



## Second Units: Adding New Housing In The Neighborhoods

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### ISSUE

How are the County of San Mateo and its cities supporting homeowners who are considering building a new Second Unit on their property or upgrading a non-permitted one, in response to new State laws, which became effective January 1, 2020?

### SUMMARY

Housing availability is a top priority in San Mateo County because while 93,000 new jobs were added between 2010-2018, only 8,500 new housing units were built. Housing considered “affordable” is especially at a crisis point. “Limited land and the large gap between new jobs and available housing lead to high rents and high home prices. As of 2019, median rent in the County for a one-bedroom apartment is \$2,621 and for a two-bedroom apartment it is \$3,349, while only 24% of County households can afford to purchase an entry-level home.”<sup>1</sup>

To put this slow-moving catastrophe into further perspective, more than two-thirds (68%) of the County’s land is protected from development because it is either agricultural or open space. At the same time, of the County’s already developed land, two-thirds is occupied by single-family homes.<sup>2</sup> Simply stated, building more single-family homes cannot begin to solve the County’s housing shortfall. “Second Units” – broadly defined as self-contained living spaces that are on the same property as an existing residence – present a creative and innovative option to addressing the region’s affordable housing crisis.

The number of new Second Units dramatically increased after several State laws went into effect in 2017. This made the construction of Second Units easier for homeowners. The number of new Second Units is expected to further increase as a result of new state laws which went into effect in January 2020. It has become clear to date that Second Units are popular for a variety of reasons. They are attractive as housing for relatives, rental income and personal investment as well as providing the option to downsize. Such units can also supply housing for community members like educators or public safety employees who otherwise would not be able to live in the community in which they work. Factoring in that there are approximately 155,000 single-

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<sup>1</sup> Home for All Brochure, Published April 2019. Accessed May 15, 2020. [https://homeforallsmc.org/wp-content/uploads/2019/08/HFA\\_brochure\\_v16\\_WEB.pdf](https://homeforallsmc.org/wp-content/uploads/2019/08/HFA_brochure_v16_WEB.pdf)

<sup>2</sup> Home for All Community Convening on Second Units: Maintaining the Momentum, February 27, 2020

family homes in San Mateo County<sup>3</sup> and only 4,000 Second Units on those properties<sup>4</sup>, the potential exists for thousands of new Second Units that would significantly impact the county's housing deficit over the years to come.

However, there are significant hurdles facing the development of Second Units. According to housing advocates interviewed by the Grand Jury, the biggest impediments to the construction of new Second Units, as well as upgrading non-permitted Second Units, are: obtaining financing, the lack of contractors willing to work on Second Units, and the need for local governments to recruit and train more inspectors.<sup>5</sup>

“The San Mateo County Board of Supervisors and County Manager’s Office, along with support from the County’s Department of Housing (“DOH”) have been leading the regional effort to allow the development and construction of more Second Units.”<sup>6</sup> DOH has been working collaboratively with the 20 cities to help address countywide affordable housing issues. DOH has contracted with a consulting firm, Baird & Driskell, on the *21 Elements Project*, to assist the County and cities in this effort. The consulting firm hosts monthly meetings related to Second Units with city and DOH representatives. As part of this effort, DOH is developing a new website and marketing plans that will focus on promoting Second Units.

As a result of this investigation, the Grand Jury recommends the following:

1. The County and its cities should continue their outreach to homeowners informing them about the new laws that simplify and streamline the construction and permitting of Second Units.
2. The County and its cities should determine whether there is a way for the public entities to compile a list of financial partners who can assist homeowners with funding new Second Units and upgrading non-permitted Second Units.
3. The County and its cities should determine whether there is a way for the public entities to develop a comprehensive list of contractor resources and partner with training institutions to recruit and train more general contractors and inspectors.
4. The County and its cities should encourage homeowners who may have non-permitted Second Units to go through the permitting process.

The 2019-2020 Grand Jury commends the current housing efforts of the County and its cities and urges them to embrace the new opportunities. The impact of the laws passed by the California Legislature in 2017 increased the number of Second Units constructed annually by 450%. If the

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<sup>3</sup> According to San Mateo County housing data, there are 276,444 housing units in San Mateo County (Fig. 1) . Figure 33 says that 56% (155,000) of housing units are single-family, detached homes. When you multiply the two figures, you get 154,808 (which rounds to 155k).

<https://www.towncharts.com/California/Housing/San-Mateo-County-CA-Housing-data.html>

<sup>4</sup> Grand Juror interviews.

<sup>5</sup> Grand Jury Interviews

<sup>6</sup> Home for All collaborative, <https://homeforallsmc.org/>

2020 laws have a similar effect, our County and cities will be well-positioned for adding more affordable housing.

## GLOSSARY

**Home for All:** A collaborative countywide initiative which was undertaken to inspire community action and promote closure of the county’s 11:1 jobs/housing gap.<sup>7</sup> The members of this initiative include the County and 16 of its cities as well as representatives from all sectors of the community who are focused on creating a future where everyone in the County has a home they can afford. It has been led by Supervisors Don Horsley and Warren Slocum. According to its website, this initiative builds on the work and momentum of the Closing the Jobs/Housing Gap Task Force.<sup>8</sup>

**Second Unit:** An interchangeable term with a granny flat, in-law suite, Accessory Dwelling Unit (ADU), converted garage, backyard cottage or basement apartment. They are always self-contained homes, smaller than the main house and legally part of the same property. Second Units can take many forms and vary in size, but always contain everything someone needs to live, including a kitchen, bathroom and a place to sleep.<sup>9</sup>

**Junior Second Unit/Junior ADU:** A very small living unit up to 500 square feet, which re-purposes existing space within a residence such as a bedroom, garage or carport within an existing single-family home. These units may contain a basic kitchen utilizing small plug-in appliances and may share central systems as well as a bathroom with the primary dwelling.<sup>10</sup>

**The “21 Elements Project”:** A multi-year funded project co-sponsored by DOH and the City/County Association of Governments (C/CAG) through which all jurisdictions in San Mateo County cooperate to update their respective Housing Elements and share information and work on a wide variety of housing policies and programs.<sup>11</sup> “21 Elements” is a project of Baird & Driskell Community Planning Consultants, a master housing consultant, which supports all San Mateo County and city jurisdictions, hosting monthly phone conferences related to affordable housing issues (including Second Units), through a contract with DOH.<sup>12</sup>

## BACKGROUND

The Bay Area housing crisis can be traced back to the 1970s when local cities experienced an economic boom, and property taxes were rising with them. Then Proposition 13 put a cap on

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<sup>7</sup> Supra, note 1

<sup>8</sup> <https://homeforallsmc.org/about-us/>

<sup>9</sup> Second Unit Inspiration brochure, page 3. The booklet was produced as a joint project of Home for All and 21 Elements, 2018. [www.SecondUnitCenterSMC.org](http://www.SecondUnitCenterSMC.org)

<sup>10</sup> Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs), California Department of Housing and Community Development, accessed May 20, 2020. <https://www.hcd.ca.gov/policy-research/AccessoryDwellingUnits.shtml>

<sup>11</sup> <https://sanmateocounty.legistar.com/LegislationDetail.aspx?ID=4068159&GUID=1D7B2118-0312-4351-88E6-9E4BAB9C37B5>

<sup>12</sup> <http://21elements.com/second-units>

how much could be raised from property taxes each year. Cash-hungry cities zoned more land for commercial use so they could collect more sales tax. That meant more retail property was built than private housing. In addition, steep impact fees pushed developers to prioritize expensive homes rather than multi-unit housing. Then, Silicon Valley businesses grew and brought huge numbers of tech jobs to the Bay Area. “The housing crisis has been a slow-moving storm that has been churning for decades.”<sup>13</sup>

The number of jobs in San Mateo County has grown beyond the number of new housing units available.<sup>14</sup> Between 2010-2018, for example, 93,000 jobs were added but only 8,500 new housing units were built. To put this serious situation in perspective, more than two-thirds (68%) of the County’s land is either agricultural or open space, and two-thirds of the County’s *developed* land is occupied by single-family homes.<sup>15</sup> Simply stated, building more single-family homes on the remaining available land cannot begin to solve the County’s housing shortfall.

“Limited land and the large gap between new jobs and available housing lead to high rents and high home prices. In the County, median rent for a one-bedroom apartment is \$2,621 and for a two-bedroom apartment it is \$3,349.”<sup>16</sup> Approximately two thirds of San Mateo County households cannot afford to purchase an entry-level home. Among those affected are important members of the County’s workforce including teachers, firefighters and other public employees who are unable to live in the areas they serve.<sup>17</sup> Lack of affordable housing is an issue for San Mateo County and throughout the State of California.<sup>18</sup>

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<sup>13</sup> Melissa Colorado, “Making It in the Bay: How the Bay Area’s Housing Crisis Spiraled Out of Control” February 10, 2020. <https://www.nbcbayarea.com/news/local/making-it-in-the-bay/making-it-in-the-bay-how-the-bay-areas-housing-crisis-spiraled-out-of-control/2230410/>

<sup>14</sup> According to a San Mateo County spokesperson at a Home for All Community Convening on Second Units: Maintaining the Momentum, Belmont, February 27, 2020

<sup>15</sup> Home for All Community Convening on Second Units: Maintaining the Momentum, Belmont, February 27, 2020.

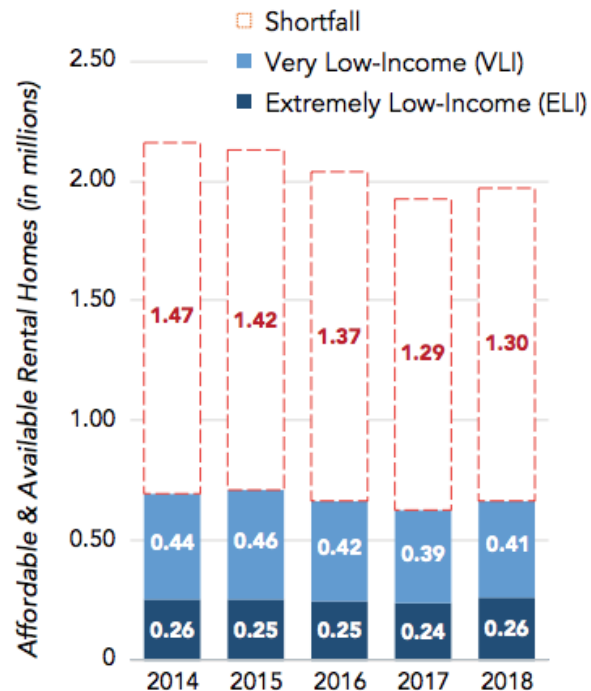
<sup>16</sup> Home for All brochure, Published April 2019. [https://homeforallsmc.org/wp-content/uploads/2019/08/HFA\\_brochure\\_v16\\_WEB.pdf](https://homeforallsmc.org/wp-content/uploads/2019/08/HFA_brochure_v16_WEB.pdf)

<sup>17</sup> Second Unit Inspiration Brochure, produced by Baird + Driskell Community Planning, page 4, 2018. [www.SecondUnitCenterSMC.org](http://www.SecondUnitCenterSMC.org).

<sup>18</sup> California Housing Partnership analysis of 2018 1-year American Community Survey (ACS) PUMS data with HUD income levels [https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2020/03/CHPC\\_HousingNeedsReportCA\\_2020\\_Final-.pdf](https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2020/03/CHPC_HousingNeedsReportCA_2020_Final-.pdf)

## CALIFORNIA NEEDS 1.3 MILLION MORE AFFORDABLE RENTAL HOMES

While the shortfall has declined by 11% since 2014, the share of housing need not being met has remained relatively constant because the number of low-income households has also declined.\*



**Source:** California Housing Partnership analysis of 2018 1-year American Community Survey (ACS) PUMS data with HUD income levels. Methodology was adapted from NLIHC gap methodology.

\*The proportion of total unmet housing demand for low-income renters (shortfall / total demand) from 2014 to 2018, was 68%, 67%, 67%, 67%, and 66%, respectively.

Throughout the County, the housing shortage is being addressed in a variety of ways including: development of multi-unit complexes along transit corridors; shared housing; and the subject of this report, building Second Units on single family properties. According to Grand Jury interviews with local government officials and housing advocates, building and upgrading Second Units is a relatively fast and efficient option and one component of a multi-faceted strategy to address the County's affordable housing shortage.<sup>19</sup>

California laws passed in 2017 dramatically increased the number of new Second Units in the County to an average of 269 Second Units per year from an average of just 60 Second Units per year from 2010-2016. (See Appendix A).

<sup>19</sup> Grand Jury interviews.

The laws which went into effect on January 1, 2020, include:<sup>20</sup>

- **AB 68/AB 881** - Requires local agencies to approve or deny an ADU project more quickly and prohibits local agencies from adopting ADU ordinances that impose minimum lot size requirements, set certain maximum dimensions, or require replacement off-street parking in certain situations. Also allows for an ADU as well as a "junior" ADUs where certain access, setback and other criteria are met.
- **SB 13** - Provides, until January 1, 2025, that cities may not condition approval of ADU building permit applications on the applicant being the "owner-applicant" of either the primary dwelling or the ADU, and prohibits impact fees on ADUs under 750 square feet.
- **AB 587** - Provides that local agencies may now allow ADUs to be sold or conveyed separately from a primary residence if certain conditions are met. This law is expected to increase the ability of affordable housing organizations to sell deed-restricted ADUs to eligible low-income homeowners.
- **AB 670** - Prevents homeowners' associations from barring ADUs. AB 670 makes unlawful any HOA condition that "prohibits or unreasonably restricts" the construction of ADUs on single-family residential lots.
- **AB 671** - Requires local governments to include in their General Plan housing elements plans to incentivize and promote the creation of affordable ADUs. The law also requires HCD to develop, by December 31, 2020, a list of state grants and financial incentives for ADU development.

The new 2020 laws solve a number of key zoning and construction restraints which previously held back less expensive housing options. Second Units can now be built or remodeled into 800 square-foot rental units with construction approved by the respective cities within 60 days and do not require owner occupation, additional parking or impact fees (if 750 square feet or less).

In the case of amnesty, non-permitted Second Units are acceptable if they meet health and safety standards, e.g., operating fire detectors and electric wiring. Of note is that units cannot be used for short-term vacation rentals as the various laws were intended for rental to singles or families who cannot otherwise afford a single-family dwelling or an apartment rental near their workplace.<sup>21</sup>

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<sup>20</sup> <https://www.hklaw.com/en/insights/publications/2019/10/californias-2020-housing-laws-what-you-need-to-know>. Additionally, a more complete summary of the 2020 statutes impacting the construction or permitting of Second Units can be found in Appendix B.

<sup>21</sup>New state laws for ADU/Second Unit construction, effective January 1, 2020: AB 670 (Friedman), AB 671 (Friedman), AB 68 (Ting), AB 587 (Friedman), AB 881 (Bloom), SB 13 (Wieckowski) are designed to help narrow the shortfall in affordable housing in California. Another bill is being worked on to tie all bills together. (Appendix B: Summary of bills)

## DISCUSSION

In December 2019, the San Mateo County Grand Jury surveyed the city managers of all 20 cities in the County regarding passage of California laws concerning Second Units. The survey inquired about plans for the implementation of these new laws in each jurisdiction.<sup>22</sup> With the exception of East Palo Alto and Millbrae, all of the jurisdictions responded to the survey, and all were aware of the new laws. Many were preparing to find ways to initiate the development of more Second Units in their jurisdictions. Their main concerns included:

- short amount of time between passage of the laws and the need to implement them;
- perceived conflicts and inconsistencies within the new State laws;
- loss of local control might lead to community backlash;
- inadequate staffing to handle the potential increase in Second Unit interest;
- homeowner's ability to secure funding for the construction costs; and
- availability of sufficient extra neighborhood parking.

### Opportunity for New Second Units

Housing advocates consider Second Units to be “low-hanging fruit” for the development of new housing inventory. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units. Since 2010, there has been a steady growth in Second Unit approvals throughout the county, according to San Mateo County's Annual Jurisdiction Survey.<sup>23</sup>

To take full advantage of new opportunities for ADUs created by the 2020 State bills, cities throughout the county are updating their zoning ordinances to be in compliance with the new State laws. Additionally, many cities are focused on streamlining their individual Second Unit permitting process as well as the process that will provide amnesty for pre-existing, non-permitted Second Units.<sup>24</sup>

Several new online tools – including tools at <https://secondunitcenter.org/> (a website maintained by the County) – identify potential sites for Second Units, calculate estimated costs, and streamline the process of building a Second Unit, thereby making Second Unit development an easier option for homeowners to consider.<sup>25</sup> They include:

- <https://build.symbium.com/>  
Using this link, residents and planners in Redwood City, Pacifica, and Unincorporated San Mateo County can quickly determine whether a Second Unit is allowed at a particular address and if so, what specific development standards (State and local rules) apply. More cities will be added to this list in the near future.<sup>26</sup>

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<sup>22</sup> Survey questions are listed in Appendix C.

<sup>23</sup> “Accessory Dwelling Units Approved by Jurisdiction” (2010-2018, with 2019 data added), Annual Jurisdiction Survey. See chart and graph in Appendix A.

<sup>24</sup> Grand Jury interviews.

