Springfield, Missouri was experiencing significant performance challenges in its 22 operating rooms because of unscheduled emergency surgeries that were regularly inserted into existing block schedules, leading to complex rescheduling of other operations. One staff member suggested setting aside one of the 22 ORs to be entirely unused except for emergency surgeries, which most considered to be an inefficient strategy. However, this “add-on” OR ended with 60% utilization, and more importantly, significantly streamlined performance throughout the rest of the system. Returning to our temporary housing situation, the existing stock of rental units throughout EPA may inefficiently accommodate unpredictable inflows of temporarily displaced tenants, even though it would appear that there is always a natural vacancy rate throughout the market that can be leveraged. Setting aside entire units to be master-leased to a nonprofit for the express purpose of providing temporary housing assistance may, at first glance, appear to be an unnecessary removal of units from the market, but after testing may, like the hospital example, turn out to be surprisingly effective. The key management question would become the right number of units to be master-leased to match the scale of temporary housing assistance need at any given time.

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<sup>38</sup> <https://lawrencefamilypromise.org/programs/temporary-housing/>

<sup>39</sup>

<http://www.ihl.org/resources/Pages/ImprovementStories/ImprovingSurgicalFlowatStJohnsRegionalHealthCenterSpringfieldMOALeapofFaith.aspx>

We believe this program can be realistically implemented by nonprofits and landlord partners within 2 years of this report.

## Homesharing

HIP Housing<sup>40</sup> is currently the lead provider of homesharing services in San Mateo County. They are open to discussing the master leasing of a few units in their multifamily housing buildings, but their homesharing programs are designed to be long-term housing solutions so are not an ideal fit. They are exploring more of the ADU space in general and very open to exploring more options.

One possible alternative is to explore options with members of the faith community in EPA to see if temporary homesharing options might be a possibility through their congregations. For instance, there may be members of the congregation who are not interested in homesharing on a permanent basis, but they may be willing to rent out a room or dwelling unit on a short-term basis to help an individual or household that is experiencing sudden, disruptive displacement.

We believe this program can be realistically implemented by nonprofits and the faith community within 2 years of this report.

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<sup>40</sup> <https://hiphousing.org/>

# 6. ADU Accelerator

## Background

Though new legislation unlocks the housing capacity of existing land thanks to unlocking barriers to ADU development, it is still difficult for many homeowners to navigate the full path to project completion. The process of building an ADU includes several distinct phases for residents interested in adding a backyard unit:

1. **Eligibility/Feasibility Assessment:** Basic housing counseling along with determining what can be built on a given lot. This primarily pertains to zoning code restrictions like minimum setbacks, but other factors can also change the scope of work anticipated:
  - a. Whether or not the property is within the special flood hazard area (SFHA), and what steps must be taken to mitigate flood risk
  - b. Physical constraints like heritage trees, providing independent access to the new unit, and severe ground slopes
  - c. Power lines or other vertical hazards that would determine what construction methods (like site-built or modular) are feasible
2. **Financial Planning:** Educating homeowners on what funding options they have to pay for an ADU, including new and existing financial products
3. **Planning and Building Submission Preparation:** Trusted architects, surveyors, appraisers, engineers, contractors will be needed to prepare ADU planning and building submissions for the unit to be approved by City staff
4. **Identifying and Hiring Construction Professionals** to perform the work for a reasonable price
5. **Project Management:** Coordinating construction activities (on- and/or off-site) from project inception through completion and move-in

For many homeowners, each of the above phases presents nontrivial challenges that they may not have encountered before. The process from beginning to end can be confusing and time-consuming, with high risk for potential projects to be abandoned or homeowners to be left stranded at any given stage. Not only does this lead to wasted time and money, but it means that the broader community does not benefit from the additional housing that could have been built.

For city staff, on the other hand, inconsistency and repetition of similar mistakes across different projects can absorb substantial staff time and put further strain on their relationships with residents submitting plans again and again. If plan submissions were more predictable and routinely screened before reaching the planning and building divisions, they could better manage and execute on approval deadlines without compromising their quality of work.



## Desired Outcome

An ADU Accelerator program should be implemented that can offer homeowners trusted guidance throughout each phase of development. Those looking to expand their property's housing capacity should be well-informed and well-equipped to follow through with their project without being surprised or overwhelmed.

City staff should have a reduced load thanks to a screening process that will provide more consistency in plan submissions so they can better manage internal deadlines. They can be more efficient with their time while maintaining the confidence that approved ADU projects through the Accelerator program are designed and built to meet all modern standards.

## Detailed Actions and Examples

### ADU project development assistance

To assist homeowners looking to know the feasibility of an additional unit on their property, an online web tool could be used to automatically determine eligibility. Symbium<sup>41</sup> provides such a service and will be rolling out to all jurisdictions in San Mateo County in early 2020 (pending interpretation of the new state regulations).

Though Symbium's web tool is powerful and offers a promising way for homeowners to learn more about their lot's potential, additional assistance in the form of **project management support** could be provided to turn lot eligibility analysis into actual plan submittals. This might occur in the form of the Hello Housing One Stop Shop<sup>42</sup>, EPA CAN DO ADU Navigator<sup>43</sup>, or an Owner-Builder Workshop<sup>44</sup> that would be linked also to the case manager position outlined in **Support System** (Strategy #2) and the strategies for **Workforce Development** (Strategy #9). To design a new ADU and draw up plans from scratch can cost an individual homeowner upwards of \$5,000. Having available plans and templates for planning and building submissions — pre-filled with the most consistent, pertinent information and design criteria — can avoid early cost burdens on residents looking to build additional housing. They serve to support DIY homeowners with most of the planning and building submission details for the City and add predictability for any organization helping a homeowner through the process as well.

