

ADU Lunchtime Roundtables Summary

Overview

In March 2023, we held two virtual, hour-long roundtable discussions with targeted stakeholder groups – building professionals and realtors – from across the four-county Mother Lode Region. Our goals were to introduce ADUs and the project, provide clarity on state and local laws, hear their thoughts on barriers and solutions to getting ADUs built, and continue community engagement efforts.

- March 21: Building Professionals 12 registered and 5 attended, including designers, architects, and builders from Mariposa, Nevada, and Calaveras counties
- March 28: Real Estate Professionals 18 registered and 5 attended from all four counties.

After a <u>brief presentation</u> on ADUs, laws and the project, we discussed ADU interest in the community, barriers to production, development costs, and potential solutions. Staff from both Mariposa and Nevada Counties were present at both sessions and provided support with policy-related questions.

Key Themes from What we Heard

Our conversion focused on four areas CPC captured themes in three focus areas (a link to the questions can be found <u>here</u> for the builders group and <u>here</u> for the real estate group):

- General ADU interest and knowledge in the community
- Barriers to ADU development
- Development costs
- Solutions and possible next steps

Note: Our conversations provided just a snapshot of local opinions and ideas. The parenthesis after each bullet point indicates which session the theme was heard.

General ADU Interest and Knowledge

- Most ADUs are being used for family or households (builders and realtors). This includes loved ones, visiting guests, or as studio/work spaces. However, some of these ADUs later became rentals for extra income or after circumstances changed with a loved who no longer lived there or permanently moved in. The majority are being built by homeowners, but small scale investors and developers are also showing interest.
- Garage and secondary structure conversions are popular (builders and realtors). While ADU development of all types are happening across the region, conversions of garages and other unpermitted structures and additions above garages are the most common.
- Homeowners and professionals aren't sure what they can build (builders). Participants shared that there is a lot of speculation on social media and online about ADUs laws and types or densities allowed. The four counties are in different stages of adopting local ordinances.



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- Interest in multiple homes on the same lot (realtors). Homebuyers are showing interest, but there currently is not the inventory to match demand. Small scale investors are buying properties to convert to ADUs and use SB9 to increase density where possible. Currently, SB9 is only applicable in US Census urban areas, which is a limiting factor throughout the region.
- Eager to learn more about ADUs (builders and realtors). There are not many resources available in the region, which is why so many registered. There was a lot of excitement for Mother Lode specific digital and print resources and general interest in the initiative.
- **Concern about impacts to local infrastructure (realtors).** Since ADUs under 750 square feet are exempt from impact fees, there is a concern that local service providers will have to change their fee structures or have budget shortfalls. County staff are cognizant of these concerns and continue to monitor how ADUs impact infrastructure like roadways.

Barriers to ADU Development

- Ease of development depends on permitting county (builders and realtors): Attendees from Calaveras and Nevada shared that new guidelines and streamlining made ADU development a relative non-issue. Those from Mariposa shared that fees were a lot and comparable to new single-family homes, they experienced interdepartmental inefficiencies, and there is confusion with the Second Residence Code. A participant from Amador relayed that staff were still adjusting to the policy changes and that the permitting process took longer than 60 days.
- Interpretation of Mariposa's Secondary Residence Ordinance (builders): Participants from Mariposa wanted greater clarity on how the Secondary Residence Ordinance interfaces with ADUs. It currently allows either a secondary residence or an ADU, whereas the participants would like to see a less restrictive policy that allowed for two residences and two ADUs.
- Homeowners are hesitant to legalize their units due to vacation rentals, tax increases and fear of penalties (builders). Some homeowners are not legalizing their existing ADUs because they want to rent their unit for less than 30 days. Homeowners also fear their taxes increasing and that they will incur penalties from permitting agencies for their infractions.
- Utility providers delay the development process (builders). All participants expressed that inefficiencies and lack of transparency with PG&E impact the development process, especially with second meters, integrating solar, and projects that do not neatly fit their templates. One person said requiring an issued building permit for PG&E to begin in delays the build process.
- Environmental constraints and permitting agencies (realtors). Additional regulations for being in the high fire zone and septic came up as barriers because of the cost of mitigation. School fees were also mentioned as a unexpected cost especially for those building smaller units.

Development Costs

• Development costs varied throughout the region, but \$200 per square foot was agreed on. Mariposa developers were able to build in the \$150 to \$200 per square foot range. A participant in Calaveras, who typically works on more complicated projects with elevation



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challenges, stated that \$200 is the bare minimum and that \$350 to \$500 per square foot is more realistic. Building smaller units does not usually translate into lower cost per square foot because the costs of kitchens and bathrooms, but one can save with garage conversions and getting unpermitted structures up to code. With the changing cost of construction and materials, one participant is experimenting with an innovative material called <u>Thermasteel</u>.

Next Steps and Potential Deliverables

- **Explore nontraditional approaches to legalizing unpermitted units (builders)**, such as equivalencies, relaxation of code, and positive outreach.
- **Provide clarity on how ADU law interfaces with existing county ordinances (builders)**, especially for Mariposa's Second Residence Ordinance.
- Develop catchy promotional/informational materials for a variety of audiences (builders and realtors), including for realtors to share with their clients. Materials could include an overview of resources available, a summary of benefits to homeowners (including legalizing units), and why jurisdictions are supportive of ADUs. Deliverables could be a trifold or flowchart.
- **Develop more informational materials specifically for JADUs (builders)**, especially for residents who want to age in place. Make it very clear the difference between ADUs and JADUs.
- **Incorporate ADA language into materials (builders)** because often ADUs are not designed with the end user in mind, which in many cases are aging adults.
- Develop more informational materials on prefabs (builders) including long-term pros cons.
- Follow up on interest in Contractors List, ADU Plans Gallery, ADU Development Checklist (builders) and consider including information on budget and prefab options.
- **Explore financing options and funding (builders and realtors)** to assist homeowners either through grants or rebates/waivers on permitting fees.
- **Continue to engage these groups throughout the initiative (builders and realtors)** and build off the excitement and enthusiasm from the sessions. As Mother Lode ADU progresses, it will be critical to have local informed advocates to help with messaging and promoting events, especially given the decentralized nature and geographic expansiveness of the region.

