

CITY OF MOUNTAIN VIEW**ENVIRONMENTAL PLANNING COMMISSION****STAFF REPORT**

WEDNESDAY, JUNE 3, 2015

5. STUDY SESSION**5.1 Study Session: Companion Unit Regulations****RECOMMENDATION**

That the Environmental Planning Commission (EPC) discuss the proposed update to the City's existing Companion Unit regulations.

PURPOSE

The purpose of this item is for the EPC to discuss topics related to updating the City's Companion Unit regulations, as referenced in Program 4.3 of the recently adopted Housing Element (2015-2023). This discussion is not intended to fully explore any or all of the potential topics but to provide a starting point for further analysis. The report presents background information on a number of topics, and concludes with a general discussion of these topics and several key policy questions.

PUBLIC NOTIFICATION

The Commission's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. Courtesy notices of this meeting were mailed to the City's Housing Element interested parties list. Staff will send a separate notification of future EPC and City Council meetings regarding this item.

BACKGROUND

A Companion Unit is a secondary living unit located on the same lot as a detached single-family dwelling unit. They are also sometimes referred to as a 'Granny Unit,' 'In-Law Unit,' 'Accessory Dwelling Unit,' or a 'Secondary Residential Unit.' State law uses the term 'Second Unit.' Companion Units typically contain a bathroom, kitchen, and a bedroom. A Companion Unit is different from an accessory structure, such as a detached office or garage, as accessory structures cannot be used as a separate dwelling unit and cannot include a kitchen. Companion Units can be detached structures, or attached to the primary house with no shared interior doors.

State Law

Government Code Section 65852.2, also known as the Second Unit Law, requires that the preparation, adoption, amendment and implementation of local second-unit ordinances be carried out consistent with Government Code Section 65852.150:

The Legislature finds and declares that second units are a valuable form of housing in California. Companion Units provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others, at below market prices within existing neighborhoods. Homeowners who create second units benefit from added income, and an increased sense of security.

It is the intent of the Legislature that any Companion Unit ordinances adopted by local agencies have the effect of providing for the creation of Companion Units and that provisions in these ordinances relating to matters of size, parking, fees and other requirements, are not so arbitrary, excessive, or burdensome so as to unreasonably restrict the ability of homeowners to create Companion Units in zones in which they are authorized by local ordinance.

Benefits and Concerns

Some common benefits of Companion Units are that they:

- Provide affordable housing;
- Provide extra living space for family or guests;
- Provide older homeowners additional income to offset costs associated with property taxes and maintenance of a property;
- Provide housing for college students, professionals, caregivers, or individuals with special needs;
- Provide additional income to help with the increased cost of a mortgage; and
- Make efficient use of existing infrastructure.

Common concerns regarding Companion Units are that they:

- Create higher density/overcrowding that may not be desirable in some locations;
- Increase parking demand;
- Increase noise or activity near a neighboring property;
- May impact the character of some residential neighborhoods.

Companion Unit Policy Background in Mountain View

During recent public hearings, public input has focused on the need for more housing and in particular affordable housing. Additionally, the City Council included as a priority goal (2015-2016) the update of the Companion Unit regulations as identified in the City's Housing Element (2015-2023).

The City's Housing Element, which is part of the City's General Plan, identifies long-term housing goals and shorter-term policies to address identified housing needs. The goals and policies are then implemented through a series of housing programs. Programs identify specific actions the City plans to undertake toward achieving each goal and policy.

The adopted 2015-2023 Housing Element also identified program 4.3, to review the Companion Unit ordinance, including conducting a study that evaluates the options, benefits, and impacts of modifying the Municipal Code (Chapter 36, Article XII, Section A36.12.040) to remove constraints that may limit the construction of Companion Units. The Housing Element also states that the City will evaluate the Park Land Dedication In-lieu Fee to determine if the current fee is appropriate to encourage Companion Unit development, or whether the City's fee constrains the development of Companion Units in any way.

City of Mountain View Companion Unit Regulations

The City of Mountain View allows Companion Units subject to approval of a valid building permit. No conditional use permit is required. Companion Units are required to comply with the City's Companion Unit Regulations (See Exhibit 1). These units are permitted on single-family properties located in the R1 (Single Family Residential) zoning district on lots which are, at a minimum, 35% larger than the minimum lot size for the underlying zoning district.