As early projects are approved and built, the ADU Accelerator can even directly provide these templates for re-use without any additional effort from city staff. The re-use of well-designed and

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<sup>41</sup> <https://build.symbium.com/>

<sup>42</sup> This is a pilot program with the County of San Mateo that City of EPA has already committed to participating in: <https://www.hellohousing.org/innovation/bright-in-your-own-backyard/>

<sup>43</sup> EPA CAN DO is just developing its Navigator program, using Soup to help train these navigators to provide project management assistance - <https://epacando.org/> & <https://soup.is/>

<sup>44</sup> This is currently not housed by any single nonprofit, but could be a workshop provided by a collaborative of community partners, possibly offered in conjunction with the City of EPA.

well-formatted plans could further benefit local officials by providing consistency across project submissions and minimizing the likelihood that repeated errors will continue to surface and absorb their limited time. Ultimately, this would make ADU projects less cost- and time-intensive for homeowners and plan reviewers alike, particularly in the early phases of project planning.

Templates would still require some degree of tempering to meet unique site conditions and work with existing site plans, however. A team of designers and/or plan drafters could be sourced either from local professional networks or even trained in partnership with nearby educational institutions. Even 1-2 staff members with marginal experience with design tools would be able to complete and submit queued plans with high efficiency to reduce the initial burdens on homeowners that are more interested in moving their project forward than creating unique stylized designs.

This idea is already being pursued by several other jurisdictions and organizations in and outside of San Mateo County<sup>45</sup>. We believe this program can be realistically implemented by nonprofits within 1 year of this report.

### **Bi-weekly, multi-department design review of bundled ADU projects**

All projects submitted for review should be queued and assessed at once in a bi-weekly meeting that includes all necessary permit reviewers and project support staff. Meeting regularly will ensure a collaborative team approach to avoid procedural overlap and conflicts. All partners — including the nonprofit case manager and other relevant stakeholders — collectively reach clearly-defined positive outcomes for each project. Any unique project conditions can be triaged and prioritized at once and with the agreement of all parties before being ministerially approved. This can also improve the likelihood that project owners remain beholden to EPA laws regarding tenancy and permanent relocation.

Especially in the early projects whose plans are submitted during and immediately after the transition to the new state regulations for ADUs, this meeting can highlight prominent points of legislative ambiguity that require further interpretation. It would also minimize the need for more than one re-submission and eventually lower the rate of re-submissions altogether. This is because the staff's feedback could be continuously incorporated into the future projects filtered through the Accelerator program.

We believe this system can be realistically implemented by City staff and nonprofit partners within 1 year of this report.

### **Alternatives to professional appraisal**

One challenge noted by project managers has been the City's requirement for a professional appraisal to demonstrate that the proposed project cost for an improvement (internal or attached ADU) is less than 50% of the existing structure's value. The allowance of alternative methods of

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<sup>45</sup> See Encinitas Permit-Ready ADU Program: <https://encinitasca.gov/pradu>

reporting existing structure value can save precious time in the project development pipeline, and FEMA's own documentation suggests possible allowable alternatives.

The City's garage conversion handout notes:

***My property is located in the flood zone. Are there any other requirements for a garage conversion?*** Yes. An appraisal report and a detailed cost estimate shall be submitted per the EPAMC15.52 requirements of 50% or more of the value of the structure (Floodplain Management). The appraisal report shall clearly show the value of the main structure (not including the value of the land). The detailed cost estimate shall include total value of work (materials and labor), for which the permit is being used (such as electrical, gas, mechanical, and permanent systems).<sup>46</sup>

EPA Municipal Code 15.52 does not include any specific requirements for a professional appraisal. The only related information is from 15.52.040.VV:

- *"Substantial improvement" means any reconstruction, rehabilitation, addition, or other proposed new development of a structure, the cost of which equals or exceeds fifty (50) percent of the market value of the structure before the start of construction of the improvement. If multiple or phased improvements are involved, total costs shall be cumulative for a five consecutive year period prior to the start of construction. This term includes structures which have incurred substantial damage, regardless of the actual repair work performed. The term does not, however, include either:*
  - *Any project for improvement of a structure to correct existing violations or state or local health, sanitary or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions; or*
  - *Any alteration of a historic structure listed on the National Register of Historic Places or a state inventory of historic places, provided that the alteration will not preclude the structure's continued designation as a historic structure.*<sup>47</sup>

FEMA's own guidance for local officials says the following:

*Acceptable estimates of market value can be obtained from these sources:*

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<sup>46</sup> <https://www.ci.east-palo-alto.ca.us/Archive/ViewFile/Item/440>

<sup>47</sup> [https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT15BUCO\\_CH15.52FLMA\\_15.52.040DE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT15BUCO_CH15.52FLMA_15.52.040DE)

- *An independent appraisal by a professional appraiser. The appraisal must exclude the value of the land and not use the “income capitalization approach” which bases value on the use of the property, not the structure.*
- *Detailed estimates of the structure’s actual cash value— the replacement cost for a building, minus a depreciation percentage based on age and condition. For most situations, the building’s actual cash value should approximate its market value. Your community may prefer to use actual cash value as a substitute for market value, especially where there is not sufficient data or enough comparable sales.*
- *Property values used for tax assessment purposes with an adjustment recommended by the tax appraiser to reflect current market conditions (adjusted assessed value).*
- *The value of buildings taken from NFIP claims data (usually actual cash value).*
- *Qualified estimates based on sound professional judgment made by the staff of the local building department or tax assessor’s office.*

*Some market value estimates are often used only as screening tools (i.e., NFIP claims data and property appraisals for tax assessment purposes) to identify those structures where the substantial improvement ratios are obviously less than or greater than 50 percent (i.e., less than 40 percent or greater than 60 percent). For structures that fall in the 40 percent to 60 percent range, more precise market value estimates are sometimes necessary.<sup>48</sup>*

While a professional appraisal is certainly the most accurate option to demonstrate that an improvement project is under 50% of the existing structure value, it may be time and cost-prohibitive for many of the low-income homeowners we are concerned about. Given that FEMA explicitly provides local officials with flexibility in how this market value is determined, even supporting the use of “sound professional professional judgment made by the staff of the local building department or tax assessor’s office”, we recommend that the City allow for the following two options to be made available to homeowners submitting internal or attached ADU projects, and to be accepted by planning staff:

