

City of Piedmont
CITY COUNCIL AGENDA REPORT

DATE: February 5, 2024

TO: City Council

FROM: Rosanna Bayon Moore, City Administrator

SUBJECT: Consideration of a Resolution Amending the 2023-2024 Fee Schedule to Remove the ADU Planning Permit Application Fee for ADU Permit Applications Received Under Piedmont City Code Section 17.38.075, Pre-approved Plans Incentive

RECOMMENDATION

By a single motion, take the following action:

1. Adopt the attached resolution amending the 2023-2024 fee schedule to remove the ADU planning permit application fee for ADU permit applications received under Piedmont City Code section 17.38.075, Pre-approved Plans Incentive.

EXECUTIVE SUMMARY

The City began the process of implementing the 2023-2031 6th Cycle Housing Element in early 2023. On September 5, 2023, the City Council approved an ordinance to amend Division 17.38 of the Piedmont City Code to begin to implement 6th Cycle Housing Element program 3.F, Incentives for Rent-Restricted ADUs. The 2023 ordinance created a new City Code section 17.38.075, Pre-approved Plans Incentive. Section 17.38.075 established pre-approved floor plans and elevations for ADUs for applicants that voluntarily restrict the rent of the ADU for 10 years to a level affordable to households earning a very low-income, and the program is solely available to rent-restricted ADUs. Affordability levels for ADUs are regulated pursuant to City Code section 17.38.020, Definitions. As defined, the City of Piedmont determines the maximum affordable rent levels for rent-restricted ADUs following the annual publication of the State Income Limits by the California Department of Housing and Community Development (HCD). The current [State Income Limits](#) are published to the Alameda County website. In addition, 6th Cycle Housing Element program 3.F guides the City to consider fees for rent-restricted ADUs as a possible incentive. The current fee for an ADU planning permit application is \$989. This agenda item recommends that the City Council waive the planning permit application fee for ADU applications that are eligible for City Code section 17.38.075 review (proposed \$0 fee).

BACKGROUND

The [6th Cycle Housing Element](#) is one of eight Elements, or chapters, of the General Plan. It presents how Piedmont plans to accomplish the Regional Housing Needs Allocation (RHNA) on sites within city limits. The 6th Cycle Housing Element programs are intended to achieve the Regional Housing Needs Allocation (RHNA) requirement. The General Plan is the policy document that guides the review and actions of staff and decision-makers. The Piedmont City Code (PCC) implements the General Plan goals, policies, programs, and actions.

PCC section 17.38.020 states that the City of Piedmont determines the maximum affordable rent levels for rent-restricted ADUs following the annual publication of the State Income Limits by the California Department of Housing and Community Development (HCD). The current State Income Limits are published to the Alameda County website. For example, a two-bedroom ADU affordable to a household with a very low income would be restricted to a rent of \$1,665 per month, inclusive of utilities, and the household's annual income would be \$66,600 or less. Pursuant to PCC section 17.38.075, the voluntary rent-restriction would last 10 years.

PCC section 17.38.075 grants the opportunity to use pre-approved floor plans and elevations for ADUs when applicants voluntarily restrict the rent of the ADU to a level affordable to a household earning a very low income for 10 years, starting on the date that the ADU building permit receives final inspection or starting on a date specified in the restriction, whichever is later. Since section 17.38.075 was established, Piedmont property owners have indicated interest in the use of pre-approved plans.; however, no ADU applications using the pre-approved plans have been filed. In informal discussions with interested members of the public, the "cost of entry" for obtaining an ADU planning entitlement has been noted as a potential impediment.

An applicant who takes part in the pre-approved ADU program and restricts the rent of their ADU for a period of 10 years would be required to obtain a business license to rent the unit and certify the rent and occupant incomes annually, as is currently required for the ADU size limit exception and owner-occupancy exception programs.

If the fee waiver is approved by the City Council, City staff would waive the planning permit application fee for eligible ADU applications, alone, and continue to collect the normal building permit application fees that recover the costs to the Planning & Building Department to review building permits and conduct inspections. ADU permit application fees for ADUs and Junior ADUs (JADUs) with rents set by the real estate market would continue to be collected, as well.

FISCAL IMPACT

The impact of the proposed fee waiver for ADUs on the City budget is expected to be negligible. Because the ADU floor plans and elevations eligible for section 17.38.075 review are pre-approved by the City of Piedmont, it will require very little time for planning staff to review the ADU permit application.

CONCLUSION

The proposed fee waiver would create a new incentive for rent-restricted ADUs, implement Housing Element program 3.F, and remove a potential barrier to prospective applicants wishing to construct an ADU on their property.

Report prepared by Senior Planner Pierce Macdonald.

ATTACHMENTS AND RELEVANT DOCUMENTS

	<u>Pages</u>	
A	4	Resolution

- The City of Piedmont's 6th Cycle [Housing Element](#)

RESOLUTION _____

AMENDING THE 2023-2024 SCHEDULES OF FEES AND CHARGES
TO WAIVE FEE RELATED TO THE IMPLEMENTATION OF
HOUSING ELEMENT PROGRAM 3.F

WHEREAS, the 2023-2031 6th Cycle Housing Element was adopted by City Council on March 20, 2023, and found by the California Department of Housing and Community Development to be in substantial compliance with State housing element law on November 9, 2023; and

WHEREAS, Housing Element program 3.F directs the City to prepare incentives for rent-restricted accessory dwelling units (ADUs); and

WHEREAS, on June 20, 2023, the City Council adopted the Schedule of Fees and Charges, which included a fee of \$989 for all ADU planning permit applications; and

WHEREAS, on September 5, 2023, the City Council approved amendments to the Piedmont Design Standards and Guidelines and to the City Code, including a new section 17.38.075, which established a pre-approved plans incentive for rent-restricted ADUs; and

WHEREAS, given the limited time and effort by Planning & Building Department staff to process planning permit applications for these pre-approved plans, City staff recommends a fee waiver for planning permit applications reviewed pursuant to section 17.38.075. This waiver would not negatively impact Planning & Building Department revenue nor staffing capacity. The department would continue to recover the estimated reasonable cost of providing the service, and a fee waiver would remove a potential barrier to applicants interested in constructing rent-restricted ADUs; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Piedmont does hereby resolve, declare, determine, and order as follows:

SECTION 1. The following text is added to notation #4 in the footnotes of the City of Piedmont Schedule of Fees and Charges related to Planning & Building:

1. For applications filed pursuant to PCC Section 17.38.075, the planning application fee is waived.

SECTION 2. The Finance Director is hereby directed to codify the fee waiver in the Schedule of Fees and Charges, Exhibit A.

[END OF RESOLUTION]