Table 1: Minimum Lot Size Requirements

| Zoning District | Minimum Lot Size (Sq. Ft) | Minimum Lot Size for Companion Unit (Sq. Ft) |
|-----------------|---------------------------|--|
| R1 | 6,000 | 8100 |
| R1-7 | 7,000 | 9450 |
| R1-8 | 8,000 | 10800 |
| R1-10 | 10,000 | 13500 |

Table 2: Companion Unit Development Standards

| | | |
|---|---|---|
| Minimum lot area | Minimum 35% larger lot area than required by the applicable zone. | |
| Gross floor area | 700 sq. ft. of habitable floor area, maximum, and 200 sq. ft. for a garage, maximum, provided the total floor area for the lot does not exceed the maximums in Sec. 36.10.25. | |
| Location of unit | Attached to a principal structure | Basement, ground level or above the garage with no internal access to the primary dwelling. |
| | Detached unit | Rear half of lot. |
| | Above a detached garage | Rear half of lot. |
| Site coverage, detached rear-yard units | 30% of the rear yard, maximum, including any other accessory structures, and projections of the primary dwelling. | |
| Setbacks | Side | 1-story detached structure: 5 ft. minimum, 12 ft. total. |
| | | 1-story attached (basement): comply with required setbacks of the main house. See Sec. 36.10.25. |
| | | 2-story over attached or detached garage: See Sec. 36.10.25 for 2nd story setbacks. |
| | Rear | 1-story detached: 10 ft. minimum. |
| | | 1-story attached (basement): comply with required setbacks of the main house. See Sec. 36.10.25. |
| | | 2-story over attached or detached garage: See Sec. 36.10.25 for 2nd story setbacks. |
| Interior | 10 ft. minimum, from primary dwelling or other structure, if detached. | |
| Height limit | 1-story detached: 16 ft. maximum building height and 9 ft. at top of wall plate. | |
| | 1-story attached: See Sec. 36.10.25 for height limits for principal structures. | |
| | 2-story (over garage): 28 ft. maximum building height and 22 ft. at top of wall plate. | |
| Parking | Required Spaces | 1 space per bedroom, which can be covered or uncovered. |
| | Shared Parking | A driveway, garage or carport may be shared with the primary dwelling unit if the companion unit has direct, unobstructed (or shared) access to the parking space(s). |

Review Process

Companion Units which meet Zoning Ordinance standards can be reviewed and approved through a “ministerial” building permit process and are statutorily exempt from CEQA.

A ministerial decision involves little or no judgment by the public official as to the wisdom or manner of carrying out the project. The public official merely applies the law to the facts as presented but uses no special discretion or judgment in reaching a decision. A ministerial decision involves use of fixed standards or objective measurements. Examples of ministerial decisions are confirming that a land use is permitted by right in zoning, a building permit, and a plot plan associated with a building permit. There is no noticing of nearby property owners of a ministerial action (similar to a building permit).

DISCUSSION

Staff has developed an initial list of potential topics of discussion regarding the City’s Companion Unit regulations, including:

1. **Regulatory Barriers:** What are the most significant regulatory barriers to increasing the production of Companion Units?

Below are staff observations of several existing restrictive development standards for Companion Units:

- a) **Required Minimum Lot Size:** The required minimum lot size is often seen as the most restrictive standard pertaining to a Companion Unit development. Refer to Table-1 and Table-2 for the minimum lot size requirement.

Question #1: Should the 35% minimum lot area requirement be reduced or removed to encourage more Companion Units?

- b) **Parking Requirement:** The City requires 1 parking space (covered or uncovered) for each Companion Unit bedroom. Relaxing this parking standard may lead to an increase in on-street parking.

Question #2: Should the parking requirement be reduced to one parking space per Companion Unit, regardless of the number of bedrooms contained in the Companion Unit? Should the required parking be

allowed in the setback area? Do we need further clarification if tandem parking is allowed?

- c) **Gross Floor Area:** The current standards restrict the maximum habitable area to 700 square feet, regardless of lot size. Some jurisdictions have varied the amount of allowed floor area requirement based on the total lot size.

For example, the County of Santa Clara allows a maximum of 640 sq. ft. Companion Unit for lots less than 10,000 sq. ft., and a maximum of 800 sq. ft. for lots over 10,000 sq. ft. in urban residential zones.

- d) **Park Land Dedication In-Lieu Fee:** The Park Land Dedication In-Lieu Fee requirement is a key regulation that limits Companion Unit Development.

New Companion Units pay a park land dedication in-lieu fee for park or recreational purposes. This can range between \$15,000 to \$30,000. The Park Land Dedication fee is established based on the fair market value of a parcel. This fee is collected to purchase land to create new neighborhood parks and to renovate or improve existing parks and park facilities.

The Park Land Dedication In-Lieu Fee is calculated using the following formula:

$$\text{Required Park Land Dedication In-Lieu Fee} = A \times B \times C$$

Where,

A = equals the park land dedication acreage required per dwelling unit (DU) within the proposed residential development for park and recreational facilities.