1. Use of the latest recorded improvement value (structure value) from the San Mateo County Office of the Assessor. In particular, we propose that local nonprofits, in partnership with the City, request and receive access to the full secured assessment roll, so that these values can be automatically used and verified in any project submittal. If the homeowner believes that a professional appraisal would more accurately identify a market value that is higher than the Assessor’s recorded improvement value, which may enable the homeowner to complete a more costly renovation without triggering flood upgrades, then the onus is on the homeowner to pay for that professional appraisal. But

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<sup>48</sup> [https://www.fema.gov/pdf/floodplain/nfip\\_sg\\_unit\\_8.pdf](https://www.fema.gov/pdf/floodplain/nfip_sg_unit_8.pdf)

this option would, for most cases, streamline small conversion projects for disadvantaged homeowners.

2. Use of a Zillow Zestimate<sup>49</sup>, with a reduction factor selected by the City to estimate the structure value. The Tax Assessor's Office often uses a simplifying assumption of 50:50 to split the last sales price to land value and improvement value. Given that such a method is likely to overestimate the structure value, we would support working with the City to decide on a different reduction factor which is consistently applied to all Zestimates.
3. Use of written local real estate broker opinions based on their experience and thorough knowledge of market conditions.

We suggest that guidance be added to all public documents about building projects that involve improvements to existing structures, indicating that the two options listed above, along with a professional appraisal, are to be accepted by the City, and that the checklists that planning department staff and any third party contractors use be updated to observe this change. We believe these changes can be realistically enacted within 6 months of this report.

### Study of possible prescriptive engineered foundation options

One of the difficulties reported by nonprofits supporting local homeowners through an ADU project is the requirement for a Geotechnical/Soils Report, which adds additional cost to what is meant to be a small-scale building project in the backyard of an existing home. Further, it is believed that the added cost of determining via a structural engineering consultation how strong the foundation needs to be is much more than the extra cost of building the strongest foundation that would ever be required.

For homeowners and project managers who are willing to trade-off the potential cost savings associated with an optimized foundation and wall design (based on the work of a geotechnical engineer and structural engineer) with the immediate savings of cost and time associated with being able to select prescriptive design options for the most stringent possible design conditions, we propose that the building department accept the following voluntary selections by the homeowner in lieu of a Geotechnical/Soils Report:

- Design for Seismic Design Category D<sub>2</sub>, which enforces the most stringent seismic reinforcing in concrete footings (EPA Municipal Code 15.10.030<sup>50</sup>), shear wall length requirements (EPA Municipal Code 15.10.050<sup>51</sup> and R602.10.3(3)<sup>52</sup>).

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<sup>49</sup> <https://www.zillow.com/zestimate/>

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[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT15BUCO\\_CH15.1\\_0RECO\\_15.10.030COCO](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT15BUCO_CH15.1_0RECO_15.10.030COCO)

<sup>51</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT15BUCO\\_CH15.1\\_0RECO\\_15.10.50TAR63AMRAREBASEDECA](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT15BUCO_CH15.1_0RECO_15.10.50TAR63AMRAREBASEDECA)

<sup>52</sup> <https://ia801201.us.archive.org/12/items/gov.ca.bsc.title24.2016.02.5/gov.ca.bsc.2016.02.5.pdf>

- Design for expansive soils, which enforces the most stringent concrete foundation geometries (EPA Municipal Code 15.10.040<sup>53</sup>)

We suggest that guidance be added to all public documents about building projects that involve new foundation work, indicating that a note on the submitted site plan with the above selections are to be accepted by the City, and that the checklists that building department staff and any third party contractors use be updated to observe this change. We believe these changes can be realistically enacted within 6 months of this report.

### **Credit card payment option**

Particularly for homeowners shepherded through the ADU Accelerator program, many projects will likely be managed by nonprofits and other local community organizations. For individual families and especially for institutions such as these, cash-only payment options for plan submittals is an unnecessary barrier. Offering a choice for payment with a credit or debit card is a small but influential way to make it easier for homeowners and project managers to submit, approve, and start building more housing. We believe these changes can be realistically implemented by City staff within 6 months of this report.

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[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=TIT15BUCO\\_CH15.10RECO\\_15.10.040SER4AMOUEXSO](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=TIT15BUCO_CH15.10RECO_15.10.040SER4AMOUEXSO)

# 7. Regulatory Reform

## Background

Despite new state legislation, local regulations still act as barriers to project eligibility. And even within the progressive new laws, ambiguous and/or conflicting language requires direction from City staff to interpret and contextualize to EPA. Though it is possible state lawmakers release clean-up legislation on the points of contention, the City of EPA can choose the progressive interpretation on all salient points. This would allow them to avoid being forced to revisit and revise local regulation if and when the state determines the more liberal interpretations apply (which, given the trending theme of the momentous new bills, seems likely anyway).

Additionally, inconsistency and obscurity in the existing planning approval process can lead to sets of plans that are submitted and rejected repeatedly despite addressing former comments from City staff. Reasons could include complicated language on specific topics or simply the habits of different staff members, the latter issue exacerbated by intermittent staff turnover. Whatever the reason, this can unpredictably extend project timelines, inflate budgets, and frustrate homeowners whose additional units could help address a vital community need.

Both of these challenges are also crucial opportunities for the City to resolve a chronic point of tension between local government and community members. Addressing long-standing concerns and embracing cooperation between staff and residents with progressive regulatory reform are crucial in restoring the public faith and trust in local government.

From our 11/9 teach-in, we received the following resident feedback:

- “No clear direction from planning for addition or ADU. Fear of retaliation”
- “Equity permits or space rent for all Local small business in food retail and medicine”
- “Need clear guidance in planning with city regulations”

## Desired Outcome

EPA staff should make explicit decisions on their interpretation of the new state regulations regarding ADUs. Also, they should improve the transparency and consistency in the planning approval process for ADU submissions.