<sup>25</sup> Online Tools from companies like Symbium allows anyone to understand whether a Second Unit is allowed on a particular parcel. See <https://build.symbium.com>

<sup>26</sup> Second Unit Resource Center handout. <https://secondunitcentersmc.org/>

- <http://calculator.secondunitcentersmc.org/>  
San Mateo County’s Second Unit Calculator helps a homeowner get an estimate for what a Second Unit project might cost, and calculates the amount it might yield as an investment. It also allows a user to change assumptions such as location, unit size, type of unit and much more.
- <https://secondunitcentersmc.org/>  
The County’s website focuses on Second Unit development and, according to Grand Jury interviews, will be further updated in the future.

### **Amnesty for Non-Permitted Second Units**

The actual number of non-permitted Second Units in the County is unknown.<sup>27</sup> However, whatever this number might actually be, these units are important affordable housing as long as they meet minimum health and safety codes.

The San Mateo County Planning and Building Department and nonprofits such as “Rebuilding Together Peninsula”<sup>28</sup> are focused on encouraging owners of non-permitted Second Units in the unincorporated area of the County and East Palo Alto respectively to develop plans that would make more of them safer and healthier and thereby permitted.

In January 2020, the County initiated a pilot program for homeowners who wished to consider upgrading their non-permitted Second Units.<sup>29</sup> If this pilot program is successful, it will be expanded and marketed as a model that cities in the County could adopt. The program allows:

- existing Second Units to be brought up to code and become permitted;
- applicants to explore whether the amnesty program for non-permitted units might work for them;
- a *no-risk* assurance which enables the homeowner to back out of the permitting process at any time with no obligation on their end to bring their non-permitted unit up to health and safety standards;
- a variety of enforcement suspensions included in the laws that took effect this past January; and
- some previously non-permitted construction features (so some homeowners no longer need amnesty.)

Rebuilding Together Peninsula is a non-profit organization that focuses on home repair. Eighty five percent of its home repair projects are in San Mateo County, primarily garage-conversion Second Units in East Palo Alto.<sup>30 31</sup> Much of that work is focused on upgrading non-permitted Second Units. Grand Jurors toured the Redwood City offices and learned that the nonprofit

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<sup>27</sup> Grand Jury interviews.

<sup>28</sup> RebuildingTogetherPeninsula is a non-profit that is focused on working with other local agencies to upgrade non-permitted second units in East Palo Alto. It has a focus on repairs of garage-conversions, not new construction. <https://sites.google.com/rebuildingtogetherpeninsula.org/epa-adu-initiative/home>

<sup>29</sup> See the SMC Second Unit Amnesty Website: <https://planning.smcgov.org/second-unit-amnesty>

<sup>30</sup> Grand Jury interview.

<sup>31</sup> Rebuilding Together the Peninsula EPA Garage Conversion/ADU Legalization Initiative, <https://sites.google.com/rebuildingtogetherpeninsula.org/epa-adu-initiative/home>



works on one project at a time, relying on volunteers who are good at making repairs. Most of these Second Units are for relatives and friends, not for revenue. Rebuilding Together’s five year plan targets low income communities of color. Second Unit goals for Rebuilding Together in East Palo Alto are:

- legalizing non-permitted units;<sup>32</sup>
- repairing units to make them safer for occupants;
- streamlining the repair process;
- sharing learnings;
- training and workforce development; and,
- transitioning East Palo Alto Second Unit projects to “EPA CAN DO”<sup>33</sup> leadership.

## **Moving Forward**

### **Step One: Home for All Initiative**

The County’s *Home for All Initiative* builds on the work and momentum of the San Mateo County Board of Supervisors’ *Closing the Jobs/Housing Gap Task Force*.<sup>34</sup> “The Second Unit Center” is a program of the *Home for All Initiative* which is aimed at providing information and tools to make it easier for homeowners to build second units to help increase the housing supply in San Mateo County. According to the Second Unit Center website, on August 6, 2019, the Board of Supervisors approved the creation of a new *One Stop Shop*<sup>35</sup> pilot program to help homeowners with Second Unit construction. Through this program, participating homeowners can receive no-cost support from the nonprofit *Hello Housing*, a member of the Mid-Peninsula Housing family of companies.

*Hello Housing* will provide up to 100 hours of free feasibility and project management support at no cost in connection with the design, permitting, and project management involved with building a Second Unit. The *One Stop Shop* pilot program is a partnership of DOH, *Hello Housing*, and the cities of East Palo Alto, Pacifica, and Redwood City. Residents of these three cities and the unincorporated County will be eligible to apply for inclusion in this pilot program.<sup>36</sup> If the pilot program is successful, it is hoped that it can be scaled to serve all jurisdictions.<sup>37</sup>

To prepare for the eventual scaling up of this pilot program, the County and its cities are reaching out to residents to inform, educate, and support homeowners who are considering building or improving a Second Unit.<sup>38</sup> As part of this effort, DOH and the City/County Association of Governments of San Mateo County (C/CAG) have co-sponsored and coordinated

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<sup>32</sup> Cost of a garage conversion or “permitted” to codes of the day is about \$70,000 according to Rebuilding Together the Peninsula. This can include adding insulation, upgrading electrical, sealing and leveling a concrete floor, reviewing the safety of the roof, creating a new share wall and a proper wall to replace the garage door, and make garage electric/energy efficient and heated.

<sup>33</sup> <https://epacando.org/>

<sup>34</sup> Closing the Jobs/Housing Gap Task Force, The Task Force began in September 24, 2015 to build a common understanding of the challenge, learn what is already being done both inside and outside the county and finish by exploring possible solutions. <https://bos.smcgov.org/task-force>

<sup>35</sup> <https://secondunitcentersmc.org/onestopshop/> (accessed on 7/22/2020)

<sup>36</sup> *ibid.*

<sup>37</sup> Grand Jury interviews.

<sup>38</sup> Grand Jury interviews.

the “21 Elements Project” which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units. As part of this effort, monthly meetings and/or conference calls are convened by *21 Elements*.<sup>39</sup>

### **Step Two: Raising Awareness and Enthusiasm**

It is critical that interested residents become aware of Second Unit opportunities and resources that are available to them for building Second Units on their property. To get the attention of homeowners, there will need to be a variety of outreach strategies. The following are efforts by the County of San Mateo and its cities, and for comparison, the City of San Jose.

#### **County of San Mateo initiatives:**

There has been a great deal of effort already put into the development of a Second Unit Initiative in San Mateo County. During the past couple of years, as the need for a multi-pronged housing initiative became apparent, the County took a number of critical steps.

The County developed two notable booklets -- *Second Unit Inspiration* and *Second Unit Workbook*; initiated a collaborative partnership between the County and its cities through the *21 Elements Project*; created two pilot programs (one focused on the process of building new Second Units and the other on homeowners successfully obtaining amnesty for non-permitted Second Units); and are developing an updated DOH Second Unit website and marketing plan.<sup>40</sup>

#### **City-level initiatives**

In their responses to the Grand Jury survey, city managers identified the following communication methods:

- informational handouts - hard copies and digital (i.e., Second Unit designs, checklists, development of some standard designs, lists of pre-approved contractors);
- posting key Second Unit resource links;
- publishing articles and/or promotions in local news media; and
- community meetings and workshops;

Funding for the development of some of these programs and materials may be acquired with SB 2 Planning Grants. SB 2 provides funding and technical assistance to all local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.<sup>41</sup>

#### **The City of San Jose (Santa Clara County)**

The City of San Jose hired an Alternative Dwelling Unit (ADU) Ally acting much like an expeditor for homeowners desiring Second Units. San Jose City’s ADU Ally has become a valuable resource in assisting San Jose homeowners through the process of developing Second Units. The ADU Ally:

- is a dedicated staff person who coordinates and connects homeowners to city services and demystifies the process for homeowners who are exploring the process of building a

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<sup>39</sup> 21Elements, <http://21elements.com/second-units>, Baird & Driskell Community Planning Consultants.

<sup>40</sup> <https://secondunitcentersmc.org> accessed May 19, 2020.

<sup>41</sup> <https://hcd.ca.gov/grants-funding/active-funding/planning-grants.shtml>

## Second Unit;

- creates online tools, handouts and information, including a Second Unit Universal Checklist which offers step-by-step guidance; and,
- helped produce a YouTube video tutorial on how to build a Second Unit in San Jose.

An official from San Jose informed the Grand Jury that the resources created by this department would be available for use during the San Mateo County Second Unit effort.

Home for All San Mateo held a summit in February 2020, at which the ADU Ally delivered a featured presentation. While this dedicated specialist seems to be making an impact, only time and hard data will tell.<sup>42</sup>

### **Step Three: Amnesty for Non-Permitted Second Units**

There are thought to be a large but unidentified number<sup>43</sup> of non-permitted Second Units in San Mateo County. In order to successfully increase the number of housing units countywide, it is critical that these Second Units be upgraded to comply with applicable health and safety codes and maintained as viable housing units. The new State laws make it easier for those units to be made safer by providing amnesty to the homeowners who built these non-permitted units and encouraging them to bring their units up to permitting standards.

If the County pilot program for homeowners who wish to obtain permits for their non-permitted Second Units<sup>44</sup> is successful, it will have the potential to be expanded and marketed as a model program that cities throughout the County could modify and/or adopt for their own use. This action by the cities would help preserve these critical housing units. Interestingly, in the Grand Jury's December 2019 survey, only Belmont referred to amnesty. New construction appears to be a higher priority for most cities.

The City of East Palo Alto and nonprofits such as Rebuilding Together Peninsula<sup>45</sup> are also focused on developing other plans that would make non-permitted Second Units safer and ultimately permitted.

### **Barriers to Building or Upgrading Second Units:**

While state law has been amended to make Second Units easier to develop, based on Grand Jury interviews with housing advocates, it is clear that there are still significant barriers that hinder and sometimes block homeowners from adding Second Units. For example, those barriers include:

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<sup>42</sup> Grand Jury interview. See more in Appendix D

<sup>43</sup> Grand Jury Interview.

<sup>44</sup> SMC Second Unit Amnesty Website: <https://planning.smcgov.org/second-unit-amnesty>

<sup>45</sup> RebuildingTogetherPeninsula is a non-profit that is focused on working with other local agencies to upgrade non-permitted second units in East Palo Alto. It has a focus on repairs of garage-conversions, not new construction. <https://sites.google.com/rebuildingtogetherpeninsula.org/epa-adu-initiative/home>

- The process of financing new Second Units or upgrading non-permitted Second Units. At the time of this writing, only one local lender, San Mateo Credit Union,<sup>46</sup> has committed to providing lending for these projects. At the same time, homeowners who might consider building a new or upgrading non-permitted Second Units, are often unaware of financing options;<sup>47</sup>
- The recent booming Bay Area building environment has made it very difficult to find and engage contractors willing to work on relatively small projects such as Second Units, especially due to the demand for rebuilding homes lost to recent wildfires. During its investigation, several interviewees suggested that local governments may wish to provide options in which contractors could utilize “handy men” (who are not licensed as contractors) to do work that the contractors would officially supervise;<sup>48</sup>
- Some homeowners find the building and permitting process complex and intimidating according to the interviews of housing advocates;<sup>49</sup>
- Local public entities may lack a sufficient number of inspectors to handle building inspections and amnesty approvals;<sup>50</sup>
- A misunderstanding by homeowners that the construction of a Second Unit could result in the reassessment of their entire property as opposed to an increase, based on the value of the Second Unit alone. (Adding an ADU will not impact the original home assessment, but homeowners will get a supplemental bill.)<sup>51</sup>
- Some jurisdictions on the County’s coast are unclear as to whether the new State laws apply to coastal areas;<sup>52</sup> and
- The uncertainty of the Covid-19 environment.

As the County and its cities continue to focus on the shortage of available and affordable housing, Second Units are an important option to consider. They are a popular alternative to single-family homes and can be developed more quickly. This is even more important given the COVID-19 pandemic because the number of households without an affordable place to live will grow. For example, Matt Schwartz, President and CEO of CA Housing Partnership, says income inequality was a problem before COVID-19. Before the pandemic, about 1.5 million households were living without an affordable place in California and now that number will grow. He says

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<sup>46</sup> San Mateo Credit Union, <https://www.smcu.org/Loans/Home-Loans/ADU-Loan>

<sup>47</sup> Grand Jury interviews.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> “City Flooded with Requests for ADU Permits.” *Half Moon Bay Review*, March 4, 2020, [https://www.hmbreview.com/news/city-flooded-with-requests-for-adu-permits/article\\_0d5a9920-5e49-11ea-b933-c7dea1fa420c.html](https://www.hmbreview.com/news/city-flooded-with-requests-for-adu-permits/article_0d5a9920-5e49-11ea-b933-c7dea1fa420c.html) (viewed again on 4/27/2020)

the state will still need to house the homeless. Interest rates are low, so this is the time to continue to address the homelessness crisis.<sup>53</sup>

## **FINDINGS**

- F1. The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.
- F2. From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.
- F3. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.
- F4. The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.
- F5. Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.
- F6. DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.
- F7. The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.
- F8. The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

## **RECOMMENDATIONS**

- R1. The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

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<sup>53</sup> Bay Area Housing Post-Covid-19 <https://www.kqed.org/news/11818184/bay-area-housing-post-pandemic-whats-in-store>

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

R2. By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

R3. The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

R4. The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

From the following governing bodies:

City Councils and County Board of Supervisors should respond to R1-R4.

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda, and open meeting requirements of the Brown Act.

## METHODOLOGY

### Documents

Alternative Dwelling Unit (ADU) SurveyMonkey Survey, December 2019.  
ADU growth Survey by SMC Housing,

### Interviews

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

Eight interviews were conducted with representatives of San Mateo County, San Mateo County Housing Department, San Mateo County Planning and Building Department, San Mateo Rebuilding Together Peninsula, Baird & Driskell and City of San Jose Building Division - Permit Center.

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*San Jose Backyard Homes News*, October 21, 2019. [https://www.sjbackyardhomes.com/adu\\_ally/](https://www.sjbackyardhomes.com/adu_ally/) (Accessed 7/23/2020)

Second Unit Workbook. (print and online) SMC Second Unit Resource Center.

April 17, 2020. <https://secondunitcentersmc.org/> or <https://planning.smcgov.org/second-unit-ordinance> (Accessed 7/23/2020)

**APPENDIX A: Accessory Dwelling Units Approved by Jurisdiction**

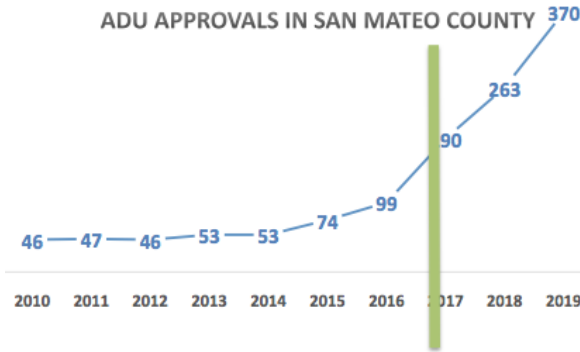
“Accessory Dwelling Units Approved by Jurisdiction” (2010-2018, with 2019 data added), Annual Jurisdiction Survey, County of San Mateo.

Jurisdiction								1/1/17: effective date of new state laws			Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Atherton	1	5	7	8	4	10	9	11	13	13	68
Belmont	1		1	2	1	0	0	4	9	10	18
Brisbane		0	0	0	1	0	3	3	6	3	16
Burlingame	0	0	0	0	0	2	3	5	8	10	28
Colma	0	0	0	0	0	0	0	0	0	0	0
County of San Mateo	0	0	4	1	2	6	7	8	34	38	62
Daly City	6	8	3	7	3	4	11	33	23	68	166
East Palo Alto*					2	0	4	4	1	8	11
Foster City	0	0	0	0	0	0	0	0	0	2	2
Hillsborough	13	13	17	16	15	19	8	15	15	11	131
Half Moon Bay					0	0	3	3	3	13	22
Menlo Park					3	8	7	13	15	Sent Followup	46
Millbrae					0	0	0	0	0	Sent Followup	0
Pacifica					0	5	1	4	11	11	32
Portola Valley	6	4	3	7	8	5	13	11	6	7	63
Redwood City	1	1	2	1	2	2	13	35	34	39	130
San Bruno	6	3	3	1	3	1	4	14	13	10	58
San Carlos	1	1	1	2	1	1	1	n/a	19	15	42
San Mateo*	2	2	2	2	2	2	2	16	24	50	104
South San Francisco	1	3	1	3	2	6	8	5	22	46	51
Woodside	8	7	2	3	4	3	2	6	7	16	58
<b>Total</b>	<b>46</b>	<b>47</b>	<b>46</b>	<b>53</b>	<b>53</b>	<b>74</b>	<b>99</b>	<b>190</b>	<b>263</b>	<b>370</b>	<b>1108</b>

Source: Annual Jurisdiction Survey

\* Estimates provided by cities prior to 2018 when tallies unavailable





## **APPENDIX B: Provision of New California Laws for Second Units**

Provisions of the laws AB670, AB671, AB587, AB68, AB881, and SB13 include:

1. One Second Unit and one Junior Second Unit will be allowed on a single-family lot.
2. There will be no minimum lot size for the addition of a Second Unit.
3. No setback will be required if the Second Unit is the conversion of an existing structure at the property line.
4. Second Units with a size up to 800 square feet that follow building construction standards must be allowed.
5. Second Units under 800 square feet can be 16 feet tall and can have a setback of four feet on the side and rear of the unit.
6. Cities have 60 days to review permit applications. If they fail to do so, they are automatically approved.
7. No replacement parking for the main house is required if converting a garage.
8. No parking is required for a Second Unit if it is within a half mile walk of transit.
9. No impact fees apply to Second Units less than 750 square feet. If larger than 750 square feet, impact fees must be proportional to the main house.
10. Second Units that receive building permits between 1/1/2020 and 12/31/2024 are exempt from owner-occupancy rules.
11. Mandatory five-year stay of enforcement on non-permitted Second Units if health and safety standards are met. This is based on Government Code Section 65852.2(n), which will sunset in 2025.<sup>54</sup>
12. No short-term rentals of Second Units or Junior Second Units will be allowed for less than 30 days to discourage vacation rentals.
13. Second Units will be allowed in multi-family and mixed-use zones. Second Units will be allowed in multifamily buildings - up to two detached Second Units, plus allowing for the conversion of uninhabited spaces for multiple Second Units (up to 25% of units in multifamily buildings)
14. Home Owner’s Associations cannot ban Second Units or Junior Second Units, regardless of any existing rules doing so. Home Owner’s Associations can set reasonable design guidelines for Second Units and Junior Second Units.