B = equals the number of new dwelling units in the proposed residential development.

C = equals the fair market value per acre of land in the proposed residential development.

The following table is used in calculating park land dedication in-lieu fee requirements (Code SEC. 41.6. - Density formula):

Table 3: Density Table

| Dwelling density | DUs per acre | Density of persons per dwelling unit | Acreage requirement per DU within subdivision |
|----------------------|--------------|--------------------------------------|---|
| Low | 1 – 6 | 2.7 | .0081 |
| Medium-Low | 7 – 12 | 2.3 | .0069 |
| Medium | 13 – 25 | 2.0 | .0060 |
| Medium-High and High | 26+ | 2.0 | .0060 |
| Mobile Homes | 7 – 14 | 1.5 | .0045 |

The above table uses a density of 2.7 persons per dwelling unit and a 0.0081 acreage requirement per DU for a single family residence and a Companion Unit, even though a Companion Unit will most likely house one or two persons.

Reducing the density consideration for Companion Units to that of a mobile home (1.5 persons/ DU) and 0.0045 acreage requirements per DU may be a policy change that would make it more feasible to construct a Companion Unit. This would reduce the overall park land dedication in-lieu fee requirement by 55.5 %.

For example, a recently approved Companion Unit development paid a park land dedication in-lieu fee of \$16,200. With a change in acreage requirement per DU to 0.0045 noted above, the fee would be \$9,000.

Another option to increase Companion Unit development would be to remove the park land dedication in-lieu fee requirement.

Question #3: Should the park land dedication in-lieu fee be reduced or eliminated to encourage more Companion Units?

2. Preserving Residential Neighborhood Character:

Reduction of development standards like setbacks, location of the unit, and lot coverage requirements might have a direct impact on the privacy views, or access to light and air of the neighboring properties.

Question #4: How can regulations be modified to ensure surrounding properties are not adversely impacted?

3. Amnesty Program for Non-Permitted Units: An Amnesty Program for non-permitted Companion Units may encourage the legalization of existing Companion Units that were built with permits.

Under an Amnesty program, owners of Non-permitted Companion Units will be given the opportunity to bring their properties into compliance with City zoning requirements without fear of being prosecuted by the City upon completion of the process. After the legalization of the unit, all future work must be completed in compliance with applicable laws, codes and regulations.

An amnesty program may help ensure that Non-permitted Companion Units are safe and habitable and can assist in meeting the City's housing needs by increasing the stock of legal and affordable housing. The cities of Daly City, San Carlos, Pacific Grove, Sausalito, San Rafael, and San Francisco, among other California cities, have implemented similar amnesty programs.

Question #5: Should the City consider evaluating an Amnesty Program for Non-permitted Companion Units?

4. Rent Restricted Units: A rent-restricted Companion Unit may only be occupied if rented to a low or very low income household at an affordable rent level or if occupied exclusively by an owner whose household qualifies as a low or very low income household. This is a strategy that could increase the amount of affordable housing in the City. The City of Piedmont, California recently implemented a similar program (Refer to Exhibit 3).

Question #6: Should the City consider a rent restricted Companion Unit Program?

Question #7: Does the EPC have any other comments regarding Companion Units?

Work Plan

The following is a summary of key elements of the proposed work plan for this item:

- **EPC Study Session** (June 3, 2015)
Initial discussion of Companion Unit topics.
- **City Council Study Session** (Fall 2015)
Initial review of policy considerations regarding Companion Units.
- **Background Research and Analysis** (Fall 2015)
Further background research to support policy discussions regarding Companion Unit regulations.
- **Public Outreach** (Fall 2015)
Community Outreach Meeting to solicit public input on policy considerations.
- **EPC Study Session & City Council Study Session** (Winter 2016)
EPC and City Council study sessions to confirm the policy direction for updating the City's Companion Unit regulations.
- **Draft Zoning Text Amendment and Environmental Review** (Spring 2016)
Draft zoning text amendments will be prepared.
- **Adoption Hearings, EPC and City Council Public Hearing** (Spring 2016)
Public hearings for review of proposed zoning text and adoption hearings.

ENVIRONMENTAL REVIEW

Zoning text amendments are considered a project under the California Environmental Quality Act (CEQA). When the text amendments are prepared, staff will conduct environmental review in accordance with the CEQA Guidelines.

FISCAL IMPACT

Additional staff time is required to undertake this work plan. The additional time is expected to be minor, and can be accommodated by existing Community Development Department staff.

NEXT STEPS

A City Council Study Session will be scheduled for Fall 2015.

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Exhibits: 1. List of General Plan and other Adopted Policies
2. Existing City of Mountain View Handouts Related to Companion Units
3. City of Piedmont, Second Unit Ordinance