## Detailed Actions and Examples

### Updated local ADU ordinance

A model ADU ordinance template will be available to the City through 21 Elements. In addition, the City should support a *participatory* process allowing input from the Task Force and



community regarding the local regulations. The changes to the existing ADU development codes in EPA<sup>54</sup> should match and go beyond the state legislation to help streamline and set clear criteria for conditions of approval. In this way, we can address any gray areas in the incoming regulations to unlock much-needed housing potential of EPA properties while still ensuring that their new minimums are adapted to the local context with the direct input of the community itself.

More broadly, the City of EPA has an opportunity to continue taking a progressive lead among Bay Area municipalities and set the tone for inclusive housing growth for years to come. Improving the agency of the vibrant community to build additional housing is an effective way to address a critical local need without stressing the city's limited resources. We believe this ordinance can be realistically updated by City staff within 6 months of this report.

### Bedroom project standards

While new state legislation has greatly loosened local zoning restrictions on various kinds of ADU projects, it's possible that a simpler kind of project, the creation of a new bedroom for the primary residence, may still be subject to existing local zoning restrictions. However, the Task Force strongly believes that bedroom conversions and additions in the EPA community help to achieve the same goals of housing affordability and anti-displacement as ADUs, and in many situations where a homeowner would like to provide housing to a family member, new bedrooms that share an existing kitchen can be just as practical if not more desirable than a fully standalone ADU. Therefore, to preserve the spirit of ADU legislation, we propose the following amendments to the EPA Development Code and other policies, independent of an update to 18.96 on ADUs (previous recommendation):

- **EPA Development Code 18.30.050<sup>55</sup>, Off-Street Parking Requirements:** An exception should be added that no parking spaces need to be provided for any project in which new bedrooms are added to an existing residential parcel, including a guest house. Even more specifically, no parking spaces need be added or replaced for a project in which an existing garage is converted to a bedroom (matching amendments to state law 65862.2 for ADUs). Note that EPA Development Code 18.30.050 Table 3-1 still has a requirement for 1 parking space per ADU which has been superseded by state law since 2017.
- **EPA Development Code 18.10.030<sup>56</sup>, Development Standard for Residential Zones:** An exception should be added such that side and rear yard setbacks for any project in

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[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018\\_TIT18DECO\\_ART7PEPRPR\\_CH18.96ACDWUN](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018_TIT18DECO_ART7PEPRPR_CH18.96ACDWUN)

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[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018\\_TIT18DECO\\_ART3REAPALZO\\_CH18.30OREPALO\\_18.30.050OREPARE](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018_TIT18DECO_ART3REAPALZO_CH18.30OREPALO_18.30.050OREPARE)

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which new bedrooms are added to an existing residence, including a guest house, be a maximum of 4 ft (matching amendments to state law 65862.2 for ADUs). Site coverage, floor area ratio, open space, and minimum lot size requirements should also be waived for these projects.

- **EPA Development Impact Fees<sup>57</sup>**: Impact fees for any project in which new bedrooms are added to an existing residence, including a guest house, should be waived for projects under 750sqft (matching amendments to state law 65862.2 for ADUs). Note that this document will also need to be updated to reflect the update to ADU impact fees.

We believe these changes can be realistically enacted by planning staff within 6 months of this report.

### Revisiting requirements for units in the floodplain

There are many single-family lots in the floodplain in EPA. FEMA requires that new construction in these designated areas be elevated, which may result in single story ADUs rising above the height limit set forth by the development code (at 15ft in low density residential zoning). Height limits could be removed or amended to allow for a ministerial approval of an ADU height exception if a single story ADU is elevated purely in accordance with FEMA requirements. We believe these changes can be realistically enacted by planning staff within 6 months of this report.

### Fee structure reform

A simplified permit fee schedule should be implemented for ADUs. This could include reduced permit fees due to staff time saved in a streamlined approval process or as an incentive for a voluntary deed restriction agreement to guarantee affordability of the new unit. Permit fees should also be removed for eligible modular construction projects to match the requirements in the Factory-Built Housing Handbook (pursuant to HSC section 19981) provided by the Department of Housing and Community Development.<sup>58</sup>

It should be noted that the new state regulations automatically prohibit impact and development fees for any ADU projects under 750 square feet. We believe these changes can be realistically enacted by planning staff within 6 months of this report.

### Density rules for single-family properties

According to EPA Development Code 18.10 Residential - Low Density (R-LD) zoning, most R-LD parcels cannot be developed up to the dwelling unit per acre allowed. As it stands, only one unit is allowed in R-LD, meaning that the proposed maximum density of 12 units per acre is not achievable. For lots with enough buildable area, relaxing the restrictive one-unit maximum

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<sup>57</sup> <http://www.ci.east-palo-alto.ca.us/DocumentCenter/View/4299>

<sup>58</sup>

<https://www.hcd.ca.gov/building-standards/manufactured-modular-factory-built/factory-built-housing/docs/HCDFBH314.pdf>

on R-LD properties could unlock additional housing capacity without overstepping the existing density limits under the zoning code. This implies that this change would still preserve the character and intent of the original development codes. We believe these changes can be realistically enacted by planning staff within 6 months of this report.