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<sup>54</sup> Government Code Section 65852.2(n)

## APPENDIX C: December 2019 Survey Questions

Questions from “Alternative Dwelling Unit (ADU)” SurveyMonkey Survey, December 2019.

1. Among your city leadership, who is aware of the passage of these laws? (AB 68, AB 587, AB 670, AB 671, AB 881 and SB 13). Please identify leaders by name with contact information.
2. Will your city be actively encouraging your residents to take advantage of these Second Unit laws? (What might that entail?)
3. Do you think there will/could be at least 50 parcels in your city, which might be eligible for a Second Unit?
4. Do you anticipate that your city's homeowners as well as landlords will take advantage of this opportunity?
5. How will you encourage your homeowners as well as landlords to take advantage of this opportunity?
6. What obstacles do you anticipate encountering?
7. What kinds of support might you need in order to be able to actively implement these new state laws?
8. Name (and contact information) of the person filling out the response to this survey.

## APPENDIX D: San Jose’s ADU Ally

San Jose City’s ADU Ally has become a valuable resource in assisting San Jose homeowners through the process of developing Second Units. Having a dedicated person for this initiative has had an impact on the San Jose City’s effort. Some of the actions that have resulted from this singular dedicated staff person include:

1. Serving as the dedicated staff person who is the
  - o contact person who deals with people and points them in the right direction.
  - o coordinator and connector of homeowners to all city services and who demystifies the process.
  - o *tour guide* for homeowners who are exploring the process of building a Second Unit.
  - o “hand holder” holds a homeowner’s hand as they walk through the process. The ADU Ally is quoted as saying, “I can see them all of the way through to the end of the project, help them to submit or resubmit plans, and then through permit issuance. And when they need to schedule inspections, I can connect them to the right city staff members.”
2. Online tools, handouts and information have been created including a Second Unit Universal Checklist which offers step-by-step guidance. The City of San Jose Planning Department’s ADU website is an example of a comprehensive and easy-to-read site, See [sanjoseca.gov/business/development-services-permit-center/accessory-dwelling-units-adus](http://sanjoseca.gov/business/development-services-permit-center/accessory-dwelling-units-adus)
3. The ADU Ally helped produce a YouTube video tutorial on how to build a Second Unit in San Jose. This attracted more than 2,900 views, before it was taken down due to recent changes in ADU regulations and Zoning Ordinances.

4. The San Jose ADU Ally has said that the resources created by this department would be available for use during the San Mateo County Second Unit effort.

Issued: October 28, 2020



January 13, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

RE: Civil Grand Jury Report: "Second Units: Adding New Housing In The Neighborhoods"

Honorable Judge Chou:

The City of Belmont appreciates the opportunity to review and provide comments on the above referenced Grand Jury Report filed on October 28, 2020. The City of Belmont's response to both the findings and recommendations are outlined below.

**Response to Grand Jury Findings:**

**Finding 1:** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The City of Belmont agrees with this finding.

**Finding 2:** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The City of Belmont agrees with this finding.

**Finding 3:** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The City of Belmont partially agrees with this finding. Belmont understands that the 4,000 units cited in this statistic are considered legally permitted Second Units. While not considered a significant issue in Belmont, an unknown number of unpermitted Second Units may exist in the community, as well as in other jurisdictions throughout the County.

**Finding 4:** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The City of Belmont agrees with this finding.

**Finding 5:** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The City of Belmont partially agrees with this finding. Second unit construction can be expensive, averaging around \$200,000 for new detached units. As such, cost can be an additional barrier for homeowners considering certain types of second units. A lack of homeowner awareness of financing and construction options are also obstacles to Second Unit construction. Belmont is not aware of any shortage of willing contractors to construct these type of units, or qualified building inspectors to inspect said units. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. Belmont's Planning & Building Division is also not aware of any instance of the timeline for a building inspection constituting a unique hardship.

**Finding 6:** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The City of Belmont agrees with this finding.

**Finding 7:** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The City of Belmont agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

**Finding 8:** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**Response:** The City of Belmont agrees with this finding.

**Response to Grand Jury Recommendations:**

**R1:** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** This recommendation has been partially implemented. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements.

In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events.

Belmont updated its second unit ordinances consistent with State legislation in 2020, and will continue to update its resources and outreach to the community on second unit opportunities, regulations, and construction. Belmont will also continue to leverage our partnership with Home for All to cross-promote second unit resources through both Belmont and county media channels, and enhance awareness of this information to homeowners citywide.

- R2:** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:
- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
  - developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
  - identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** This recommendation is in the process of being implemented. The City of Belmont continues to participate in collaborative meetings with the 21 Elements Group regarding this topic; the City anticipates full implementation by the end of this year. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units.

As to Second Unit financing, Belmont will continue to seek solutions in concert with the County, which is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. That committee is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California.

With regards to contractor availability and training, the City of Belmont will continue to pursue an adequate construction workforce by connecting with the County, who maintains relationships with workforce development agencies through the San Mateo County Recovery Initiative.

**R3:** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response:** This recommendation requires additional analysis and is being explored. As noted earlier, the incidence of unpermitted second units is not significant within Belmont. However, when such unpermitted units are discovered, City Planning/Building staff work with owners to legalize these units as necessary. The City takes a pragmatic approach to evaluate ways to preserve such units, while equally

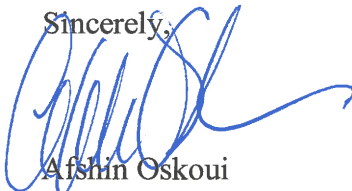
validating that life/health/public safety measures are maintained for said construction and the subject property. The City of Belmont will continue to partner on regional solutions, and support and participate with the County on second unit efforts, through the 21 Elements Group.

**R4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** This recommendation requires additional analysis and is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop“ program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose “ADU Ally“ how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021. The City of Belmont will continue to explore solutions, and support and participate with the County on second unit efforts, through the 21 Elements Group.

This response to the Grand Jury was approved at a public meeting on January 12, 2021.

Sincerely,



Afshin Oskoui  
City Manager





## CITY OF BRISBANE

50 Park Place  
Brisbane, California 94005-1310  
(415) 508-2100  
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January 8, 2021

Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 Old County Road, 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

### **Second Units: Adding New Housing In The Neighborhoods**

Dear Honorable Danny Y. Chou:

This letter is in response to the 2019/2020 Grand Jury report of October 28, 2020 which contained findings and recommendations pertaining to the City of Brisbane. Listed below are the Jury's findings and recommendations followed by the City of Brisbane responses, as reviewed and approved by the Brisbane City at a public meeting on January 7, 2021.

### **The San Mateo County 2019-2020 Grand Jury makes the following findings to the City Councils of the cities of San Mateo County:**

**Finding 1:** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**RESPONSE:** *The City of Brisbane agrees with this finding.*

**Finding 2:** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**RESPONSE:** *The City of Brisbane agrees with this finding.*

**Finding 3:** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**RESPONSE:** *The City of Brisbane partially agrees with this finding. Based on information from San Mateo County we would clarify that the 4,000 units cited in this statistic are legal Second Units, as an unknown number of unpermitted Second Units also exist.*

**Finding 4:** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**RESPONSE:** *The City of Brisbane agrees with this finding.*

**Finding 5:** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

***RESPONSE:** The City of Brisbane partially agrees with this finding. We agree a lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction but we are not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction projects subject to inspection, but Second Units have been affected in the same manner as any other construction project and our Community Development Department is not aware of any instance where the timeline for a building inspection constituted a unique hardship.*

**Finding 6:** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

***RESPONSE:** The City of Brisbane agrees with this finding.*

**Finding 7:**

The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

***RESPONSE:** The City of Brisbane agrees with this finding, however, we would like to clarify that Home for All, the San Mateo County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom, and is administratively supported by staff from multiple County departments.*

**Finding 8:**

The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

***RESPONSE:** The City of Brisbane agrees with this finding.*

**The San Mateo County 2019-2020 Grand Jury made a number of recommendations to the City Councils of the cities of San Mateo County. The Grand Jury requested responses from the City of Brisbane regarding R1, R2, R3, and R4.**

**R1:** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;

- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**RESPONSE:** *This recommendation has been partially implemented. The City of Brisbane has recently updated its website as it relates to Second Units in conjunction with our recently adopted Accessory Dwelling Unit (ADU) ordinance (Ord No. 653). The new webpage includes relevant and pertinent information in one location regarding the permitting of Second Units and includes an all-in-one “ADU Compendium” that explains new State legislation pertaining to ADUs and provides a summary of zoning districts that permit ADUs, development regulations consistent with State law, a submittal guide that includes explicit plan set requirements, a comprehensive checklist with interdepartmental requirements and contact information, and a list of additional ADU resources, including inspirational ideas.*

*Included in the ADU Compendium’s additional resources is a link to San Mateo County Home for All website. Per the County, the 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing of tools. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. A virtual webinar series for homeowners about Second Units is planned for early 2021 and will be advertised on the City of Brisbane’s website. Per the County, the webinars will be recorded and made available “on demand” for homeowners to review in the future.*

*Home for All has further indicated it will increase its outreach and promotion through existing newsletters and social media accounts, and in conjunction with the County, the City of Brisbane will cross-promote second unit resources through our available media channels, to boost awareness of this information to homeowners countywide.*

**R2:** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**RESPONSE:** *This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming unit. As previously noted, we have not been informed of a shortage of qualified building inspectors in Brisbane nor San Mateo County.*

*With regards to Second Unit finance, the County of San Mateo is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of Second Unit supporters. Their "ADU Finance Committee" is working to improve structural aspects of second unit financing such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California. Information learned from the partnership will be provided on the City's ADU webpage.*

*As to contractor availability and training, the City of Brisbane will continue to pursue an adequate construction workforce in conjunction with the County of San Mateo by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.*

*Additionally, the Housing Endowment and Regional Trust of San Mateo County has developed four sets of ADU design and construction plans that will be free to the public and are currently being reviewed by cities. Preliminary reviews will be done by the end of January and the free plans will be made available on the City's ADU webpage. While we believe free design and construction plans will encourage and facilitate the building of ADUs, Brisbane has unique topographic and geotechnical issues and it is unclear if these model plans can be adapted to address these unique circumstances.*

**R3:** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**RESPONSE:** *The recommendation has been partially implemented. The City of Brisbane has included information on its website that highlights State law and the City's new ADU ordinance that permits the owner of an ADU built prior to January 1, 2020 to request correction of any violation be delayed for five years. This provision will remain in effect until January 1, 2030. Our ADU webpage and accompanying ADU Compendium also highlight and promote the potential to legalize non-permitted units, primarily through a building permit application.*

*Additionally, San Mateo County's Second Unit Task Force has been tracking a pilot project which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on the findings of the pilot project, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing, which will be linked from the City's ADU webpage.*

**R4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

***RESPONSE:** In conjunction with the County of San Mateo, this recommendation is being explored. In 2019, the County retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit and the City of Brisbane eagerly awaits the results and lessons-learned from the pilot program through the “21 Elements Project”.*

*Also via San Mateo County and the “21 Elements Project”, the City of Brisbane anticipates learning from the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties, and additional best practices through engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County’s Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to cities within San Mateo County in 2021.*

*The City of Brisbane expects to ascertain much from these programs, as well as from the experience of the San Jose “ADU Ally” and how that kind of assistance can support homeowner success, the particular needs of San Mateo County homeowners, and how the City can best support those needs in the future. Information learned from these programs and partnerships will be made available on the City’s ADU webpage and added to its ADU Compendium.*

On behalf of the City of Brisbane, I would like to thank the members of the Grand Jury for their efforts.

Sincerely,



Karen Cunningham

City of Brisbane, Mayor



ANN O'BRIEN KEIGHRAN, MAYOR  
RICARDO ORTIZ, VICE MAYOR  
MICHAEL BROWNRIGG  
DONNA COLSON  
EMILY BEACH

## The City of Burlingame

CITY HALL -- 501 PRIMROSE ROAD  
BURLINGAME, CALIFORNIA 94010-3997

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FAX: (650) 566-9282  
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January 4, 2021

Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Subject: City of Burlingame Response to San Mateo County Grand Jury Report "Second Units: Adding New Housing In The Neighborhoods"

Dear Judge Chou:

Thank you for the opportunity to review and comment on the above-referenced Grand Jury report filed on October 28, 2020. After reviewing the Grand Jury Report and all available data pertaining to our community, the following are the City of Burlingame's responses to the Grand Jury's findings:

**F1. The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.**

Response: The City of Burlingame partially agrees with this finding. The jobs/housing data does not include the 2020 market data that shows a dramatic decrease in jobs, some of which may not return. The impact of COVID-19 and the change in business/commute patterns was not included in the background data, possibly due to timing.

**F2. From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.**

Response: The City of Burlingame agrees with this finding. The City has updated its Second Unit regulations to comply with new State laws. In 2020, the Planning Division received more than 75 new Second Unit applications.

**F3. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.**

Response: The City of Burlingame partially agrees with this finding. The City would clarify that the 4,000 units cited in this statistic are legal Second Units; an unknown number of unpermitted Second Units also exist. Since 2001, the City of Burlingame has had an amnesty program to facilitate and encourage unpermitted Second Units to be approved as permitted units.

- F4. The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.**

Response: The City of Burlingame agrees with this finding.

- F5. Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.**

Response: The City of Burlingame agrees in part with this finding. Second Unit construction can be expensive, averaging around \$200,000 for new, detached units, making cost a very real barrier for those considering developing Second Units. The City agrees that a lack of homeowner awareness of financing options is a barrier, as is the general lack of lenders willing to engage in such lending. The City would add that oftentimes lenders will not consider the future income that the rental of a Second Unit might generate when deciding whether or not to underwrite a Second Unit development loan. However, the City also notes that elected officials do not have influence over bank lending policies.

The City is not aware of a shortage of willing contractors or qualified building inspectors. The Building Division in the City's Community Development Department is fully staffed, and there is not a shortage of qualified building inspectors, nor are there wait times for scheduling inspections, despite the pandemic. Inspection timelines are generally dependent on the overall volume of all completed construction subject to inspection, and the City believes that Second Units have been affected no more or no less by this factor than any other construction project might be. The City's Community Development Department is not aware of any instance of the timeline for a building inspection constituting a unique hardship.

- F6. DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.**

Response: The City of Burlingame agrees with this finding.

- F7. The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.**

Response: The City of Burlingame agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the department cited in this finding is incorrect. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Warren Slocum and administratively supported by staff from multiple County departments.

- F8. The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).**

Response: The City of Burlingame agrees with this finding.

The following are the City of Burlingame's responses to the Grand Jury's recommendations:

**R1. The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:**

- **posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;**
- **increasing social media and other outreach regarding the above-referenced resources;**
- **offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.**

Response: This recommendation has been partially implemented. The City has been partnering with the County on the Home for All initiative, starting with a community engagement pilot program that focused on housing opportunities including Second Units. In 2021, the Home for All Work Plan includes expanded outreach to homeowners through virtual workshops and marketing tools.

Within the City, the Planning Division is in the process of refreshing the Second Unit webpage to provide resources to community members interested in building a Second Unit. Currently the webpage includes the City's Second Unit regulations, a submittal checklist, and application forms. In the future there will be flow charts and expanded lists of resources.

Planning staff work closely with Second Unit applicants to provide guidance both prior to applications being submitted, as well as once an application is under review. In 2021, the City will initiate bi-annual workshops to guide homeowners through the entitlement and construction process. These workshops can be continually updated to reflect changes in legislation, trends, financing options, etc.

Given the number of Second Units that have been constructed in Burlingame in recent years, there may also be opportunities for residents to share case studies and "lessons learned" from the Second Unit projects. These case studies may be shared through social media, and/or the bi-annual workshops.

**R2. By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:**

- **developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;**
- **developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"**
- **identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.**

**Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.**

Response: This recommendation is in the process of being implemented. The City of Burlingame is currently participating in collaborative meetings with the 21 Elements group on this topic. On December 3, 2020, a 21 Elements meeting was held to explore Second Unit construction aspects, and amnesty programs for non-conforming units. As previously noted, the City has not been informed of a shortage of qualified building inspectors.

