



Housing Advisory Commission

April 19, 2022

Item No. 5.1

ITEM TITLE

New Housing Program: Overview of an Upcoming Accessory Dwelling Unit Assistance Program

Location: No specific geographic location.

Recommended Action: Commission hear the presentation.

SUMMARY

In January 2022, the City of Chula Vista submitted a proposal for funding through the San Diego Association of Governments ("SANDAG") Housing Acceleration Program ("HAP") to create the City of Chula Vista Accessory Dwelling Unit ("ADU") Assistance Program. In March 2022, the City received notification of award for the program in the amount of \$180,719.68.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the CEQA and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

DISCUSSION

In 2019 the California State Assembly passed AB 671, which required local governments to include plans to incentivize and promote the creation of ADUs in the Housing Element of their General Plan. The City of Chula Vista's 2021-2029 Housing Element outlines various housing policies to accommodate and promote the construction of affordable ADUs, particularly for special needs groups, seniors, and persons with disabilities. Housing Policies 2.11 and 2.12 within the Housing Element (pages H-52 and H-54, respectively) would be achieved by the creation of this ADU assistance program. These housing policies specifically listed exploration of permit ready ADUs as a goal to be completed withing 12 months of adopting the City's June 2021 ADU Ordinance.

In the Fall of 2021, SANDAG solicited applications for its HAP, which aims to fund planning activities that will accelerate housing production, facilitate implementation of the 6th Cycle Regional Housing Needs Assessment ("RHNA"), and build local jurisdictions' capacity to compete for funding statewide through the California Department of Housing and Community Development ("HCD") Prohousing Designation Program. The HAP program provides grants and technical assistance to local jurisdictions to accelerate housing production as well as promote equity and sustainability in housing planning and production. In late January 2022, the City submitted a HAP bid to establish the Chula Vista ADU Assistance program and received formal approval of the bid from the SANDAG Board of Directors on March 11, 2022.

Proposed Program Overview

The proposed ADU Assistance program will accomplish various goals defined in the City's 2021-2029 Housing Element. The \$180,719.68 in HAP funds will allow Chula Vista to establish a one-stop-shop webpage featuring: (1) pre-approved ADU designs; (2) property specific planning software; and (3) a list of ADU Frequently Asked Questions ("FAQs"), making ADU construction more affordable and streamlined.

The following program elements will be implemented between Spring 2022 and June 2023 using SANDAG HAP and matching funds:

- Creation and publication of pre-approved ADU plans.

Pre-approved ADU plans will substantially reduce costs and reduce the overall permitting process timeline for homeowners interested in constructing ADUs. With the program's implementation, we anticipate reducing the overall permitting for ADUs to under four months. The City of Encinitas, and other jurisdictions within the region, have implemented successful pre-approved ADU plan programs. Request for Qualifications ("RFQs") for pre-approved plan creation are anticipated to be developed and released within approximately one month following a Notice to Proceed ("NTP") from SANDAG.

- Easily accessible webpage.

The program will primarily be accessed through the City's ADU webpage, which will become a one stop shop for ADU planning and permitting. This webpage will feature snapshots of the pre-approved plans, a link to the ADU planning software, a link to permitting fees, and a detailed list of FAQs developed by city staff.

- Planning software application.

The City will partner with a software developer to create an application that allows homeowners to explore where pre-approved plans can be placed on their property. The application will be user friendly and will include preprogrammed planning regulations like setbacks and zoning specific to the City of Chula Vista.

- Deferred low-interest loans for ADU construction by low-income households.

The program will include a pilot program with priority for existing participants of Chula Vista's First-Time Homebuyer Program to provide deferred low-interest loans for ADU construction. These properties are deed restricted for affordability, ensuring the pilot promotes ADU construction for low-income households. This portion of the program will use \$200,000 in matching funds from the Chula Vista Housing Authority fund. Tonight's action includes appropriations of funds for this purpose. The goal of this pilot program would be to provide more low-income housing opportunities near transit rich portions of the city, while also providing these homeowners with an extra source of income. The pilot program will be assessed for a potential future ADU loan program. While this portion of the program is not funded through HAP it was included in the city's application as a promise of matching funds for overall program development.

Future ADU Program Goals for Chula Vista

Acceptance of the HAP funds will mark the first major step in creating a larger Chula Vista ADU program that will accomplish the ADU goals established in the 2021-2029 Chula Vista Housing Element. Future efforts of the City's ADU programs may include assistance for converting garages into ADUs, and an amnesty fee offset for existing under-permitted ADUs. Overall, these actions and programs will advance the City's ability to

utilize ADUs as a source of affordable housing, putting the City on track to meet objectives of the mid-cycle ADU Production Evaluation described in the 2021-2029 Housing Element.

Conclusion

The proposed program will advance opportunities to provide housing options throughout the City of Chula Vista and will create a streamlined process for ADU construction. The acceleration of ADU construction through the City of Chula Vista ADU Assistance program will add to the City's housing stock, while providing low-income households with additional income, and further City goals related to:

- Housing Equity - The program's pilot for the deferred low-interest loans will take place in households primarily located in Western portion of Chula Vista. Much of Western Chula Vista contains low-mod census tracts as defined by HUD. Many programs managed by the city, community organizations and school districts have focused efforts on providing equitable opportunity for families and individuals to access services and opportunities within this area of the city. The ADU Assistance program will further this effort to help revitalize some of the cities aging housing stock and provide opportunity to house individuals with an affordable new option, in areas with accessible transportation to services.
- Sustainability - Since the ADU program would be piloted in homes in the western portion of the city, the first ADUs constructed under the program would be in the portion of the city with the highest concentration of transit coordinators, therefore reducing the need for more vehicles and the distance needed to travel by vehicle for the new residents residing in the ADUs. This will help the city accomplish many of the sustainability and carbon reduction goals establish in the Climate Action Plan adopted by the city in 2017.

It is expected that City Council will take formal action to accept the funding in May 2022.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the Housing Advisory Commissioner do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any Housing Advisory Commission Commissioner, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

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