### **Inclusionary housing ordinance in-lieu fee**

City staff have been preparing an inclusionary housing ordinance update in 2019, which, separate from ADU policy, is meant to increase affordable housing supply in EPA through agreements with multi-family housing developers, either to include affordability restrictions on some % of proposed housing units, or to satisfy alternative requirements like the payment of an in-lieu fee. In an update at the 10/15/19 City Council meeting, the following statement regarding relationship to ADUs was included by staff:

*During the outreach process, staff received several comments regarding how ADUs could be used to satisfy a project's inclusionary housing obligation. These comments are reflected in Attachment 3 [copied below]. At the September 23rd Planning Commission meeting, Commissioners advised staff to dedicate a section of the Inclusionary Housing Guidelines to ADUs as an Alternative Compliance Option.*

- *Has the City considered ADUs (off-site on property of interested homeowner) as a way to fulfill the 35% AMI inclusionary requirement? If you create a pipeline for that, this could be a way to get those units built.*
- *The City should not apply inclusionary requirements to ADUs because they add to the affordable housing stock.*
- *What if people are trying to permit formerly unpermitted ADUs? Would this apply to them?<sup>59</sup>*

Staff is currently drafting the Inclusionary Housing Guidelines, and has suggested that Task Force recommendations could be integrated into the draft with optimal timing. Our recommendations are as follows:

- Allow the development of ADUs on properties in EPA owned by the applicant as alternative compliance.
- Allow the payment of in-lieu fees into a designated ADU fund (e.g. the funds proposed in Strategy #10) as alternative compliance. The specific methodology should be determined alongside the general in-lieu fee, which staff notes will be performed by a consultant upon City Council's direction. We recommend that a fixed % of the paid in-lieu fee be directed by the City to the ADU fund automatically, subject to adjustments over time. This would ensure that every in-lieu fee paid by a developer benefits ADU development in some way, and that the City can maintain flexibility in how actively it

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<sup>59</sup> [https://www.ci.east-palo-alto.ca.us/AgendaCenter/ViewFile/Agenda/\\_10152019-1558](https://www.ci.east-palo-alto.ca.us/AgendaCenter/ViewFile/Agenda/_10152019-1558)

promotes ADU development relative to other affordable housing development opportunities.

- Exempt ADU projects from the inclusionary housing ordinance in-lieu fee, given that we are proposing other ways of incentivising affordable rents for ADUs (Strategy #10).

We believe these changes can be realistically enacted by planning staff within 6 months of this report.

## 8. Vehicle Management

### Background

The City provides the following overview of vehicle management issues on its website:

*The City of EPA is grappling with two significant problems: traffic and parking. EPA experiences severe traffic congestion because other Silicon Valley cities deliberately develop more jobs than housing units. This traffic creates significant problems in EPA as residents are stuck in regional traffic, and both regional and local traffic moves from the arterials to local streets, further creating congestion in the neighborhood.*

*EPA suffers from significant cut through traffic. 84% of the trips on University Ave. neither originate nor designate in EPA. EPA has the highest rates of asthma in the County. EPA also has among the highest transit propensities and highest rates of trips by pedestrians and bicycles in the County.*

*The causes for the parking crisis are multifaceted and complex, but include:*

- 1. Residents own multiple cars and have to park some of them on the street. Twelve percent (12%) of the total households in EPA have four or more cars, while only 8% of the total households in the County have four or more cars.*
- 2. Many garages are used for storage or have been converted into a living space and cannot be used to park a vehicle.*
- 3. EPA has large household sizes and large extended families.*
- 4. There is a high level of overcrowding in housing units in EPA. Approximately 32% of all housing units in EPA are overcrowded.*
- 5. The regional housing crisis has created a regional crisis with many people living in RVs and parking them on city streets. This is especially a problem at the end of Weeks Street and in the Ravenswood Business District.*
- 6. The Gardens Neighborhood has narrow streets and rolled curbs, both of which contribute to the parking crisis.*
- 7. The multifamily units on the Westside are under parked, with approximately one parking space per apartment unit.*
- 8. Neighboring cities prohibit overnight parking in neighborhoods adjacent to EPA.<sup>60</sup>*

The City hired Hexagon to assist with a Mobility Study, and they and the City have completed a variety of tasks, including counting of on-street parked cars in the Gardens which matches the limited results of our Teach-In survey, a mobility survey that has received over 400 responses,

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<sup>60</sup> <http://www.cityofepa.org/Mobility>

and other kinds of transportation analyses. At the 10/8/19 City Council meeting, the following summary about community response was provided:

*In summary, residents support:*

- *A neighborhood on-street parking permit program*
- *Shared use of church/business/park parking lots*
- *A parking permit program that would allow single family homes to block their own driveways*
- *A permit program that has an estimated cost of \$75 per year for the first permit and \$150 per year for a second permit*
- *No on-street parking from 6pm to 8 am except with a permit*

*Residents did not support:*

- *Removing overnight parking restrictions*
- *Converting one-way flow and prohibiting parking on sidewalks*

*Additional discussion should be initiated on the following:*

- *Whether or not there should be a maximum of two permits per dwelling unit*
- *Whether or not there could be a provision which allows 20-1 day permits per dwelling unit at \$2 each (this would allow for visitors and caregivers to get temporary permits as needed-costs could be evaluated and changed if supported by residents)<sup>61</sup>*

From our 11/9 teach-in, we received the following resident feedback:

- “Partner with employees to provide vehicles.”

## **Desired Outcome**

Not all the issues identified in the Mobility Study project have to do directly with ADUs (e.g. cut-through traffic on University which places a significant burden on all EPA residents’ mobility and health), but any efforts to increase the supply of second units will have some impact on local parking. We also have to reckon with the current parking congestion that has been produced through the existing overcrowding in EPA’s neighborhoods, which relates to the prevalence of unpermitted second units. Fundamentally, EPA’s workforce is highly car-dependent, and until more systematic transit solutions can be implemented, the suburban neighborhoods where residents live will suffer from car congestion. As we move forward with the nonetheless important goal of reducing displacement and increasing affordable housing options for the community, we should also take steps to mitigate the impacts of second units on parking in particular, actively support the most effective solutions being considered through the Mobility Study, and engage the community in a holistic discussion about how housing affordability and transportation improvements can be a win-win. The greatest danger is for community members to gain a negative impression of accelerated ADU production because of its traffic impacts, such that the community begins to lose its support for new housing.