With regards to Second Unit financing, the City will continue to pursue solutions by connecting with the County, which



is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of Second Unit supporters. Its "ADU Finance Committee" is working to improve structural aspects of Second Unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common Second Unit financing strategies present in California.

With regards to contractor availability and training, the City will continue to pursue an adequate construction workforce by connecting with the County, which has relationships with workforce development agencies through the San Mateo County Recovery Initiative.

The City will also coordinate with the Housing Endowment and Regional Trust of San Mateo County (HEART) which has developed four sets of Second Unit design and construction plans that will be free to the public. The City's Community Development Department will be involved in the review process, and the City believes this will encourage and facilitate the building of Second Units.

**R3. The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.**

Response: This recommendation is in the process of being implemented, but is not understood to be a significant issue within the City of Burlingame. Community Development staff work with owners of unpermitted Second Units to legalize those units when they are discovered. Rather than taking a punitive approach, the City seeks to find ways to preserve such units while also ensuring that the critical life, health, and safety aspects of such construction are maintained. The most recent update of the City's Second Unit regulations provides a five-year delay in enforcement of planning and building standards (provided that enforcement of the standards is not necessary to protect health and safety), in order to allow property owners time to take corrective actions and obtain permits. The City will continue to partner on regional solutions by connecting with, supporting, and participating with the County through the 21 Elements effort.

**R4. The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.**

Response: This recommendation is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot "One Stop Shop" program of free technical assistance and project management for homeowners seeking to build a Second Unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose "ADU Ally" how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021. The City will continue to pursue solutions by connecting with, supporting and participating with the County in these efforts, through the 21 Elements effort.

The Honorable Danny Y. Chu  
January 4, 2021  
Page 5

The Burlingame City Council approved this response letter at its public meeting on January 4, 2021.

Sincerely,

A handwritten signature in cursive script that reads "Ann O'Brien Keighran". The signature is written in dark ink and is positioned above the printed name and title.

Ann O'Brien Keighran  
Mayor



**OFFICE OF THE CITY MANAGER**  
**CITY OF DALY CITY**

333 – 90<sup>TH</sup> STREET  
DALY CITY, CA 94015-1895  
(650) 991-8125

December 14, 2020

Honorable Danny Chou  
Judge of the Superior Court  
Hall of Justice  
400 County Center, 2nd Floor  
Redwood City, CA 94063-1655

RE: Grand Jury Report "Second Units: Adding New Housing In The Neighborhoods"

Dear Judge Chou:

The Grand Jury made eight findings and four recommendations in its report. Daly City staff has collaborated with other cities, where applicable, on the City's response to the Grand Jury Report. The Council's responses follow each finding and the four recommendations that the Grand Jury requested that the Council respond to within 90 days.

**FINDINGS**

Finding 1:

The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

Response: The City of Daly City agrees with this finding.

Finding 2:

From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

Response: The City of Daly City agrees with this finding.

Finding 3:

There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

Response: The City of Daly City partially agrees with this finding. The City would clarify that the 4,000 units cited in this statistic are legal Second Units, as an unknown number of unpermitted Second Units also exist.

Finding 4:

The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

Response: The City of Daly City agrees with this finding.

Finding 5:

Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

Response: The City of Daly City agrees in part with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction, but the City is not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. Additionally, second unit construction can be expensive, averaging around \$200,000 for detached new units, thus, cost can be an additional barrier for homeowners considering certain types of second units. The Daly City Planning Division is not aware of any instance of the timeline for a building inspection constituting a unique hardship.

Finding 6:

DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

Response: The City of Daly City agrees with this finding.

Finding 7:

The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

Response: The City agrees in part with this finding. While it is true that the County is updating its website, which the City of Daly City can also utilize, and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative

which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

Finding 8:

The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

Response: The City of Daly City agrees with this finding.

## RECOMMENDATIONS

Recommendation 1:

The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

Response: This recommendation has been partially implemented. The 2021 Home for All workplan, to which the City of Daly City is a party, includes expanded outreach to homeowners through virtual workshops and marketing tools. Staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements.

In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events.

As the County and many cities are updating second unit ordinances and resources, Home for All will increase the outreach and promotion through existing newsletters and social media accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.

## Recommendation 2:

By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

Response: This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units. As previously noted, the County has not been informed of a shortage of qualified building inspectors in San Mateo County.

With regards to Second Unit financing, the County is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of Second Unit supporters. Their "ADU Finance Committee" is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California. The County also recently attended a Federal Reserve workshop on addressing structural barriers to ADU finance.

With regards to contractor availability and training, the City of Daly City will continue to pursue an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

The Housing Endowment and Regional Trust of San Mateo County has developed four sets of ADU design and construction plans that will be free to the public and are currently being reviewed by cities. The initial cities' reviews will be done by the end of January and we're lining up the next few cities to start the review process. We believe this will encourage and facilitate the building of ADUs.

## Recommendation 3:

The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

Response: This recommendation is in the process of being implemented. The Second Unit Task Force has been tracking a pilot project which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on these findings, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing.

Recommendation 4:

The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

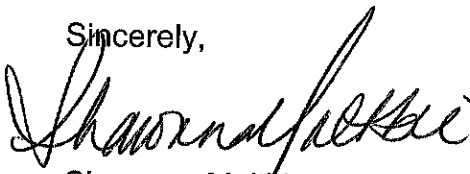
Response: This recommendation is being explored. In 2019, the County retained the nonprofit Hello Housing, a licensed general contractor, to partner with the City of Daly City and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot "One Stop Shop" program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose "ADU Ally" how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021.

FISCAL IMPACT:

This report has no fiscal impact. All programs described in this report are already funded through existing sources.

Should you or the Grand Jury require additional information or clarification concerning the response provided, please contact me directly at (650) 991-8127.

Sincerely,



Shawna Maltbie  
City Manager



# CITY OF EAST PALO ALTO

## City Council

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Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

RE: Grand Jury Report: "Second Units: Adding New Housing in the Neighborhoods"

Dear Judge Chou:

The City Council of the City of East Palo Alto voted at its public meeting on January 19, 2021, to authorize this response to the San Mateo County Civil Grand Jury Report "Second Units: Adding New Housing In The Neighborhoods" released on October 28, 2020.

### Response to Findings in the Grand Jury Report

**Finding #1** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The City of East Palo Alto agrees with this finding.

**Finding #2** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The City of East Palo Alto agrees with this finding.

**Finding #3** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The City of East Palo Alto partially agrees with this finding. The City would clarify that the 4,000 units cited in this statistic are legal Second Units in the County, as an unknown number of unpermitted Second Units also exist. The same condition also exists within the City of East



Palo Alto where there are likely a number of unpermitted Second Units based on code enforcement cases.

**Finding #4** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The City of East Palo Alto agrees with this finding.

**Finding #5** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The City of East Palo Alto agrees in part with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction, but the City is unaware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. Additionally, second unit construction can be expensive, averaging around \$200,000 for detached new units, thus, cost can be an additional barrier for homeowners considering certain types of second units. The City Community and Economic Development Department is not aware of any instance of the timeline for a building inspection constituting a unique hardship.

**Finding #6** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The City of East Palo Alto agrees with this finding. The City has been participating in the 21 Elements collaboration on a number of endeavors, including the development of policies to encourage Second Units.

**Finding #7** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The City of East Palo Alto agrees with this finding that San Mateo County is updating its website and marketing plan for Second Units.

However, it is specifically Home for All, a County initiative, staffed by multiple County departments, that is responsible for much of the task in coordination with local jurisdictions as well.

**Finding #8** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D of the Grand Jury Report).

**Response:** The City of East Palo Alto agrees with this finding.

### Response to Recommendations in the Grand Jury Report

**Recommendation #1** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** The City's efforts to implement this recommendation have been complete. When the City adopted an updated Accessory Dwelling Unit (ADU) Ordinance on November 17, 2020, in conformance with the new state ADU laws, the City posted a new ADU page to its website to provide relevant resources and simplify the process of Second Unit construction for the public.

Also, as part of the ADU ordinance update process, a community meeting was jointly hosted by the City and the ADU Technical Working Group on August 18, 2020. The updated ADU regulations, new streamlined process, and other resources for ADU construction were presented to the participants.

The City is a participant in the San Mateo County "One Stop Shop" with the nonprofit Hello Housing, a pilot program to provide technical assistance and project management for homeowners seeking to build an ADU. The One Stop Shop program included extensive branded social media outreach.

Additionally, the City is committed to working with selected partners to ensure on-going public outreach. The City has contracted with local nonprofits EPACANDO and City Systems to streamline the ADU process. This contract, funded by an SB 2 Planning Grant, includes

community outreach on ADU-related topics on behalf of the City. Additional community meetings as well as other community outreach methods—delayed this year in part due to COVID-19-- will be implemented in 2021.

EPACANDO and City Systems are developing an informational website specifically for ADUs in East Palo Alto, which will contain much of the information recommended above, including a look-up tool to determine what type of Second Unit can be developed on any residential parcel in East Palo Alto, application information, flow charts, and other information.

- Recommendation #2** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:
- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
  - developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
  - identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

**Response:** The City's efforts to implement this recommendation have been complete. On December 3, 2020, a 21 Elements meeting was held to explore Second Unit construction aspects, and amnesty programs for non-conforming units.

The City and EPACANDO were recently awarded a CalHOME grant in the amount of \$2,000,000 to provide loans to at least 20 East Palo Alto homeowners to construct Second Units. As part of its CalHOME program development, the City and EPACANDO are working with community partners and local financing institutions to ensure that homeowners have access to adequate financing for their projects.

With regards to contractor availability and training, the City is committed to pursuing an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Working Group will explore collaborations with independent building and trade organizations to publicize vendors skilled in Second Unit design and construction.

Additionally, the City is working with the Housing Endowment and Regional Trust of San Mateo County (HEART), who has developed four sets of ADU design and construction plans that will be free to the

public in order to encourage and facilitate the building of ADUs. The initial reviews will be done by the end of January 2021.

**Recommendation #3** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

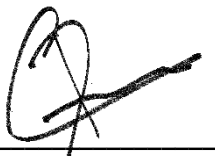
**Response:** This recommendation is in the process of being implemented. The Second Unit Task Force, which formally concluded in 2020, and now the Second Unit Working Group have worked closely with City staff for years to assist homeowners with resolving health and safety risks in non-permitted units within the City. EPACANDO and City System will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing.

**Recommendation #4** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** This recommendation is being explored. As mentioned above, the City is a participant in the County's One Stop Shop program with Hello Housing. The City will learn more from this program about the particular needs of East Palo Alto homeowners and how the City can best support those needs in future. The City also is learning from the experience of the San Jose "ADU Ally" and how this kind of assistance can support homeowner success. The City will also continue to monitor additional best practices through its engagement with the County of San Mateo through its Home for All program and the Casita Coalition, a statewide association of Second Unit professionals and advocates.

The City of East Palo Alto is committed to contributing to the County's goals of combatting regional housing crisis by following the Grand Jury's recommendations to encourage and promote the construction of second units citywide.

Sincerely,



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Carlos Romero  
Mayor  
City of East Palo Alto



## OFFICE OF THE CITY COUNCIL

*City of Foster City*

January 5, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Dear Judge Chou:

The City Council for the City of Foster City has had an opportunity to review the 2020 Grand Jury report entitled “Secondary Units: Adding New Housing in the Neighborhoods.” After reviewing the report and allowing for public comment at its regular meeting on January 4, 2021, the City Council offers the following responses:

### **Responses to Findings**

**Finding F1.** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The respondent agrees with the finding.

**Finding F2.** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The respondent agrees with the finding.

**Finding F3.** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The City of Foster City disagrees partially with this finding. It agrees that the 4,000 units cited in this statistic includes only legal (i.e. permitted) Second Units. However, as recognized in Finding 4, there are likely many additional unpermitted Second Units currently constructed within the County.

**Finding F4.** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The respondent agrees with the finding.

**Finding F5.** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The City of Foster City disagrees in part with this finding. It agrees that lack of awareness of financing and construction options are obstacles to Second Unit construction, but the City is not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units are not uniquely affected by delays in obtaining an inspection. The City is not aware of any instance in which a building inspection was delayed for a Second Unit project thereby causing hardship.

Second unit construction can be expensive, averaging around \$200,000 for detached new units. While the availability of financing may be a significant barrier, the cost even with financing available is likely an additional barrier for homeowners considering certain types of Second Units.

**Finding F6.** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The respondent agrees with the finding.

**Finding F7.** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The respondent agrees with the finding.

**Finding F8.** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating.

**Response:** The respondent agrees with the finding.

### **Response to Recommendations**

**RI.** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** This recommendation has been partially implemented. The City of Foster City recently updated its Accessory Dwelling Units Ordinance to comply with State laws effective January 1, 2020 and maintains a dedicated webpage on Second Units, which includes information on types of Second Units and the City's permitting process.

Foster City participates in "Home for All," which is a countywide collaborative effort with a wide range of community partners working to build support and inspire action for a variety of housing options. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses/vendors present to connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in the future. Home for All continues to welcome community invitations to present about Second Units at additional events.

The City is exploring and developing a plan to use social media and other potential outreach methods to increase community awareness of Second Units and the City's webpage providing information on Second Unit permitting. The City does not believe that quarterly workshops would provide added benefit, as City staff remains available to answer questions from the community about Second Units and permitting as needed.

**R2.** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore Second Unit construction aspects, and amnesty programs for non-conforming units. Foster City commits to continuing its partnership with 21 Elements in an effort to find collaborative solutions to barriers to constructing Second Units.

**R3.** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response:** The City of Foster City recently updated its Accessory Dwelling Unit Ordinance and included a provision for delay in enforcement of unpermitted ADUs. This information has been included on the City's webpage dedicated to information about Accessory Dwelling Units. In addition, based on these findings, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing.

**R4.** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** The City of Foster City will explore and be open to countywide discussion on the feasibility of retaining an outside resource in collaboration with 21 Elements. The City and its countywide partners will make this determination prior to December 31, 2021.

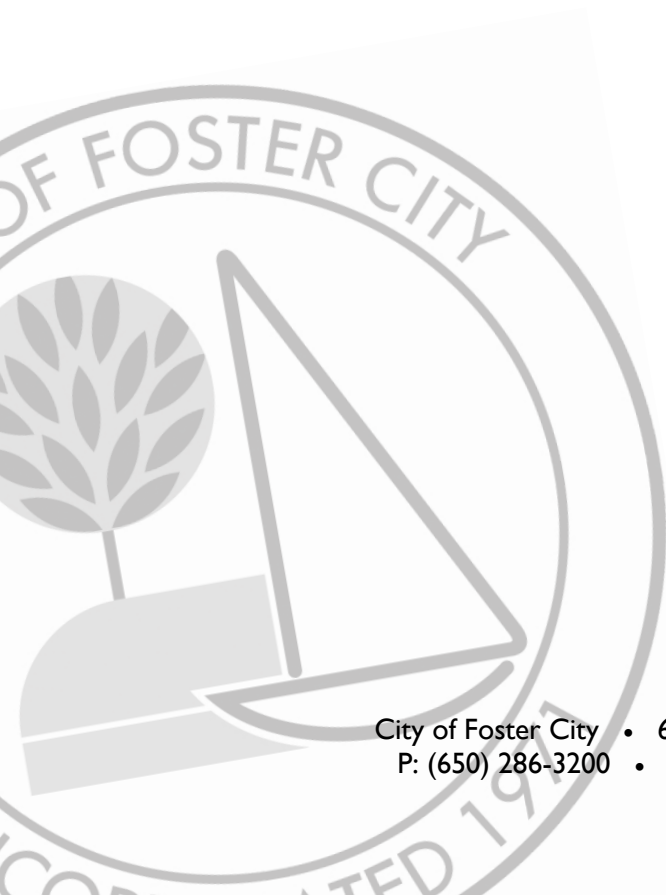
This response was approved by the Foster City City Council, via Minute Order, at its regular meeting on January 4, 2021.

Respectfully submitted,



Sanjay Gehani  
Mayor, City of Foster City

cc: [grandjury@sanmateocourt.org](mailto:grandjury@sanmateocourt.org)





# MINUTE ORDER

No. 1721

OFFICE OF THE CITY CLERK  
FOSTER CITY, CALIFORNIA

Date: January 5, 2021

Attention: City Council/EMID Board  
Peter Pirnejad, City/District Manager  
Dante Hall, Assistant City Manager  
Marlene Subhashini, Community Development Director  
Sofia Mangalam, Planning Manager

City Council/EMID Board of Directors Meeting Date: January 4, 2021

Subject: Response to the San Mateo County Grand Jury Report "Second Units: Adding New Housing in the Neighborhoods"

Motion by Councilmember Froomin, seconded by Councilmember Hindi, and carried unanimously by roll call vote, 5-0-0, IT WAS ORDERED to approve a letter to the Honorable Danny Y. Chou, Judge of the Superior Court, in response to the San Mateo County Civil Grand Jury Report, dated October 28, 2020, entitled "Second Units: Adding New Housing in the Neighborhoods."

