



# CITY OF SAN MATEO

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## Agenda Report

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Community Development Department  
**MEETING DATE:** February 01, 2021

**SUBJECT:**

Response to Grand Jury Report Regarding: "Second Units: Adding New Housing in The Neighborhoods."

**RECOMMENDATION:**

Approve the City's response letter to the San Mateo County Civil Grand Jury Report titled "Second Units: Adding New Housing in The Neighborhoods," and authorize the Mayor to sign and send the letter on behalf of City Council

**BACKGROUND:**

On October 28, 2020, the 2019-20 San Mateo County Civil Grand Jury filed a report titled "Second Units: Adding New Housing In The Neighborhoods" (the "Report"). The Report outlined the housing shortage problem throughout the state and specifically within the County of San Mateo in the background, provided an overview of the six new second unit State laws that went into effect January 1, 2020, and discussed some of the tools, programs, and initiatives intended to streamline the permitting process to make second unit development a viable option for property owners. In summary, the Report identified the unmet need for providing more housing in the County and opportunity for creating more second units on single-family lots.

The Report includes eight findings regarding second unit construction throughout San Mateo County, as well as four recommendations intended to encourage second unit construction. The City is required to provide a formal response that has been approved by our governing body during a public meeting. The response must state whether the City agrees or disagrees with each of the findings, and state the reason if it disagrees in whole or in part. The response must also provide information on the City's status in relation to each of the recommendations. The City was required to provide the formal response to the Report within 90 days of its filing, or by January 26, 2021. However, staff requested and was granted an extension by the Chief Deputy County Counsel to submit a formal response no later than February 2, 2021.

Provided in the subsequent section of this report is staff's proposed response to the Report's findings and recommendations. Please note, "second unit" is an interchangeable term synonymous with accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs), and will be utilized in this administrative report for consistency with the Report. The Report has been included as [Attachment 1](#).

The City's proposed responses to the Grand Jury Report's findings and recommendations are provided in the body of this administrative report. The City's draft formal response letter is included as [Attachment 2](#).

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 that 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 that 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.

**BUDGET IMPACT:**

There are no fiscal impacts associated with the information discussed in report.

**ENVIRONMENTAL DETERMINATION:**

The action being considered by the Planning Commission is not subject to the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15061 (b)(3) "common sense" exemption, as it can be seen with certainty that the City's response to the San Mateo County Civil Grand Jury's report will not impact the physical environment.

**NOTICE PROVIDED**

All meeting noticing requirements were met.

**ATTACHMENTS**

Att 1 – San Mateo County Civil Grand Jury Report (October 28, 2020)

Att 2 – Formal Response Letter to the San Mateo County Civil Grand Jury Report

**STAFF CONTACT**

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