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<sup>61</sup> [https://www.ci.east-palo-alto.ca.us/AgendaCenter/ViewFile/Agenda/\\_10082019-1556](https://www.ci.east-palo-alto.ca.us/AgendaCenter/ViewFile/Agenda/_10082019-1556)

## Detailed Actions and Examples

### Increased front yard parking

EPA Development Code 18.30.080 states:

**3. Parking in front yard area.** *It is unlawful to park any vehicles in any front yard area of a single-family residential use other than the legal driveway.*

**4. Paved areas in front yard.** *Paved areas within the front yard, including the driveway and any walkways, shall not exceed 50 percent of the front yard area with the remaining area landscaped with live plant material. The use of pervious materials for driveways, walkways, patios, and outdoor living areas is strongly encouraged.*<sup>62</sup>

While the reasons for these ordinances are understandable as they relate to aesthetics and environmental quality, the reality for neighborhoods is that the same cars are simply spilling onto the streets, where they pose the same aesthetic impacts but may pose greater safety risks. We propose that Item #3 be removed from the Development Code, which would effectively enable residents to use up to 50% of their front yard for parking on pavement, and also enable residents to use permeable paver products on the other 50% of their front yard to park additional cars, if desired<sup>63</sup> (Item #4 could be updated with a clarifying note about the acceptance of permeable pavers that preserve live plant material).

This recommendation should be combined with the next recommendation below for a parking permit program, so as to prevent induced demand (where residents acquire even more cars per capita). Ultimately, a loosening of front yard parking is a critical buffer that enables a stricter on-street parking permit program, while preserving resident flexibility in how they adapt to the permit program. It is also an adaptive strategy that does not require significant public investment that would be wasted once car dependence naturally decreases in the future with transit improvements and emerging mobility technologies.

On a related note, the Mobility Study consultants have proposed an allowance of on-street parking that blocks driveways if the vehicle is registered to the same address, which they estimate would add 1,150 new spaces, a 50% increase in on-street parking capacity, in the Gardens Neighborhood. This idea was well-received by members of the public (suggesting that perhaps the previous recommendation about relaxed front yard parking, which was not explicitly

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<sup>62</sup>

[https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018\\_TIT18DECO\\_ART3REAPALZO\\_CH18.30OREPALO\\_18.30.080PAARDEMA](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018_TIT18DECO_ART3REAPALZO_CH18.30OREPALO_18.30.080PAARDEMA)

<sup>63</sup> A quick search on Home Depot's website yields the following option:

<https://www.homedepot.com/p/Techno-Earth-19-7-in-x-19-7-in-x-1-9-in-Green-Permeable-Plastic-Grass-Pavers-for-Parking-Lots-Driveways-4-Pieces-11-sq-ft-PAVER04/304583192>. Many other aesthetically pleasing options exist.

asked about in the Mobility Study meetings, might be similarly received). We believe this should also be approved by City Council, and these two similar measures will go a long way in alleviating the experience of parking congestion on EPA neighborhood streets.

We believe these changes can be realistically enacted by planning staff within 6 months of this report.

### **Residential parking permit program**

The Mobility Study consultants have proposed a pilot residential permit parking program in the Gardens Neighborhood that would allow a maximum of 2 permits per household to park on the street between 6pm and 8am, at least costing \$75 per year for the first permit and \$150 per year for the second permit. Residents at public meetings were in strong support of such a program, though further discussion is needed on the maximum count, and on the option of 1-day permits to provide to visitors.

Since there is already a robust discussion on this proposal, we merely express our support for such a program and contribute the following comments:

- As noted in the previous recommendation, a complementary set of loosened restrictions on how residents can choose to park in their front yard and in front of their driveway lessens the burden of this program on households with many working adults who depend on cars for commuting, while still having the effect of shifting behavior towards more responsible vehicle ownership. We would propose increasing permit costs as part of this bundled proposal.
- We propose clarifying whether a legal ADU is considered a separate household from the primary household, which would imply that a parcel with a second unit may collectively receive up to 4 permits. We believe it would be appropriate to consider a legal ADU a separate household, but in that case it may make sense to reduce the maximum per household to 1, which would encourage ADU legalization, or to make the second permit significantly more expensive. Alternatively, a formula based on the number of bedrooms in a dwelling unit, similar to parking space requirements, may be more equitable for working families. For example, each dwelling unit can have a maximum of 1 permit for up to two bedrooms, and a maximum of 2 permits for three bedrooms or more.
- We propose engaging community members in a discussion of the merits of a “cap and trade” style system in which households are allowed to “rent” their parking permits freely to neighbors. This would not change the policies that permits are issued to residents with a maximum limit, and that every permit be registered to specific residents, but explicitly allowing these permits to be used by anybody may enable productive sources of revenue for families who could benefit from renting out a scarce resource. (It’s possible that such use would naturally occur without explicit allowance.)

We believe this program, with the recommended features, can be realistically implemented by City staff within 1 year of this report.



## Shared parking on commercial lots

The Mobility Study consultants also proposed a Shared Parking program that would allow residents to park in church/business/public parking lots at night. This naturally would only be beneficial to certain residents who are within convenient walking distance from such locations, but we support such a program, and given our emphasis on collective efforts by nonprofits and businesses, we would recommend that our key partners take a lead in reaching out to property owners that may be able to participate in such a program. Practically, such a program could be easily administered by supplying property owners with the same permits as provided in the residential parking permit program, and allowing those property owners to rent these permits to residents.

We believe the pilot program can be realistically implemented by nonprofits and City staff within 1 year of this report.

## Improved transit and transit-oriented development

Any opportunities for improvements to Samtrans route service, or for the design of free community shuttle services (e.g. Marguerite), are strongly supported by the Task Force, as they may reduce the amount of car-dependence, and hence parking demand, in neighborhoods with high transit access.