DocuSigned by:

*Priscilla Schaus*

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CITY CLERK/DISTRICT SECRETARY



# CITY OF HALF MOON BAY

City Hall • 501 Main Street • Half Moon Bay • 94019

January 20, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Subject: Response to Grand Jury Report titled “Second Units: Adding New Housing in the Neighborhoods”

Dear Judge Chou:

The City Council for the City of Half Moon Bay has had an opportunity to review the 2020 Grand Jury report entitled “Secondary Units: Adding New Housing in the Neighborhoods.” After reviewing the report and allowing for public comment at its regular meeting on January 19, 2021, the City Council offers the following responses:

## **Responses to Findings**

**Finding F1.** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The City agrees with the finding.

**Finding F2.** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The City agrees with the finding.

**Finding F3.** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The City disagrees in part with this finding. The 4,000 units cited in this statistic includes only legal (i.e. permitted) Second Units. However, as recognized in Finding 4,

there are likely many additional unpermitted Second Units currently constructed within the County.

**Finding F4.** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The City agrees with the finding.

**Finding F5.** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The City disagrees in part with this finding. It agrees that lack of awareness of financing and construction options are obstacles to Second Unit construction, but the City is not aware of any shortage of qualified building inspectors. The City routinely conducts nearly all building inspections, including those for Second Units, within one business day of the request. The City is not aware of any instance in which a building inspection was delayed for a Second Unit project. Second unit construction can be expensive, averaging around \$200,000 for detached new units. While the availability of financing may be a significant barrier, the cost, even with financing available, is likely an additional barrier for homeowners considering certain types of Second Units, especially custom built units. We note that the City has approved both custom and various types of more affordable modular and/or prefabricated Second Units.

**Finding F6.** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The City agrees with the finding.

**Finding F7.** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The City agrees with the finding.

**Finding F8.** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating.

**Response:** The City agrees with the finding.

## **Responses to Recommendations**

### **Recommendation 1:**

The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** This recommendation has been mostly implemented. The City updated its Accessory Dwelling Unit (ADU) ordinance in 2018 in response to the State laws that went into effect in 2017, and is currently working to update the ordinance again in response to the State laws that went into effect in 2020. As the City is wholly within the Coastal Zone, this update requires an amendment to the City's certified Local Coastal Program. To guide homeowners during this interim period, the City maintains an informational handout on its website on ADUs.

The City of Half Moon Bay participates in "Home for All," which is a countywide collaborative effort with a wide range of community partners working to build support and inspire action for a variety of housing options. In 2018, Half Moon Bay was a Home for All "pilot" city. The Home for All pilot project supported the City in providing an education and engagement program comprised of community conversations about housing opportunities and needs, including for Second Units. Another example of the City's collaboration with Home for All was more recent participation in an "Exploring Your Housing Options" session hosted by Village of the Coastside in February 2020. City staff, along with Home for All and HIP Housing, made coordinated presentations at this well-attended session in the Half Moon Bay Library. The session covered updates in State law and presented detailed information about how to plan, permit, and build a Second Unit in Half Moon Bay, as well as on the unincorporated Midcoast.

The City will promote the 2021 Home for All workplan, which includes expanded outreach to homeowners through virtual workshops and marketing tools. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses/vendors present to connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in the future. Home for All continues to welcome community invitations to present about Second Units at additional events.

The City is exploring and developing methods and materials to increase community awareness of Second Units. The City's webpage will continue to provide information on Second Unit permitting, and will be updated as applicable when our new ordinance is adopted. The City does not believe that quarterly workshops would provide added benefit, as City staff remains readily available to answer questions from the community about Second Units and permitting as needed. Half Moon Bay is a small town and our public counter is always staffed, be it virtual during this challenging time, or in person as we prefer. To illustrate, during the earliest days of the shelter order in spring 2020, the City's Community Development Director held socially distanced meetings on the sidewalk outside City Hall with a contractor and a homeowner about their respective Second Unit projects.

Finally, the City also notes a statement in the Report that must be corrected. The Report suggests that the City of Half Moon Bay is unsure if State ADU law applies to our jurisdiction:

Page 12: *"Some jurisdictions on the County's coast are unclear as to whether the new State laws apply to coastal areas."*

While the Report cites a Half Moon Bay Review newspaper article about the City of Half Moon Bay's growth control ordinance to support this statement, the article does not indicate any confusion by the City. The City is fully aware that State law applies to the Coastal Zone and has been readily implementing the recent updates to State ADU law to permit an unprecedented number of ADUs.

### **Recommendation 2:**

By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore Second Unit construction aspects, and amnesty programs for non-conforming units. Half Moon Bay commits to continuing its partnership with 21 Elements in an effort to find collaborative solutions to barriers to constructing Second Units.

**Recommendation 3:**

The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response:** Based on this recommendation, the City will provide links to Home for All's information and resources for homeowners of non-conforming units as part of its second unit marketing. A link to this information will be included on the City's webpage and print materials will be provided in the City's kiosk on Main Street at City Hall, as available. Also of note, because the new State ADU law is so accommodating, the City has found it straightforward to legalize such units without the need of an amortization program. Furthermore, the City's approach to non-permitted units is to help the owner legalize the unit. We do not treat this situation as a code violation unless life safety issues are at hand. The City of Half Moon Bay is in the process of updating its Accessory Dwelling Unit Ordinance, and due to this recommendation, the City will consider including provisions that would further support legalization of unpermitted Second Units.

**Recommendation 4:**

The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** The City of Half Moon Bay will explore and be open to countywide discussion on the feasibility of retaining an outside resource in collaboration with 21 Elements. The City and its countywide partners will make this determination prior to December 31, 2021.

This response was approved by the Half Moon Bay City Council at its regular meeting on January 19, 2021.

Respectfully submitted,

*Robert Brownstone*

Robert Brownstone  
Mayor, City of Half Moon Bay

cc: [grandjury@sanmateocourt.org](mailto:grandjury@sanmateocourt.org)



January 12, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

**RE: Civil Grand Jury Report: “Second Units: Adding New Housing In The Neighborhoods”**

Dear Honorable Judge Chou:

Thank you for the opportunity to review and comment on the above-referenced Grand Jury Report filed on October 28, 2020. The City Council of the City of Menlo Park (City) voted at its public meeting on January 12, 2021 to authorize this response to the report.

Response to Grand Jury Findings

**F1.** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**City response:** *The City of Menlo Park agrees that jobs have outpaced the growth of housing in San Mateo County and more housing is needed, including second units or accessory dwelling units.*

**F2.** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**City Response:** *The City of Menlo Park agrees that the production of second units has increased in recent years and new State laws targeted at second units will reduce barriers to production.*

**F3.** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**City Response:** *The City of Menlo Park agrees in part with this finding. It is our understanding that the 4,000 units cited in this statistic are known, legal second units, and an unknown number of unpermitted second units also exist. However, there is potential for many more second units.*

**F4.** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**City Response:** *The City of Menlo Park agrees that there is an unknown number of non-permitted second units in the County and new state laws makes it easier for those units to be made safer.*

**F5.** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**City Response:** *The City of Menlo Park agrees in part with this finding. Construction of a second unit can be expensive and a lack of homeowner awareness of the process and financing options can be obstacles to second unit construction. However, the City is not aware that building inspections are an obstacle to construction. Inspection timelines are generally dependent on the overall volume of construction projects subject to inspection, and the City believes that second units have been affected no more or no less by this factor than other construction projects.*

**F6.** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**City Response:** *The City agrees that participation in 21 Elements has been very beneficial for collaborating with the County and other jurisdictions in San Mateo County.*

**F7.** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**City Response:** *The City of Menlo Park agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.*



**F8.** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**City Response:** *The City of Menlo Park agrees that the City of San Jose's program is a good resource to explore and possibly emulate.*

#### Response to Grand Jury Recommendations

**R1.** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**City Response:** *This recommendation has been partially implemented. The City adopted urgency ordinance no. 1066 in February 2020 to comply with new state law accessory dwelling unit regulations to further ADU production. Since then, staff has worked on enhancing the information on the City's website ([menlopark.org/1491/Accessory-dwelling-units](http://menlopark.org/1491/Accessory-dwelling-units)) to assist the public navigate through the changes in state law, and will continue to create educational materials and tools to aid ADU production as part of an SB2 grant that was awarded to the City in April 2020. When in-person community events are able to resume, outreach will also include attendance at community fairs such as farmer's markets and block parties to promote second units.*

*In addition, many efforts are made at the Countywide level. The County of San Mateo is continuing to enhance its resources, which are shared on the City of Menlo Park's accessory dwelling unit webpage. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. County staff is also currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program uses its regular newsletter to provide updates on second units and works to engage with cities through its partnership with 21 Elements. Home for All will increase its outreach and promotion through existing newsletters and social media accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.*

*Home for All has been effective in its reach. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit*

*businesses available to connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about second units is planned for early 2021. These webinars will be recorded and made available “on demand” for homeowners to review in future. The City will explore how we can partner with Home for All to present about second units at additional events.*

**R2.** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**City Response:** *This recommendation is in the process of being implemented. The City of Menlo Park is currently participating in collaborative meetings with the 21 Elements consortium on this topic. On December 3, 2020, the City of Menlo Park staff attended a 21 Elements meeting, which was held to explore second unit construction aspects and amnesty programs for non-conforming second units. With regards to Second Unit financing, the City will connect with the County of San Mateo who is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. Their “ADU Finance Committee” is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents the common second unit financing strategies present in California. With regards to contractor availability and training, the City of Menlo Park will connect with the County who has relationships with workforce development agencies through the San Mateo County Recovery Initiative.*

**R3.** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**City Response:** *This recommendation is in the process of being implemented. According to the study, “Investment and Disinvestment as Neighbors,” prepared by the UC Berkeley’s Center for Community Innovation in collaboration with the Y-Plan initiative, the City had 126 second unit violations between 2010 - 2018. This represents approximately one percent of the total number of housing units in the City and does not appear to be a significant issue in the City as a whole. However, the majority (78 percent) of the unpermitted second unit violations were located in Belle Haven, and by contrast, the majority of second unit permits issued were not in Belle Haven. When a violation is discovered, staff from Planning, Building and Code*

*Enforcement works with the property owner on how to bring the unit into compliance. Staff is also creating a process for homeowners to seek delayed enforcement for unpermitted second units per recent changes to State and local law. Staff will continue to review other best practices such as the County's pilot program and partner on regional solutions by connecting with, supporting and participating with the County through the 21 Elements efforts.*

**R4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**City Response:** *This recommendation requires further analysis and is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot "One Stop Shop" program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose "ADU Ally" and how this kind of assistance can support homeowner success. Furthermore, San Mateo County continues to learn from the Napa-Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more second units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of second unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models, and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to San Mateo County in 2021. The City of Menlo Park will continue to pursue solutions by connecting with, supporting and participating with the County in these efforts, through 21 Elements.*

Sincerely,

DocuSigned by:  
  
52C1D491348F4A3...

Drew Combs  
Mayor



# City of Millbrae

621 Magnolia Avenue, Millbrae, CA 94030

**ANN SCHNEIDER**  
Mayor

**ANNE OLIVA**  
Vice Mayor

**GINA PAPAN**  
Councilmember

**ANDERS FUNG**  
Councilmember

**REUBEN D. HOLOBER**  
Councilmember

January 13, 2021

Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8th Floor  
Redwood City, CA 94063-1655

RE: City of Millbrae's Response to Grand Jury Report: "Second Units: Adding New Housing in The Neighborhoods"

Dear Honorable Judge Chou,

Please accept this as the City of Millbrae's formal response to the Grand Jury Report: "Second Unit: Adding New Housing in The Neighborhoods" (Grand Jury Report), pursuant to the instructions in your October 28, 2020 letter.

The City has reviewed the Grand Jury Report and offers the following responses to the findings and recommendations on behalf of the City Council, City Manager and the Mayor of Millbrae:

## **Responses to Findings**

F1: The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

Response to F1: The City agrees with this finding.

F2: From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

Response to F2: The City agrees with this finding.

F3: There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

City Council/City Manager/City Clerk  
(650) 259-2334

Building Division/Permits  
(650) 259-2330

Community Development  
(650) 259-2341

Finance  
(650) 259-2350

Fire  
(650) 558-7600

Police  
(650) 259-2300

Public Works/Engineering  
(650) 259-2339

Recreation  
(650) 259-2360

Response to F3: The City agrees with this finding.

F4: The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

Response to F4: The City agrees with this finding.

F5: Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

Response to F5: The City agrees with this finding.

F6: DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

Response to F6: The City agrees with this finding.

F7: The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

Response to F7: The City agrees with this finding.

F8: The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

Response to F8: The City agrees with this finding.

### **Responses to Recommendations**

R1: The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following: posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts; increasing social media and other outreach regarding the above-referenced resources; offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

Response to R1: This recommendation has been partially implemented and the City will expand implementation in 2021. The City's website<sup>1</sup> contains the following resources regarding the permitting and construction of accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) in Millbrae:

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<sup>1</sup> See <https://www.ci.millbrae.ca.us/departments-services/community-development/accessory-dwelling-units>.

- Instructions and contact information for submitting an ADU application to the Building Department through a simplified and streamlined process;
- A link to the Millbrae ADU Ordinance, which was adopted on October 13, 2020;
- Planning staff's phone number for questions regarding ADU requirements; and
- Links to ADU and housing online tools, handouts, and information including: the California Department of Housing and Community Development's ADU webpage; Second Unit Resource Center San Mateo County; the San Mateo County Home Sharing with HIP Housing website; and the Home for All San Mateo County website.

The Community Development Department plans on updating the City's website in 2021 to provide a "Millbrae ADU Frequently Asked Questions (FAQ) and ADU Summary Table" to assist the public in submitting ADU applications. In addition, planning staff are available by phone to offer guidance and answer questions on the ADU application process and requirements.

R2: By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for: developing and publicizing financing partners to help homeowners finance the construction of new Second Units as well as upgrading non-permitted existing Second Units; developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"; identifying and collaborating with training institutions to recruit and train more general contractors and inspectors. Such meetings may occur in connection with the 21 Elements Project meetings regarding Second Units, or through a separate platform.

Response to R2: This recommendation has not yet been implemented but will be implemented in the future. The City has worked with the County in the past to address the obstacles to ADU development within the City. For example, in November of 2018, the City collaborated with the Housing Endowment and Regional Trust of San Mateo County (HEART) to host the "ADU Open House," a Millbrae community scoping and information gathering session to determine the biggest hurdles faced by homeowners when considering adding an ADU to their property. The City welcomes additional opportunities to meet with the County and other cities to find solutions to the issues identified in this recommendation. The City will work with its San Mateo County local government partners to organize such meetings in 2021.

R3: The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

Response to R3: This recommendation requires further analysis. The City is open to exploring the development of a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. Within six months from the publication date of the Grand Jury report, the City will research the cost of developing a marketing plan and whether there is an opportunity to collaborate with the County and other cities on the development and funding for such a marketing plan.

Possible components of the marketing plan may include:

- Adding to the City's website outreach information and materials on the Municipal Code requirements for bringing non-permitted units into compliance;
- City Code Enforcement Officers could share information with Building Division staff when non-permitted units ADUs are encountered in the field and direct the property owners to contact Building Department staff for instructions on bringing the ADUs into compliance; and,

- Depending on staff workload and availability, there may be an opportunity for the Community Development Department to offer several community workshops and meetings (by Zoom webinar) to educate the community and provide resources on bringing non-permitted units into compliance.

R4: The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

Response to R4: This recommendation requires further analysis. Within six months from the publication date of the Grand Jury report, the City will research:

- What are the goals and objectives of retaining the outside resource described in this recommendation?
- Is this an outside resource for City staff and/or a resource for the public?
- Would a bi-annual training workshop, like the Second Unit Resource Center's "Community Convening - Second Units:
- "Maintaining the Momentum" training workshop, which City staff participated in on February 27, 2020, be a viable option for implementing this recommendation? City staff found this workshop to be useful in that it convened cities, counties, contractors and consultants together to share information on the approval and construction of Second Units in the region.

The City appreciates the opportunity to share its comments on the Grand Jury Report.

Sincerely,



Ann Schneider  
Mayor

Cc: City Council  
City Manager  
City Attorney



Scenic Pacifica  
Incorporated Nov. 22, 1957

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## CITY OF PACIFICA

170 Santa Maria Avenue • Pacifica, California 94044-2506  
[www.cityofpacifica.org](http://www.cityofpacifica.org)

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**MAYOR**  
Sue Beckmeyer

**MAYOR PRO TEM**  
Mary Bier

**COUNCIL**  
Mike O'Neill  
Sue Vaterlaus  
Tygarjas Bigstycck

January 12, 2021

The Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

**Subject: City of Pacifica's response to "Grand Jury Report: 'Second Units: Adding New Housing In The Neighborhoods'"**

Dear Judge Chou:

Thank you for the opportunity to review and comment on the above-referenced Grand Jury report filed on October 28, 2020. Pursuant to Penal Code § 933(c), the City of Pacifica's response to the several findings and recommendations contained in the report are provided below. The Pacifica City Council, including the Mayor, reviewed and approved the responses at a public meeting on January 11, 2021.

**Responses to Grand Jury Findings:**

**F1.** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response to F1.** The City agrees with the finding.

**F2.** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response to F2.** The City agrees with the finding.

**F3.** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response to F3.** The City agrees in part with this finding. The City agrees that there are approximately 155,000 single-family homes within San Mateo County but would clarify that the 4,000 units cited in this statistic are lawful, permitted second units. As acknowledged in Finding No. 4, below, an unknown number of second units constructed without permits also exist, many



Subject: City of Pacifica's response to "Grand Jury Report: 'Second Units: Adding New Housing In The Neighborhoods'"

January 12, 2021

of which are occupied by residents.

