



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo

SUBJECT: ADU AMNESTY PROGRAM

DATE: January 7, 2020

APPROVED:

DATE:

1-7-20

RECOMMENDATIONS

1. Accept staff recommendation and direct staff to include the following elements in an ADU amnesty program:
 - a. Waive the business tax for property owners who meet the criteria for a Financial Hardship Exemption:
 - i. Low revenue generating business with gross receipts below two times the poverty level
 - ii. Limited household income with adjusted gross income below four times the poverty level
 - b. Waive permit fees and impact fees for property owners who meet the same criteria as the business tax Financial Hardship Exemption.
 - c. Utilize third-party inspectors to conduct ADU inspections, plan check, customer assistance, and consultations without risk of enforcement unless an imminent threat to health and safety is found.
2. Direct staff to return to Council to propose a funding reserve for the program through the budget process.

BACKGROUND

I appreciate the significant amount of work that staff put into researching the various ADU amnesty program elements, especially considering the inevitable challenges that come with preparing such a program. Our intention is to provide an opportunity and incentives for homeowners to legalize unpermitted units and make them safer for tenants without fear of penalty or fines. If implemented carefully, we can expand our stock of safe, naturally affordable housing without opening the door to code enforcement cases.

Staff identified a few program elements that require direction from the Council. To align with the existing business tax hardship exemption, we should waive permit fees and impact fees for participants who have a limited income or offer their unit at an affordable rent. Considering the intent behind third-party inspectors is to provide a buffer between the City and interested participants, we should outsource inspectors to interact with homeowners without risk of enforcement unless an imminent threat to health and safety is discovered during an inspection.