We recommend exploring the possibility of incentives to encourage the development of ADUs in the parcels closest to the most accessible transit stops, such as Route 281, Route 280, Route 296, and Route 81 stops that take residents to job centers or major transit transfer stations like Palo Alto or Menlo Park Caltrain Stations. Every residential parcel in EPA already benefits from 2017 state legislation that removed parking requirements for any parcel within a half mile from transit, though this requirement does not practically change the reality of car-dependence in EPA. The parking permit program proposed above has a much more direct impact on car-dependence, and one could imagine that for neighborhoods with better transit access, residents should have more of an ability to shift their commute mode to transit, and we might even be able to nudge that behavior by having an even more restrictive parking permit policy (i.e. in a dense urban environment, where there are no parking options whatsoever, residents are significantly more likely to not own a car and to use transit). Our goal for the most transit-rich neighborhoods should be to encourage even more ADU development than average, while at the same time achieving lower car-ownership rates per household than average. We recommend studies by private sector partners of which exact parcels to consider (e.g. extremely strict criteria like 1/4 to 1/8 mile distance from specific transit stops or commercial office developments), and what incentives the City and nonprofit might collaboratively provide for developments on those sites (e.g. reduced or eliminated fees, free project management, loan assistance), and what parking disincentives to levy on those sites (e.g. no parking permits allowed for any household but the primary household on any parcel).



We believe these studies can be realistically conducted by nonprofits and City staff within 1 year of this report.

### Guidelines for RV parking and utilities

Building on the success of the City of EPA's Safe Parking Program<sup>64</sup>, we encourage the City to consider creating guidelines for RV parking and utility hookups on private residential properties. This could be a simple way to structure more opportunities to get RVs off the street and transition into safer, more stable housing options while serving as an alternative ADU option on residential properties in EPA. Creating a pathway for RV parking, utilities, and general living may provide another critical opportunity to provide **Temporary Housing** (Strategy #5) for displaced tenants or homeowners who may choose to live in an RV on the property or at a nearby property during while planning and renovations are being completed on their property.

RV parking rules vary throughout the State of California, typically limiting or not allowing people to live in RVs on a permanent basis. Nevada County<sup>65</sup> does provide guidelines for temporary occupancy of recreational vehicles on property not located within a mobile home park or a campground. This includes useful standards and considerations for site development, utility connections, DMV registration, and permitting that may be a helpful model to consider.

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<sup>64</sup> <https://www.projectwehope.org/mobile>

<sup>65</sup> <https://www.mynvadacounty.com/1454/Recreational-Vehicle-Use-Temporary-Occup>

# 9. Workforce Development

## Background

The rising demand to build new ADUs presents a unique opportunity to promote high quality jobs and growth for small local businesses, many of which are minority-owned enterprises in the formal and informal construction sector. Anecdotal evidence suggests that many of the unpermitted second units have been built by construction workers that lack the appropriate licenses, bonds, and insurance to perform the construction jobs in compliance with existing codes. In addition, many EPA and Belle Haven residents are licensed carpenters, electricians, roofers, or plumbers, many of whom have provided skilled labor for construction projects at St. Francis of Assisi Church in the last two years.

By providing the right investments for enhancing and certifying the construction and business skills of these workers, we can provide mutual benefits for homeowners and workers in the second unit market. Homeowners will have access to a pool of local trusted professionals while workers will have the opportunity to increase their financial security and economic opportunity by accessing the formal market for new and rehab second units. As their experience grows, contractors and laborers could potentially pursue larger residential and commercial projects in the broader construction industry.

In addition, the City of EPA has had historic issues with limited resources and staffing power, particularly in the planning and building division. For this and other reasons, staff turnover has exacerbated issues of delivering consistent, reliable, and cooperative service to local residents. Though the impending wave of additional units likely to be brought to the City for approval certainly presents additional challenges in this regard, it also offers a great opportunity to expand local representation and modern knowledge sector skills in EPA's City Departments.

The numerous programs suggested throughout this report will necessitate a wide variety of skilled and semi-skilled workers, including staff with an aptitude for financial literacy and program management. The positions required through the suggested programs also offer a strong foundation of transferable skills for those who might eventually look to expand into other roles across the knowledge sector.

## Desired Outcome

A pipeline of local and underrepresented licensed, bonded, and insured contractors should be well-equipped and trained to successfully bid for projects to rehab old and build new second units. We should leverage existing workforce development investments and programs, as well as make new investments, to strengthen the pipeline of local workers and businesses.

## Detailed Actions and Examples

### Community hiring hall

EPA can and should explore the implementation of a community hiring hall, like the program managed by PUSH Buffalo<sup>66</sup>, in partnership with other jurisdictions, to help bridge the demand for and supply of skilled workers and contractors to build and rehab second units. PUSH Buffalo is a nonprofit, with services which include purchasing and rehabilitating properties to develop affordable housing. Property rehab provides work opportunities for PUSH clients through the community hiring hall and construction trades training, while clients also receive social services support.

An EPA community hiring hall would include training local and underrepresented general laborers to successfully bid and secure contracts to rehab old and build new second units. Existing contractors could be educated on best practices to build their capacity, including but not limited to: getting licensed, scaling up business operations, and navigating financing, bonding, and insurance, among other business needs. The hiring hall can also advocate for inclusive hiring and procurement policies in the City. We believe this program can be realistically implemented by nonprofits and City staff within 2 years of this report.

### City employee career path

The planning and building division can host services outreach to promote careers with the City that do not require a 4-year degree but instead can be a simple transition for those with sufficient local construction experience. Job options could include:

- Code Enforcement Officer<sup>67</sup>
- Permit Taker
- Residential Building Inspector
- Planner

We believe this program can be realistically implemented by nonprofits and City staff within 2 years of this report.