**F4.** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response to F4.** The City agrees with the finding.

**F5.** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response to F5.** The City agrees in part with this finding. A lack of homeowner awareness of financing and construction options are obstacles to second unit construction and legalizing non-permitted second units. Second unit construction can be expensive, averaging around \$200,000 for new detached units. Thus, cost can be a barrier for homeowners considering certain types of second units, although the City is unaware of examples of lenders in the region being unwilling to finance second unit projects. The City is aware that the high level of construction activity in the region, which has been ongoing for several years, has led to challenges for homeowners in finding contractors willing to work on "small" projects of various types, including but not limited to second units.

The City is not aware of a shortage of qualified building inspectors or inspection-related barriers to second unit construction. The City is able to perform timely building inspections of all construction projects, generally within 24 hours of a request for inspection, and rarely beyond 48 hours of such a request (except for weekends and holidays). The City Planning Department is not aware of any instance of the timeline for a building inspection of a second unit adversely affecting the project.

**F6.** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response to F6.** The City agrees with the finding.

**F7.** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response to F7.** The City agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on second units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively

Subject: City of Pacifica's response to "Grand Jury Report: 'Second Units: Adding New Housing In The Neighborhoods'"

January 12, 2021

supported by staff from multiple County departments.

**F8.** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D [of the Grand Jury report]).

**Response to F8.** The City agrees with the finding.

**Responses to Grand Jury Recommendations:**

**R1.** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response to R1.** This recommendation has been partially implemented. The City has relied on a regional approach to second unit outreach with the County of San Mateo. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. County staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on second units and works to engage with cities, including Pacifica, through its partnership with 21 Elements. The City is also a participant in the County's One Stop Shop pilot program for second unit assistance to homeowners. The One Stop Shop program provides funding for technical assistance during the plan development and permitting process for a small number of homeowners in Pacifica, East Palo Alto, and Redwood City.

In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person second unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. City of Pacifica staff participated in this fair and City staff set up a table at the event as well to provide City-specific information to homeowners. An additional second unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about second units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in future. It is the City of Pacifica's understanding that Home for All continues to welcome community invitations to present about second units at additional events and as the County and many cities are updating second unit ordinances and resources, the City believes Home for All will increase the outreach and promotion through existing newsletters

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January 12, 2021

and social media accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.

**R2.** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response to R2.** This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects and amnesty programs for non-conforming units.

With regards to second unit financing, the City understands that the County of San Mateo is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of second unit supporters. Their ADU Finance Committee is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners, which presents a pro-con format explanation of the common second unit financing strategies present in California. The County also recently attended a Federal Reserve workshop on addressing structural barriers to second unit financing.

With regards to contractor availability and training, the County of San Mateo has indicated it will continue to pursue an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

With regards to recruiting and training more inspectors, as previously noted, the City is not aware of a shortage of qualified building inspectors in the City of Pacifica.

**R3.** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

Subject: City of Pacifica's response to "Grand Jury Report: 'Second Units: Adding New Housing In The Neighborhoods'"

January 12, 2021

**Response to R3.** This recommendation is in the process of being implemented. As noted in the discussion of Recommendation No. 1, above, the City has relied on a regional approach to second unit outreach with the County of San Mateo. The County's Second Unit Task Force has been tracking a pilot project, which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on these findings, Home for All will provide and promote information and resources for homeowners of non-permitted units as part of its second unit marketing. The City will evaluate the County's experiences with the pilot project and the information and resources it prepares to determine how best to communicate relevant information to homeowners of non-permitted second units in Pacifica.

**R4.** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response to R4.** This recommendation has been implemented. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot "One Stop Shop" program of free technical assistance and project management for homeowners seeking to build a second unit. The County and the City of Pacifica continue to learn more from this program about the particular needs of San Mateo County and Pacifica homeowners and how the City can best support those needs in future. The County and City of Pacifica are also learning from the experience of the San Jose "ADU Ally" how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County and the City of Pacifica continue to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more second units in Napa and Sonoma Counties. It is the understanding of the City that San Mateo County will continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of second unit professionals and advocates. The City also understands that the County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021.

Sincerely,



KEVIN WOODHOUSE  
City Manager

cc: Pacifica City Council



Rico E. Medina  
Mayor

CITY OF SAN BRUNO  
OFFICE OF THE MAYOR

January 13, 2021

Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Re: Civil Grand Jury Report "Second Units: Adding New Housing in The Neighborhoods"

Honorable Judge Chou:

Thank you for the opportunity to review and comment on the above referenced Grand Jury report filed on October 28, 2020. The City of San Bruno's response to the eight listed findings and the four recommendations applicable to the City are listed below. The City Council approved this response at its regular meeting on January 12, 2021.

#### RESPONSES TO GRAND JURY FINDINGS

F1: The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

Response: The City of San Bruno does not have sufficient information to agree or disagree with this finding. City does not enough knowledge about County-wide statistics or the source cited in the Grand Jury report.

F2: From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

Response: The City of San Bruno does not have sufficient information to agree or disagree with this finding. City does not enough knowledge about County-wide statistics or the source cited in the Grand Jury report.

F3: There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

Response: The City of San Bruno does not have sufficient information to fully agree or disagree with this finding. Also, from discussion with County staff, it is unclear if the 4,000 units cited in this statistic are legal Second Units. The City would clarify that an unknown of unpermitted Second Units also exist throughout the County.

F4: The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

Response: The City of San Bruno does not have sufficient information to agree or disagree with this finding. City does not enough knowledge about County-wide statistics or the source cited in the Grand Jury report.

F5: Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

Response: The City of San Bruno does not have sufficient information to fully agree or disagree with this finding. Second unit construction can be expensive, averaging around \$200,000 for a brand new, detached new unit, making cost a potential barrier for those considering building a Second Unit. The City agrees that a lack of homeowner awareness of financing and construction options can also be obstacles to Second Unit construction. This can be seen in the general lack of lenders who are willing to engage in such financing options. However, the City is not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is dependent on the overall volume of completed construction subject to inspection, and the City believes Second unit construction has not been severely impacted by this factor other than other construction project types.

F6: DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdiction in the County to work together on addressing their housing needs, including the development of Second Units.

Response: The City of San Bruno agrees with this finding.

F7: The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

Response: The City of San Bruno does not have sufficient information to fully agree or disagree with this finding as the reference is made to the San Mateo County Department of Housing website. In discussion with County staff, while it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible

for both tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

F8: The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating.

Response: The City of San Bruno does not have sufficient information to fully agree or disagree with this finding.

## RESPONSES TO GRAND JURY RECOMMENDATIONS

R1: The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- o Posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklist and flowcharts;
- o Increasing social media and other outreach regarding the above-referenced resources;
- o Offering workshop (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

Response: This recommendation has been partially implemented. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Speaking with Home for All staff, City understands that Home for All is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on Second Unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020 but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on-demand" for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events. The City of San Bruno participate in the most recent Home for All cohort. In addition, a dedicated webpage has been updated on the City's Community and Economic Development Department webpage that explains the Second Unit review process.

As the City and many cities are updating second unit ordinances and resources, City understands from Home for All staff that Home for All will increase the outreach and promotion through existing newsletters and social media accounts, as well as cross-promote Second Unit resources through other County media channels, to boost awareness of this information to homeowners countywide.

- R2: By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:
- o Developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
  - o Developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
  - o Identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

Response: This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units. As previously noted, City of San Bruno has not been informed of a shortage of qualified building inspectors in San Mateo County.

With regards to Second Unit financing, the City will continue to pursue solutions by connecting with the County, as the County is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of Second Unit supporters. The "ADU Finance Committee" is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents common second unit financing strategies present in California.

With regards to contractor availability and training, the City will continue to connect with the County who has relationships with workforce development agencies through the San Mateo County Recovery Initiative attempting to pursue an adequate construction workforce. These workforce development agencies that exist Countywide such as Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

- R3: The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

Response This recommendation requires further analysis while City of San Bruno utilizes the 21 Elements' Accessory Dwelling Units (ADUs) website which includes marketing materials and other educational materials for homeowners considering building or legalizing a second unit. The webpage is updated on a regular basis by 21 Elements to reflect more recent changes in state law. In addition, City Code Enforcement, Planning and Building Department staff has been working closely with owners of unpermitted Second Units to legalize those units whenever possible. The City's goal is to ensure that living units meet critical life/health/safety standards. The City will continue to partner with regional solutions by connecting with, supporting, and participating with the County through the 21 Elements collective effort.



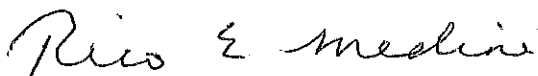
R4: The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Units expertise. This determination should be made by December 31, 2021.

Response: This recommendation requires further analysis and is being explored. In 2019, through discussion with County staff, City understands that the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot "One Stop Shop" program of free technical assistance and project management for homeowners seeking to build a second unit. The County staff indicated that the County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose "ADU Ally," how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to San Mateo County in 2021.

The City will continue to pursue solutions by connecting with, supporting, and participating with the County through the 21 Elements collective effort.

This response report to the Grand Jury was approved by the City Council at its January 12, 2021 meeting.

Respectfully,



Rico E. Medina  
Mayor, City of San Bruno



January 15, 2021

Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Hon. Danny Y. Chou,

The City of San Carlos hereby submits its response to the San Mateo County 2019-2020 Civil Grand Jury's Report entitled "*Second Units: Adding New Housing In The Neighborhoods.*"

This response was approved by the San Carlos City Council at its regular public meeting of January 11, 2021.

## FINDINGS

### **Finding 1:**

The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The City of San Carlos agrees with this finding.

### **Finding 2:**

From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The City of San Carlos agrees with this finding.

**Finding 3:**

There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The City of San Carlos partially agrees with this finding. The City of San Carlos would clarify that the 4,000 units cited in this statistic are legal Second Units, as an unknown number of unpermitted Second Units also exist.

**Finding 4:**

The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The City of San Carlos agrees with this finding.

**Finding 5:**

Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The City of San Carlos agrees in part with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction, but San Carlos is not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. Additionally, second unit construction can be expensive, averaging around \$200,000 for detached new units, thus, cost can be an additional barrier for homeowners considering certain types of second units. San Carlos' Building Division is not aware of any instance of the timeline for a building inspection constituting a unique hardship; in fact, San Carlos has a 24 to 48 hour lead time on inspection requests and our inspectors (and plan checkers) are more than adequately trained to accommodate these simple projects.

**Finding 6:**

DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The City of San Carlos agrees with this finding.

**Finding 7:**

The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The City of San Carlos agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

**Finding 8:**

The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**Response:** The City of San Carlos agrees with this finding.

**RECOMMENDATIONS**

**Recommendation 1:**

The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- o posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- o increasing social media and other outreach regarding the above-referenced resources;
- o offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** This recommendation has been partially implemented. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Their Second Unit Center website and social media content is being updated to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements.

In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second

Units is planned for early 2021. These webinars will be recorded and made available “on demand” for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events.

Home for All will continue to increase the outreach and promotion through existing newsletters and social media accounts, as well as cross-promote second unit resources working with San Mateo County cities and their media channels, to boost awareness of this information to homeowners countywide.

On October 26, 2020, the City of San Carlos adopted Ordinance #1566 to address state-mandated updates to second unit regulations. As required, city staff submitted a copy of the new ordinance to the state for its review on November 2, 2020.

Since adoption of its Accessory Dwelling Unit Ordinance in October 2020, city staff from the Planning and Building Divisions have put together a FAQ sheet to provide basic guidance to the public, as well as update the City’s ADU webpage with useful tools and information, including links to outside resources to assist in the production of ADUs in San Carlos.

<https://www.cityofsancarlos.org/government/departments/communitydevelopment/planning/accessory-dwelling-units-adu>

**Recommendation 2:**

By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- o developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- o developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- o identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units. As previously noted, San Carlos has not been informed of a shortage of qualified building inspectors in San Mateo County.

With regards to Second Unit financing, the San Carlos will follow efforts being led by the County of San Mateo, who is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. Their “ADU Finance Committee” is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California.

With regards to contractor availability and training, the City of San Carlos will continue to pursue an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

The Housing Endowment and Regional Trust of San Mateo County has developed four sets of ADU design and construction plans that will be free to the public. San Carlos believes this will encourage and facilitate the building of ADUs.

**Recommendation 3:**

The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response:** This recommendation is in the process of being implemented. The Second Unit Task Force has been tracking a pilot project which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on these findings, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing.

**Recommendation 4:**

The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** This recommendation is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose “ADU Ally” how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma

Counties. The City of San Carlos, working with 21 Elements, will also continue to monitor these and additional best practices including the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County of San Mateo is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models in 2021.

Respectfully submitted,



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Jeff Maltbie  
City Manager



CITY OF SAN MATEO  
OFFICE OF THE MAYOR

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February 2, 2021

DELIVERED BY MAIL AND EMAIL

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
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Redwood City, CA 94063-1655  
[grandjury@sanmateocourt.org](mailto:grandjury@sanmateocourt.org)

Re: Civil Grand Jury Report: "Second Units: Adding New Housing In The Neighborhoods"

Dear Honorable Judge Chou:

Thank you for the opportunity to review and respond to the San Mateo County Civil Grand Jury report, "Second Units: Adding New Housing In The Neighborhoods" (the Report), filed on October 28, 2020. The City of San Mateo's response to the Report's findings and recommendations is provided below and will be scheduled to be reviewed at a regular meeting of the City Council scheduled on February 1, 2021.

**Response to Grand Jury Findings:**

**Finding 1:** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

*Response:* The City agrees with this finding.

**Finding 2:** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

*Response:* The City agrees with this finding.

**Finding 3:** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

*Response:* The City agrees with this finding. The City presumes the 4,000 Second Units referenced in the finding speaks to legally permitted Second Units. An unknown number of unpermitted Second Units also exists which have the potential to be legalized given the provisions of the new state legislation.



**Finding 4:** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

*Response:* The City agrees with this finding.

**Finding 5:** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

*Response:* The City agrees in part with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction, but the City is unaware of any shortage of qualified building inspectors. The City currently has next day availability for building inspections. However, the timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, such as it is with any other type of construction project. Additionally, second unit construction can be cost prohibitive and an additional barrier for homeowners considering certain types of second units. The City is not aware of any instance of the timeline for a building inspection constituting a hardship.

**Finding 6:** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

*Response:* The City agrees with this finding.

**Finding 7:** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

*Response:* The City agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, it is Home for All that is responsible for both of these tasks. Home for All is a County initiative co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

**Finding 8:** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

*Response:* The City agrees with this finding.

**Response to Grand Jury Recommendations:**

**Recommendation 1:** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;

- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

*Response:* This recommendation has been implemented. The City currently has resources online for those seeking to build ADUs and JADUs, which can be found at <https://www.cityofsanmateo.org/3907/Accessory-Dwelling-Unit-ADU>. These resources include permit fee information and links to a comprehensive ADU/JADU Development Standards Guide and a ADU/JADU Plan Submittal Guide that outlines all the necessary information and documents required to submit a complete ADU/JADU application. Additionally, the landing page features a direct link to SymbiumBuild, a web platform that provides interactive mapping to help visualize land use and zoning, simplifies complicated local and state regulations, and can help citizens navigate the permitting process.

In addition to these resources, staff is currently reviewing the City of San Jose's preapproved ADU design program for the purpose of developing and implementing a similar program to allow ADU designers and builders a way to offer their customers a lower-cost and expedited way through the permit process. This pilot effort would involve substantial outreach to the community and is likely to raise awareness citywide of that legislation that streamlines ADU and JADU construction. Finally, staff plans to promote ADU resources as available through the City's social media channels.

**Recommendation 2:** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen;"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

*Response:* This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore aspects of Second Unit construction, including financing resources and availability of construction workforce. City staff will continue to collaborate with 21 Elements on these topics in 2021.

As previously noted, the City is not aware of a shortage of qualified building inspectors. The City currently has next day availability (inspection request cut-off at 3 p.m.). However, the timeframe for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. The City is not aware of any instance of the timeline for a building inspection constituting a unique hardship.

**Recommendation 3:** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

*Response:* This recommendation has been partially implemented. The City abides by the provisions of the new State legislation which allows for a five-year delay in enforcement of violations related to unpermitted Second Units upon formal request by the property owner and provided there are no existing health and safety violations. The City's Code Enforcement, Planning, Fire, and Building Department staff have been working closely with owners of unpermitted Second Units to legalize those units whenever possible. Information on the code enforcement deferral is provided in the ADU/JADU Standards link available on the City's dedicated ADU & JADU webpage. The City is set to embark on community outreach efforts associated with its ADU/JADU Ordinance in the first half of 2021. Part of that effort will include educating the public on pathways to legalize unpermitted Second Units and the five-year delay in enforcement deferral via online resources, eNewsletter, social media, and virtual community meetings.