### ADU Accelerator jobs

The program proposed and described in the **ADU Accelerator** (Strategy #6) would inevitably require a number of new positions in the skilled knowledge sector, including but not limited to:

- Financial literacy, planning, and credit counseling
- Project assessment and pre-development planning
- Real estate development for small properties
- Client and local government relations and advocacy

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<sup>66</sup> <http://www.pushbuffalo.org/hiring-hall/>

<sup>67</sup> Code enforcement career path:  
<https://drive.google.com/open?id=0B-8rTBANtZjvcjNpQ1BpSWJyaVR0MEk2OXhBWEE3b1NXNTFN>

- Construction project management

All of these new roles — and training for them — could take the shape of true “one-stop shop” located within EPA. It would provide a central hub for information, hiring hall programs, referral, consultation, workshops and program administration for any ADU projects proposed in EPA. It would also provide targeted support to owner-builders who choose to complete ADU projects on their own, educating them about their unique responsibilities and providing them access to supportive services in the workforce network. We believe these jobs and programs can be realistically formed by nonprofits within 2 years of this report.

# 10. Financial Resources

## Background

Assessments, plans, permits and construction to legalize an existing or build a new ADU can cost anywhere from \$30,000 to \$350,000 (depending on project size and complexity). If and when necessary, another \$5,000 to \$30,000 is needed for tenant relocation in the case of a red-tagged code violation. Not only does this make it difficult for homeowners to predict their own capacity to pay for an ADU, but even homeowners with substantial equity in their homes can find it incredibly difficult to access traditional lending sources. If they cannot meet these costs, they will not be able to take advantage of their property's ability to provide extra housing. Furthermore, for tenants in need of immediate relocation, a lack of financing options can lead to permanent displacement from their home and community.

From our 11/9 teach-in, we received the following resident feedback:

- “How to get financial support to homeowners who don’t have the money to pay code violation costs.”
- “Don’t have enough money to pay for inspections and costs before building. I’m out of money before I even start.”

## Desired Outcome

Homeowners should be provided with suitable financing options for ADU development, especially those which can accelerate response to resolve or prevent displacement resulting from properties red-tagged for code violation. Ultimately, the options available should balance the need to supply *affordable* housing through ADUs, provide additional income streams for homeowners whose lots are eligible, and minimize their risk for any financing used to construct an ADU.

## Detailed Actions and Examples

This section describes several distinct funding needs organized under three broad strategies. It does not identify potential sources; each element of a comprehensive solution will require a different kind of funding from different sources and in different amounts. Thus, the overarching recommendation is that the City and its partner organizations work together to identify potential sources for each component.

### Grant funding for program support

Nonprofits should take the lead in seeking out grant funding for the various programs and positions mentioned in this report, including:

- Outreach campaigns
- Case manager position to triage new ADU and/or rehab projects

- Temporary or permanent relocation assistance (for the City or a nonprofit to administer Option 2 in the temporary tenant relocation assistance program described in **Tenant Protections**, Strategy #4, or a subsidy of temporary housing costs as described in Option 3)
- ADU Accelerator program
- Community hiring hall
- Further research into progressive policy initiatives

Grants can also be used to pay an incentive reward for projects that are completed on schedule. This could encourage homeowners and project developers (like architects and contractors) to reliably deliver consistent work, ultimately making project timelines more predictable for homeowners and institutional lenders alike.

We believe that significant grant funding can be realistically raised through a concerted effort by nonprofits, with City support, within 2 years of this report, in alignment with implementation targets.

### Fund for early project management

A fund to cover upfront eligibility assessments and pre-development planning would be helpful to catalyze ADU development. This would allow any homeowner to openly explore the development potential on their property without wasting time or money on private and potentially untrustworthy sources. Once the program is running, fees of just \$1,000 to \$5,000 per project (sized for 100 candidate projects) could produce revenues of \$100,000 to \$500,000 to enable continued support, especially for households with limited capital to spend upfront.

The fund could also support staff to ensure homeowners who *can* qualify for conventional financing know their options and how to access them. It is essential that they receive comprehensive housing counseling to understand the total cost of financing, including interest rates and debts in the short versus long term. The fund manager should develop well-organized information sources coupled with well-trained counselors/navigators to help “bankable” homeowners access available, affordable, and reputable commercial sources of funding to pay for both hard (construction) and soft (plans, permits, financing, procurement of structure and/or contractor) development costs. No dollar figure is put on this option, as we do not yet have enough data to support average or median estimates. We believe this fund can be realistically implemented by a nonprofit within 2 years of this report.

### Revolving loan fund for ADU construction

An ADU Development Community Revolving Loan Fund (CRLF) could provide 1-3 year loans to pay for full development costs. At \$250,000 to \$350,000 per project, sized for 40 candidate projects, this is \$10,000,000 to \$14,000,000. Sizing assumes 50 of the 100 candidate projects will go forward, and that 10 will qualify for commercial financing while 40 will need CRLF loans. CRLF loans will need to be on “softer” credit terms at affordable interest rates, but should

require equity in the main home and ask for restrictions to rent to low-income renters in exchange for favorable terms. It can also be bundled as an incentive with many other programs described in this report. This product enables a wider range of homeowners to access loan options for ADU development with reasonable terms.

A separate ADU Affordability Assurance CRLF could pay for 5-25 year loans to pay off (or roll over) ADU development loans, particularly for low-income homeowners who cannot get a longer-term commercial loan. The homeowner would agree to a 5-25 year deed restriction to rent to a low-income household. At \$250,000 to \$350,000 per project, sized for 20 candidate projects, this is \$5,000,000 to \$7,000,000. Sizing assumes 20 of the 40 ADU development loans will need to stay in longer-term.

We believe these loan funds can be realistically implemented by a nonprofit within 3 years of this report.

# Conclusion

A massive housing shortage puts stress on the entire EPA community, increasing the daily threat of displacement for the City's countless working families. ADUs offer a unique opportunity for EPA homeowners to naturally expand the local affordable housing supply and mitigate the negative impacts of this chronic housing deficit. However, especially with the exciting but complicated statewide regulations on ADUs, the process of building them is not intuitive or accessible for many residents. In spite of the challenges that lay ahead, the City of EPA and its nongovernmental partners are in a uniquely powerful position to enact meaningful, progressive policies and programs that can vitally accelerate housing growth to the benefit of its residents, organizations, and public servants alike.

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