**Recommendation 4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

*Response:* This recommendation has not yet been implemented. The City will continue to explore and pursue solutions by supporting and participating with the County through the 21 Elements collaborative, as well as monitor additional best practices through its engagement with the County of San Mateo through its Home for All program and the Casita Coalition, a statewide association of Second Unit professionals and advocates. The City also is learning from the experience of the City of San Jose's "ADU Ally" and how this kind of assistance can support homeowner success. The City is currently reviewing a wide range of options for the purpose of facilitating Second Unit development, including discussions with non-profit Second Unit experts such as HEART of San Mateo County to learn about speeding up the design and entitlement process by utilizing pre-approved ADU prototype designs. Once these options have been investigated thoroughly, staff will present them to our recommending and decision-making bodies accordingly prior to the December 31, 2021, date as specified.

Respectfully,



Eric Rodriguez  
Mayor, City of San Mateo



DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT  
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**CITY COUNCIL 2021**

MARK ADDIEGO, MAYOR  
MARK NAGALES, VICE MAYOR, DISTRICT 2  
JAMES COLEMAN, COUNCILMEMBER, DISTRICT 4  
BUENAFLORE NICOLAS, COUNCILMEMBER

MIKE FUTRELL, CITY MANAGER

January 14, 2021

*DELIVERED BY MAIL AND EMAIL*

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
500 County Center, 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655  
[grandjury@sanmateocourt.org](mailto:grandjury@sanmateocourt.org)

Re: Civil Grand Jury Report: "Second Units: Adding New Housing In The Neighborhoods"

Dear Honorable Judge Chou:

Thank you for the opportunity to review and respond to the San Mateo County Civil Grand Jury report, "Second Units: Adding New Housing In The Neighborhoods" (the Report), filed on October 28, 2020. The City of South San Francisco's response to the Report's findings and recommendations were approved by Resolution 11-2021 at the regular meeting of the City Council on January 13, 2021 and can be found below.

**Response to Grand Jury Findings:**

***Finding 1:*** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

*Response:* The City agrees with this finding.

***Finding 2:*** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

*Response:* The City agrees with this finding.

**Finding 3:** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

*Response:* The City partially agrees with this finding. The City would like to clarify that the 4,000 units cited in this statistic are permitted Second Units. An unknown number of unpermitted Second Units also exist.

**Finding 4:** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

*Response:* The City agrees with this finding.

**Finding 5:** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

*Response:* The City agrees in part with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction. Building a Second Unit is expensive, averaging around \$200,000 for a new detached ADU, which may present a barrier for many homeowners in South San Francisco. The City disagrees with the Grand Jury's finding that the need to recruit and train more inspectors poses a barrier to new Second Unit construction. In South San Francisco, the Building Division is usually able to inspect a project within 48 hours of a request. Likewise, Code Enforcement is also generally able to conduct most inspections within 48 hours. The City is not aware of any instance of the timeline for a building inspection constituting a hardship.

**Finding 6:** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

*Response:* The City agrees with this finding.

**Finding 7:** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

*Response:* The City agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, it is Home for All that is responsible for both of these tasks. Home for All is a County initiative co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

***Finding 8:*** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

*Response:* The City partially agrees with this finding. City Planning staff have reviewed the City of San Jose's Second Unit initiative, and while it is certainly worth examining and emulating, it is likely infeasible for a city the size of South San Francisco. San Jose's initiative includes a dedicated, full-time staff member who shepherds homeowners through the ADU permitting process. Although having a dedicated staff member solely focused on ADUs may not be possible for South San Francisco, the City will begin a new ADU pilot program in 2021 with Hello Housing. The pilot is funded through a Development Agreement with Genentech. This pilot program will provide many of those services San Jose's dedicated staff provides to a fixed number of homeowners.

### **Response to Grand Jury Recommendations:**

***Recommendation 1:*** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

*Response:* This recommendation has been partially implemented. The City currently has resources online for those seeking to build ADUs and JADUs, which can be found at [www.ssf.net/ADUs](http://www.ssf.net/ADUs). These resources include a simplified handout with all of the critical information someone seeking to build an ADU would need. This handout is included as Attachment 3. The City also has hard-copy brochures prepared by 21 Elements and Home for All that discuss the benefits of Second Unit construction, which are given to members of the public interested in building ADUs.

In addition to these resources, the City is reviewing the ADU design and construction plans developed by the Housing Endowment and Regional Trust of San Mateo County (HEART) that will be free to the public. South San Francisco is amongst those initial cities reviewing, and therefore offering the pre-approved plans to their property owners. This review is expected to be completed by February 2021. HEART and City staff believe the availability of these off-the-shelf plans will encourage and facilitate the construction of ADUs. Additionally, as mentioned in the response to Finding 8, the City will begin a pilot program with Hello Housing in 2021 to provide project management and technical assistance to homeowners wishing to build an ADU. This pilot effort will involve substantial outreach to the community and is likely to raise awareness citywide of that legislation that streamlines ADU and JADU construction. Finally, staff plan to push out ADU resources as available through the City's social media channels.

**Recommendation 2:** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen;”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

*Response:* This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore aspects of Second Unit construction, including financing resources and availability of construction workforce. City staff will continue to collaborate with 21 Elements on these topics in 2021.

As previously noted, the City is not aware of a shortage of qualified building inspectors. Currently, inspection wait times in South San Francisco are generally less than 48 hours.

**Recommendation 3:** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

*Response:* This recommendation is in the process of being implemented. During the first half of 2021, City staff will develop materials for the public regarding bringing non-permitted units into compliance or, at a minimum, resolving health and safety issues sufficient to utilize amnesty protections afforded by new State law. During the second half of 2021, the City will deploy this information widely by posting it on [www.ssf.net/ADUs](http://www.ssf.net/ADUs), including it in a citywide newsletter, posts via City social media channels, and with flyers distributed by Code Enforcement. The City will also consider a stand-alone citywide mailer, perhaps included in a utility bill or similar.

**Recommendation 4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

*Response:* This recommendation is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. As discussed above, the City will begin a pilot with Hello Housing this year. Through this program, the City will learn more about the particular needs of South San Francisco homeowners and how the City can best support their needs in the future. The City will continue to work with jurisdictions throughout the

County through 21 Elements to determine whether or not it is feasible to retain a resource as described in Recommendation 4.

Respectfully,



Mark Addiego  
Mayor, City of South San Francisco





Mayor Diane Howard  
Vice Mayor Giselle Hale



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Jeff Gee  
Diana Reddy  
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January 12, 2021  
Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

**RE: 2019-2020 Civil Grand Jury Report “Second Units: Adding New Housing In The Neighborhoods”**

Dear Judge Chou:

On behalf of the City of Redwood City, I would like to thank you for the opportunity to respond to the Grand Jury Report dated October 28, 2020, regarding constraints to constructing Second Units.

The Civil Grand Jury report uses the term Second Units, however for the purposes of this response, the City is using the term “Accessory Dwelling Unit” (ADU) to be consistent with how the City and the State identify these units. The following response was approved by the City Council at its meeting on January 11, 2021.

Analysis of the Report’s Findings and Recommendations

The Grand Jury made eight findings and four recommendations in its report. The City’s responses follow each finding and each recommendation.

**FINDINGS**

**F1.** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The City of Redwood City agrees with this finding.

**F2.** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The City of Redwood City agrees with this finding.

**F3.** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The City of Redwood City agrees with this finding.

**F4.** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The City of Redwood City agrees with this finding.

**F5.** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The City of Redwood City partially agrees with this finding. A lack of homeowner awareness of financing and construction options are obstacles to ADU construction. ADU construction can average around \$200,000 for detached new units, making construction cost an expensive barrier for those considering these units. There are limited ADU financing options available and many lenders will not consider the future income that an ADU rental might generate into whether or not to underwrite a second unit development loan.

The City is not aware of any shortage of qualified building inspectors regarding ADU inspections. The timeline for inspecting a completed ADU is partially dependent on the overall volume of completed construction subject to inspection. ADUs are not uniquely impacted. Redwood City Planning and Building Division staff are not aware of any instance of the timeline for a building inspection constituting a barrier to ADU construction.

**F6.** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The City of Redwood City agrees with this finding.

**F7.** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The City of Redwood City agrees with this finding. The County is updating its website and marketing plans focused on ADUs. Home for All will accomplish both of these tasks.

**F8.** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**Response:** The City of Redwood City agrees with this finding.

## **RECOMMENDATIONS**

**R1.** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** This recommendation has been partially implemented.

In October 2019, Redwood City collaborated with Home for All to host an in-person ADU resource fair that drew approximately 400 attendees. At this resource fair, the City presented ADU regulations and staffed a booth to answer questions from homeowners about ADU regulations. Staff planned an additional ADU resource fair for May 2020, but was postponed due to the COVID-19 pandemic. Home for All is planning a virtual webinar series for homeowners about Second Units for early 2021. These webinars will be recorded and made available “on demand” for homeowners to review in the future. The City will provide information about the Home for All webinar on the City’s ADU website when made available and throughout 2021.

The City has created a webpage specifically for ADUs ([www.redwoodcity.org/adu](http://www.redwoodcity.org/adu)) providing information on application forms, fees, an ADU submittal checklist, and links to resources such as the San Mateo County Second Unit Resource Center website and ADU workbook.

The City will include updates to the ADU submittal checklist and ADU handouts to summarize regulations. The City will broadcast social media content to promote the

existing resources and any future updates to ADU development guidelines. The City will provide a flow chart on our ADU website to clarify the review process for new ADUs and for legalizing unpermitted ADUs. The City will update the ADU submittal checklist, ADU handout, unpermitted ADU flowchart, and broadcast these updates on social media by the end of 2021.

- R2.** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:
- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
  - developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
  - identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held to explore issues related to ADU construction, and amnesty programs for non-conforming units. Concerning ADU financing, the City of Redwood City will continue with its partnership with the County of San Mateo to promote any financing programs available through the County. The City commits to meet with 21 Elements on any collaborative solutions for facilitating new ADU construction and upgrading non-permitted ADUs. The City of Redwood City is currently participating in collaborative meetings with 21 Elements on this topic, and anticipates full implementation by the end of the calendar year 2021.

The Housing Endowment and Regional Trust (HEART) of San Mateo County has developed four sets of open-sourced ADU designs and construction plans that will be free to the public. The City is currently reviewing the HEART plans to ensure compliance with City requirements. The City looks to implement an expedited permit process and develop a master file for pre-approved plans once the plans from HEART have been finalized. The City will also explore allowing a pre-approved master plan process for private design firms. The City believes a pre-approved permit process would encourage and facilitate the building of ADUs. The implementation of the expedited permit process with HEART is anticipated by the end of the first quarter of 2021.

- R3.** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response:** This recommendation is in the process of being implemented. Based on these findings and recommendation, the City will provide and promote information and resources for homeowners of non-conforming units as part of its ADU webpage. The City will include a flowchart for non-permitted ADUs and information to provide a path to legalizing units to be implemented by end of the first quarter of 2021.

**R4.** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** This recommendation is in the process of being implemented.

In 2019, the County of San Mateo retained the nonprofit Hello Housing to partner with the County of San Mateo and three partner cities, including Redwood City, on a pilot “One Stop Shop” program ([www.hellobright.org](http://www.hellobright.org)) for free technical assistance and project management for homeowners seeking to build an ADU. The program launched in spring 2020. The One Stop Shop program will also assess the City’s permit review process and provide feedback on the customer experience. The pilot program will identify the particular needs of San Mateo County homeowners and how cities can best support homeowners’ needs in the permit review process. The City will continue to work with Hello Housing on the pilot program throughout 2021.

The City will also continue to monitor best practices through its partnership with the County and consider recommendations in an upcoming County-sponsored white paper on increasing ADUs.

Respectfully,

A handwritten signature in cursive script that reads "Diane Howard". The signature is written in black ink and is positioned above the printed name and title.

Diane Howard  
Mayor, City of Redwood City

Cc: Redwood City City Council  
Melissa Stevenson Diaz, City Manager



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 21-053

Board Meeting Date: 1/12/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Manager

**Subject:** Board of Supervisors' Response to the 2019-2020 Civil Grand Jury Report "Second Units: Adding New Housing In The Neighborhoods"

### **RECOMMENDATION:**

Approve the Board of Supervisors' response to the 2019-2020 Civil Grand Jury Report, "Second Units: Adding New Housing In The Neighborhoods".

### **BACKGROUND:**

On October 28, 2020, the 2019-2020 San Mateo County Civil Grand Jury issued a report titled "Second Units: Adding New Housing In The Neighborhoods." The Board of Supervisors is required to submit comments on the findings and recommendations pertaining to the matters over which it has some decision-making authority within 90 days. The Board's response to the report is due to the Honorable Danny Chou no later than January 26, 2021.

### **DISCUSSION:**

The Grand Jury made 8 findings and 4 recommendations in its report. Staff has collaborated with cities, where applicable, on the County's response to the Grand Jury Report. The Board responses follow each finding and the 4 recommendations that the Grand Jury requested that the Board respond to within 90 days.

## **FINDINGS**

### **Finding 1:**

The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The County of San Mateo **agrees** with this finding.

### **Finding 2:**

From 2016 to 2020, the number of Second Units constructed annually within the County dramatically

increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The County of San Mateo *agrees* with this finding.

**Finding 3:**

There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The County of San Mateo *partially agrees* with this finding. The County would clarify that the 4,000 units cited in this statistic are legal Second Units, as an unknown number of unpermitted Second Units also exist.

**Finding 4:**

The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The County of San Mateo *agrees* with this finding.

**Finding 5:**

Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The County of San Mateo *partially agrees* with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction, but the County is not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. Additionally, second unit construction can be expensive, averaging around \$200,000 for detached new units, thus, cost can be an additional barrier for homeowners considering certain types of second units. The County Planning and Building Department is not aware of any instance of the timeline for a building inspection constituting a unique hardship.

**Finding 6:**

DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The County of San Mateo *agrees* with this finding.

**Finding 7:**

The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.



**Response:** The County of San Mateo *partially agrees* with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

**Finding 8:**

The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**Response:** The County of San Mateo *agrees* with this finding.

The Grand Jury made 8 findings and 4 recommendations in its report. Staff has collaborated with cities, where applicable, on the County's response to the Grand Jury Report. The Board responses follow each finding and the 4 recommendations that the Grand Jury requested that the Board respond to within 90 days.

## RECOMMENDATIONS

**Recommendation 1:**

The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** *This recommendation has been partially implemented.* The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements.

In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events.

As the County and many cities are updating second unit ordinances and resources, Home for All will increase the outreach and promotion through existing newsletters and social media

accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.

**Recommendation 2:**

By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response: *This recommendation is in the process of being implemented.*** On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units. As previously noted, the County has not been informed of a shortage of qualified building inspectors in San Mateo County.

With regard to Second Unit financing, the County of San Mateo is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. Their “ADU Finance Committee” is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California. The County also recently attended a Federal Reserve workshop on addressing structural barriers to ADU finance.

With regard to contractor availability and training, the County of San Mateo will continue to pursue an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

**Recommendation 3:**

The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response: *This recommendation is in the process of being implemented.*** The Second Unit Task Force has been tracking a pilot project which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on these findings, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing.

**Recommendation 4:**

The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response: *This recommendation is being explored.*** In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose “ADU Ally” how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021.

**FISCAL IMPACT:**

There is no fiscal impact associated with the acceptance of this report.



# TOWN OF ATHERTON

ADMINISTRATIVE OFFICES  
150 WATKINS AVENUE  
ATHERTON, CALIFORNIA 94027  
(650) 752-0500

January 24, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

**Re: Civil Grand Jury Report: “Second Units: Adding New Housing in the Neighborhoods”**

Honorable Judge Chou,

Thank you for the opportunity to review and comment on the above referenced Grand Jury Report filed on October 28, 2020. The Town of Atherton’s response to both the findings and recommendations are listed below.

Response to Grand Jury Findings:

**Finding 1:** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** *The Town agrees with this finding.*

**Finding 2:** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** *The Town agrees with this finding.*

**Finding 3:** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** *The Town partially agrees with this finding. From discussions with County staff, the Town*

*understands that the 4,000 units cited in this statistic are known legal Second Units. While not believed to be a substantial issue within the Town limits, the Town would clarify that an unknown number of unpermitted Second Units also exist throughout the County.*

**Finding 4:** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** *The Town agrees with this finding.*

**Finding 5:** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** *The Town agrees in part with this finding. The Town has not experienced that a lack of homeowner awareness of financing and construction options as being obstacles to Second Unit construction within the Town of Atherton, but understands this may be an obstacle in other jurisdictions within the county. Further, the Town is not experiencing a shortage of qualified building inspectors. The Town does not have a backlog of permits or inspections and is able to respond to inspection requests in a timely manner. The Town notes that property tax reassessment as a result of new ADU construction may pose a barrier and that the County could consider tax relief to encourage ADU development.*

**Finding 6:** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** *The Town agrees with this finding.*

**Finding 7:** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** *The Town agrees in part with this finding. According to County staff, while it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.*

**Finding 8:** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**Response:** *The Town agrees with this finding.*

#### Response to Grand Jury Recommendations:

**Recommendation 1:** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;

- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** *This recommendation has been partially implemented. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in future. Home for All will continue to update its materials and will increase the outreach and promotion through existing newsletters and social media accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.*

**Recommendation 2:** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** *This recommendation is in the process of being implemented. The Town of Atherton is currently participating in collaborative meetings with the 21 elements group on this topic and anticipates full implementation by the end of the calendar year 2021. On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units. As previously noted, the Town is not experiencing a shortage of qualified building inspectors. With regards to Second Unit financing, the Town will continue to pursue solutions by connecting with the County, which is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of Second Unit supporters. That Committee is working to improve structural aspects of second unit financing, such as consistent appraisals and the Casita Coalition has recently released a Second Unit Financing Guide for homeowners which presents an explanation of the common second unit financing strategies present in California. With regards to contractor availability and training, the Town will continue to pursue an adequate construction workforce by connecting with the County who has relationships with workforce development agencies through the San Mateo County Recovery Initiative,*

**Recommendation 3:** The County and each city should develop a marketing plan to focus on the

needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response:** *This recommendation requires further analysis and is being explored while not a significant issue within Town limits, the Building and Planning Departments work with owners of unpermitted Second Units to legalize those units whenever they are discovered. Rather than taking a punitive approach, the Town seeks to find ways to preserve such units while ensuring that the critical life/health/safety aspects of such construction is maintained. The town will continue to partner on regional solutions by connecting with, supporting and participating with the County through the 21 Elements effort.*

**Recommendation 4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** *This recommendation requires further analysis and is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose “ADU Ally” how this kind of assistance can support homeowner success. Another model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021. The Town will continue to pursue solutions by connecting with, supporting and participating with the County in these efforts, though the 21 Elements effort.*

If you have any questions or concerns, please contact City Manager George Rodericks at (650) 752-0500 or [grodericks@ci.atherton.ca.us](mailto:grodericks@ci.atherton.ca.us).

This response to the Grand Jury was approved at a public meeting of the City Council on January 20, 2021.

Respectfully,



Elizabeth Lewis  
Mayor, Town of Atherton



## TOWN OF COLMA

1198 El Camino Real • Colma, California • 94014-3212  
Tel 650.997.8300 • Fax 650.997.8308

January 14, 2021

Honorable Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Re: Grand Jury Report: "Second Units: Adding New Housing in the Neighborhoods"

Dear Judge Chou;

The City Council received the October 28, 2020 San Mateo Civil Grand Jury report titled, "Second Units: Adding New Housing in the Neighborhoods."

The Town of Colma was requested to submit comments regarding the findings and recommendations no later than January 26, 2021.

The City Council of the Town of Colma has reviewed the recommendations in the Grand Jury Report that affect the Town and approved the responses at its public meeting on January 20, 2021.

The Town agrees with findings F1, F2, F4, F6 and F8. The Town partially agrees with findings F3, F5 and F7 as follows:

**Finding 3:** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The Town of Colma partially agrees with this finding. The 4,000 units cited in this statistic are legal Second Units, however, an unknown number of unpermitted Second Units also exist.

**Finding 5:** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The Town of Colma partially agrees with this finding. Second unit construction can be expensive, averaging around \$200,000 for new detached units, and cost can be an additional

Diana Colvin, Mayor

Helen Fiscaro, Vice Mayor

Raquel P. Gonzalez, Council Member • Joanne F. del Rosario, Council Member • John Irish Goodwin, Council Member • Brian Dossey, City Manager



barrier for homeowners considering certain types of second units. The lack of homeowner awareness of financing and construction options may be an obstacle to Second Unit construction. The Town is not aware of homeowner's difficulty in finding contractors but agrees that it can be challenging for a homeowner to find a qualified contractor willing to take a small project. The Town's Planning and Building Departments are not aware of any instance of the timeline for a building inspection precluding a homeowner from considering or adding a Second Unit. Inspections requested by contractors or homeowners in the Town of Colma are available within one or two days after being requested. While the Town is not experiencing a staffing shortage that prevents timely inspections, the Town does recognize the general, ongoing need to recruit and train more inspectors.

**Finding 7:** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The Town of Colma partially agrees with this finding. While the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom, and administratively supported by staff from multiple County departments.

**Recommendation 1:** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units, including but not limited to, the following:

- o posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- o increasing social media and other outreach regarding the above-referenced resources;
- o offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** This recommendation has been partially implemented. The Town updated its Accessory Dwelling Unit (ADU) Ordinance in 2020 in an effort to eliminate obstacles to construction of ADU's and to fully comply with current State ADU laws. The Town will also be adding information on its website for homeowners interested in adding a Second Unit. The Town currently has links to affordable housing resources on its website and intends to add information about its state compliant ADU Ordinance as well as additional links to resources such as San Mateo County's Home for All program, the Second Unit Center website and 21 Elements' ADU page. The Town regularly engages with other San Mateo County cities through its partnership with 21 Elements.

As the County and cities are updating second unit ordinances and resources, Home for All intends to increase outreach and promotion through existing newsletters and social media accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide. The Town plans to provide links to this information through the Town's website.

The 2021 Home for All workplan includes expanded outreach to homeowners and virtual workshops and marketing tools. Home for All staff is currently preparing a virtual webinar series for homeowners to learn about ADU's that is planned for early 2021. These webinars will be

recorded and made available "on-demand." When available, the Town of Colma will promote this resource through its website.

**Recommendation 2:** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** This recommendation is in the process of being implemented. On December 3, 2020, a 21 Elements meeting was held, and attended by Town of Colma staff, to explore second unit construction aspects and amnesty programs for non-conforming units. As previously noted, neither the Town of Colma nor San Mateo County have been informed of a shortage of qualified building inspectors in San Mateo County.

With regards to Second Unit financing, the County of San Mateo, on behalf of San Mateo County jurisdictions, is actively participating in the ADU Finance Committee of the Casita Coalition, a statewide alliance of Second Unit supporters. The ADU Finance Committee is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California. The County also recently attended a Federal Reserve workshop on addressing structural barriers to ADU finance. When financing information and tools are developed, the Town of Colma will make this information available to inquiring homeowners and through the Town's website.

With regards to contractor availability and training, the County of San Mateo will continue to pursue an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative. The Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

The Housing Endowment and Regional Trust of San Mateo County (HEART) has developed four sets of ADU design and construction plans that will be free to the public and are currently being reviewed by cities. The initial cities' reviews will be done by the end of January and then HEART will engage additional cities to start the review process. This will encourage and facilitate the building of ADUs. Once available, the Town will provide this information to inquiring homeowners and through the Town's website.

**Recommendation 3:** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by

the end of the calendar year 2020.

**Response:**—This recommendation is in the process of being implemented. The Second Unit Task Force has been tracking a pilot project which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on these findings, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing. The Town of Colma will make this available to homeowners seeking to legalize second units and through the Town’s website.

Due to the Town of Colma’s small size and limited number of total housing units of about 600, this is not a significant issue in the Town. If discovered, the Planning Department and Building Department will work with property owners to legalize units. Rather than taking a punitive approach, the Town will find ways to assure basic life/safety standards are met so that the unit can be preserved.

**Recommendation 4:** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** The Town, through its partnership with the County and 21 Elements, will determine by December 31, 2021 if a shared outside resource for ADU expertise is feasible. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the needs of San Mateo County homeowners and how the County can best support those needs in the future. The County also is learning from the experience of the San Jose “ADU Ally” about how this kind of assistance can support homeowner success. Another useful model is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021. The Town will continue to pursue solutions by supporting and participating with the County in these efforts, primarily through the 21 Elements effort.

The Town appreciates the efforts of the Grand Jury. Please contact City Manager Brian Dossey should you require any additional information. He can be reached at (650) 997-8318 or by email: [brian.dossey@colma.ca.gov](mailto:brian.dossey@colma.ca.gov).

Sincerely,



Diana Colvin  
Mayor



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**TOWN OF HILLSBOROUGH**  
*California*

December 14, 2020

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8th Floor  
Redwood City, CA 94063-1655

Re: Civil Grand Jury Report: “Second Units: Adding New Housing in the Neighborhoods”

Honorable Judge Chou:

Thank you for the opportunity to review and comment on the above referenced Grand Jury Report filed on October 28, 2020. The Town of Hillsborough’s response to both the findings and recommendations are listed below.

Response to Grand Jury Findings:

F1: The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

*Response: The Town of Hillsborough agrees with this finding.*

F2: From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

*Response: The Town of Hillsborough agrees with this finding.*

F3: There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

*Response: The Town of Hillsborough partially agrees with this finding. From discussions with County staff the Town understands that the 4,000 units cited in this statistic are known, legal Second Units. While not believed to be a substantial issue within Town limits, the Town would clarify that an unknown number of unpermitted Second Units also exist throughout the County.*

F4: The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

*Response: The Town of Hillsborough agrees with this finding.*

- F5: Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

*Response: The Town of Hillsborough agrees in part with this finding. Second unit construction can be expensive, averaging around \$200,000 for new, detached units, making cost a very real barrier for those considering developing Second Units. The Town agrees that a lack of homeowner awareness of financing options is a barrier, as is the general lack of lenders willing to engage in such lending. The Town would add that oftentimes lenders will not consider the future income that rental of second unit might generate when deciding whether or not to underwrite a second unit development loan.*

*The Town is not aware of a shortage of willing contractors or qualified building inspectors. Inspection timelines are generally dependent on the overall volume of all completed construction subject to inspection, and the Town believes that second units have been affected no more or no less by this factor than any other construction project might be.*

- F6: DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

*Response: The Town of Hillsborough agrees with this finding.*

- F7: The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

*Response: The Town of Hillsborough agrees in part with this finding. According to County staff, while it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.*

- F8: The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

*Response: The Town of Hillsborough agrees with this finding.*

Response to Grand Jury Recommendations:

- R1: The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:
- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
  - increasing social media and other outreach regarding the above-referenced resources;
  - offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

*Response: This recommendation has been partially implemented. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020 but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available “on demand” for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events. The Town of Hillsborough participated in the most recent Home for All cohort and was in the process of planning a Second Unit outreach event with Home for All when the shelter-in-place order was issued earlier this year. That event has been postponed until 2021.*

*In August 2020 the Town contracted with M-Group to bring on a part-time second unit specialist with the sole role of expediting the processing of all second unit applications. This specialist is currently developing visual aids for the Town’s second unit website, which is currently under construction. An updated Second Unit website site is planned for launch in the first quarter of 2021.*

*Finally, each year the Town holds an Annual Design, Permitting and Construction forum intended to guide homeowners through the entitlement and construction process for all construction types. The 2020 forum was held on December 10, 2020, and included a new section focused on second unit development. The Town intends to incorporate this section into all future annual forums, updating it as legislation, trends, financing options, etc., related to Second Unit development evolve.*

- R2: By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:
- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
  - developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
  - identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

*Response: This recommendation is in the process of being implemented. The Town of Hillsborough is currently participating in collaborative meetings with the 21 Elements group on this topic, and anticipates full implementation by the end of the calendar year 2021. On December 3, 2020, a 21 Elements meeting was held to explore issues related to second unit construction, and amnesty programs for non-conforming units. With regards to Second Unit financing, the Town will continue to pursue solutions by connecting with the County, which is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. That committee is working to improve structural aspects of second unit financing, such*

*as consistent appraisals, etc., and the Coalition has recently released a Second Unit Financing Guide for homeowners which presents common second unit financing strategies present in California. The County and Town staff also recently attended a Federal Reserve workshop on addressing structural barriers to ADU finance. With regards to contractor availability and training, the Town will continue to pursue an adequate construction workforce by connecting with the County who has relationships with workforce development agencies through the San Mateo County Recovery Initiative.*

- R3: The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

*Response: This recommendation requires further analysis and is being explored while not a significant issue within Town limits, the Building and Planning Department works with owners of unpermitted Second Units to legalize those units whenever they are discovered. Rather than taking a punitive approach, the Town seeks to find ways to preserve such units while also ensuring that the critical life/health/safety aspects of such construction is maintained. The Town will continue to partner on regional solutions by connecting with, supporting and participating with the County through the 21 Elements effort.*

- R4: The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

*Response: This recommendation requires further analysis and is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot "One Stop Shop" program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose "ADU Ally" how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021. The Town will continue to pursue solutions by connecting with, supporting and participating with the County in these efforts, through the 21 Elements effort.*

This response to the Grand Jury was approved at a public meeting on December 14, 2020.

Respectfully,



Alvin L. Royse  
Mayor, Town of Hillsborough

# Town of Portola Valley

Town Hall: 765 Portola Road, Portola Valley, CA 94028 Tel: (650) 851-1700 Fax: (650) 851-4677

January 13, 2021

Hon. Danny Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8<sup>th</sup> Floor  
Redwood City, CA 94063

Dear Judge Chou,

Thank you for the opportunity to respond to the Grand Jury report entitled “Second Units: Adding New Housing In The Neighborhoods”.

Below are the Town’s responses to the report’s findings and recommendations.

## **Findings**

F1. The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

*Response: The Town agrees with this finding.*

F2. From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

*Response: The Town agrees with this finding.*

F3. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

*Response: The Town agrees with this finding.*

F4. The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.



*Response: The Town agrees with this finding.*

F5. Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

*Response: The Town agrees with the first part of this finding, but it is not the Town's experience that residents are having difficulty finding contractors willing to work on second units as such production has expanded in Portola Valley.*

F6. DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

*Response: The Town agrees with this finding.*

F7. The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

*Response: The Town agrees with this finding, although we understand that the County's Home for All initiative is hosting the website/marketing plan.*

F8. The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

*Response: The Town agrees with this finding.*

## **Recommendations**

R1. The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

*Response: Bullet 1 has been implemented on the [Town's website](#) and will continue to be revised as State law is amended. The County's Home for All initiative is the primary outlet for outreach across the County, and Portola Valley staff regularly shares relevant information from their*

resources to interested parties. *Bullet 2 has been a regular element of the Town's social media/outreach for the last few years. Bullet 3 has not been implemented fully, but the Town has held other such [events](#) in previous years about ADU production. Home for All is planning to hold a virtual series for homeowners early this year.*

R2. By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen"
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

*Response: The Town has implemented this recommendation through its continued engagement with 21 Elements on December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units.*

R3. The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

*Response: The Town has not implemented this recommendation in recent years, but did legalize non-permitted units in previous years. The Town anticipates another engagement with residents who own non-permitted units over the next two years.*

R4. The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

*Response: The Town has implemented this recommendation through its continued engagement with 21 Elements, the Countywide land use/housing consultant, that brings San Mateo County jurisdictions to discuss the development of tools to increase second unit production. The Town will also continue engagement with 21 Elements, the Home for All initiative, and Hello Housing (a licensed general contractor that collaborated with multiple San Mateo County jurisdictions on the "One Stop Shop" program that provides free assistance and project management for those building a second unit.*

Thank you,

A handwritten signature in black ink, appearing to read 'Maryann Moise Derwin'. The signature is stylized with a large, sweeping initial 'M' and a wavy line at the end.

Maryann Moise Derwin  
Mayor, Town of Portola Valley

cc: Members of the Town Council

January 13, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center; 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

Dear Judge Chou:

The Woodside Town Council has had an opportunity to review the 2020 Grand Jury report entitled "*Second Units: Adding New Housing in the Neighborhoods.*" The Council after reviewing the report and allowing for public comment at its Town Council meeting on January 12, 2021 offers the following responses:

**Responses to Findings**

**Finding F1.** The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The Town agrees with the finding.

**Finding F2.** From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The Town agrees with the finding.

**Finding F3.** There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The Town agrees with the finding.

**Finding F4.** The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those

units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The Town partially agrees with the finding. The Town agrees that there are an unknown number of non-permitted Second Units but does not agree that the new 2020 State laws are intended to make it easier for those units to be safer. Rather, the Town believes the new 2020 State laws are intended to relax regulations and process that may otherwise discourage construction of Second Units.

**Finding F5.** Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The Town agrees with the finding.

**Finding F6.** DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The Town agrees with the finding.

**Finding F7.** The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The Town agrees with the finding.

**Finding F8.** The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating.

**Response:** The respondent agrees with the finding.

#### **Response to Recommendations**

**R1.** The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- Posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts.
- Increasing social media and other outreach regarding the above-referenced resources.
- Offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** The recommendation has been partially implemented. The Town's fall newsletter featured an article about ADUs, including providing direct contact to staff to help facilitate the planning and construction of ADUs. The same information is currently on the Town's home page. Staff has received direct contact because of this outreach. Staff will continue to develop and implement outreach strategies.

**R2.** By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- Developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units.
- Developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed "handymen".
- Identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response:** The Town will remain an active participant in the 21 Elements Project to address these issues to the extent that it is appropriate for local governments to do so.

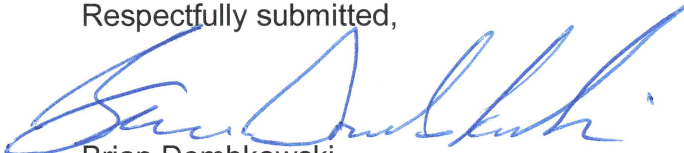
**R3.** The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of calendar year 2020.

**Response:** This recommendation requires further study as part of the Town's ongoing efforts to encourage the construction of Second Units. The Town will continue to participate in the 21 Elements Project to identify best practices to address non-permitted Second Units. The Town Council has briefly discussed this topic and may have further discussion in the future.

- R4.** The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response:** Through participation in the 21 Elements Project, the Town will continue to seek ways to consolidate and share resources among the cities and the County to help facilitate the construction of Second Units.

Respectfully submitted,



Brian Dombkowski  
Mayor, Town of Woodside

Cc: [grandjury@sanmateocourt.org](mailto:grandjury@sanmateocourt.org)