

City of Encinitas

MEMORANDUM

DATE: June 25, 2024

TO: Kerry Kusiak, Director

CC: Patty Anders, Planning Manager

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FROM: Robin Luna, Assistant
Planner

DEPARTMENT: Development Services

SUBJECT: 2023 ADU Survey

1. Summary

1.1 Background

The Policy Planning and Housing Division conducted a survey for Accessory Dwelling Units (ADU) and Junior ADUs (JADU) in 2023 in response to Housing Element Programs 1C and 3E. The programs required the City to conduct a survey to review affordability levels, determine if nongovernmental constraints are impeding construction, and identify any actions to take that may help remove these nongovernmental constraints. In addition to the Housing Elements Program requirements, the survey further analyzed governmental constraints that are impediments to construction.

1.2 Methodology

The survey was mailed to applicants with ADU and JADU permit applications who had a project under construction, applied for and/or obtained a permit, had a completed project, or were part of a discretionary approval where the project has not yet applied for building permits. All permits meeting at least one of these criteria after June 30, 2020, were included in the survey to coincide with the 6th Cycle Housing Element reporting period. Surveyed applicants accounted for 706 permit applications, with 108 responses and a 15.3% response rate. The mailed survey had 10 questions and allowed the recipient to either return the completed survey to City Hall or complete the survey online. The online survey included a total of 21 questions in which applicants were requested to provide feedback on the City application process as well as rental rate information.

2. Findings

2.1 Affordability Levels

The survey featured questions tailored toward capturing rental rate information of ADUs and JADUs. A full analysis can be found in Table 1 in Appendix A. Additional questions were aimed at gaining insights on how units were utilized, and/or if units were being rented or occupied at an affordable rate. Through this process, 19 previously reported above moderate ADUs were found to provide affordable rental rates at lower income levels, five above moderate ADUs were found to provide rental rates at moderate income levels, five moderate units were found to provide rental rates at lower income levels, and one ADU with a low rental rate was found to provide an extremely low-income rental rate. Rental rate information previously reported for a total of 30 ADUs in the annual progress reports (APR) sent to the California Department of Housing and Community Development (HCD) will be updated and reclassified. The analysis of ADU utilization in the City can be found in Table 2 in Appendix A.

2.2 Nongovernmental Constraints

Nongovernmental constraints are market and environmental forces that act as impediments to building housing. The City has less control over these factors but can take actions to help mitigate burdens to housing production. The survey identified the cost of construction, the current availability of financing options, and external agencies as the most voiced nongovernmental constraints impeding construction. A full analysis of nongovernmental constraints can be found in Table 3 in Appendix A.

2.3 Governmental Constraints

The policies that guide residential development in the City and the processes for building or expanding housing are considered governmental constraints. These policies influence the amount of housing developed and its type, form, location, and ultimate price. The survey identified a confusing permitting process, processing times, and the coastal development permit (CDP) process as the most voiced governmental constraints impeding preventing construction. A full analysis of governmental constraints can be found in Table 3 in Appendix A.

3. Next Steps

3.1 Actions to Remove Constraints

The City has taken several steps to address the feedback from the survey. These actions include:

- Applied and being awarded funding through the SANDAG HAP Grant (REAP 2.0) for planning and engineering staff augmentation resulting in an accelerated permit process for housing production in the City.
- Created an administrative CDP process to streamline ADU and JADU permit applications located in the coastal zone.
- Established a 15-day application review time for ADU and JADU permit applications and revisions to align with state-mandated processing timelines.

- Created a permitting processing guide for all applications in the City for further streamlining and public education.
- Increased advertisement for the City's Permit-Ready Accessory Dwelling Unit (PRADU) process to streamline ADU and JADU production further.

The City has identified several actions to address feedback from the survey in the future. These actions include:

- Create a permit processing guide/flowchart that is tailored toward the ADU permitting process.
- Enhance advertisement of the PRADU process to inform more constituents.
- Continue to update the Encinitas Municipal Code and Local Coastal Program to align with new ADU legislation.
- Educate the community on PRADU opportunities and the legislative landscape that accompanies ADUs
- Continue to pursue grant funding for adjunct staff to help streamline the permit process.
- Explore additional incentive programs or financing opportunities through the City's inclusionary funds or other funding sources that may become available.

3.2 Annual Progress Report

All findings from the survey, including identified feedback and actions, will be reported in the 2023 Annual Progress Report in consistency with the Housing Element Programs 1C and 3E.

Appendix A

Table 1: Rental Rates

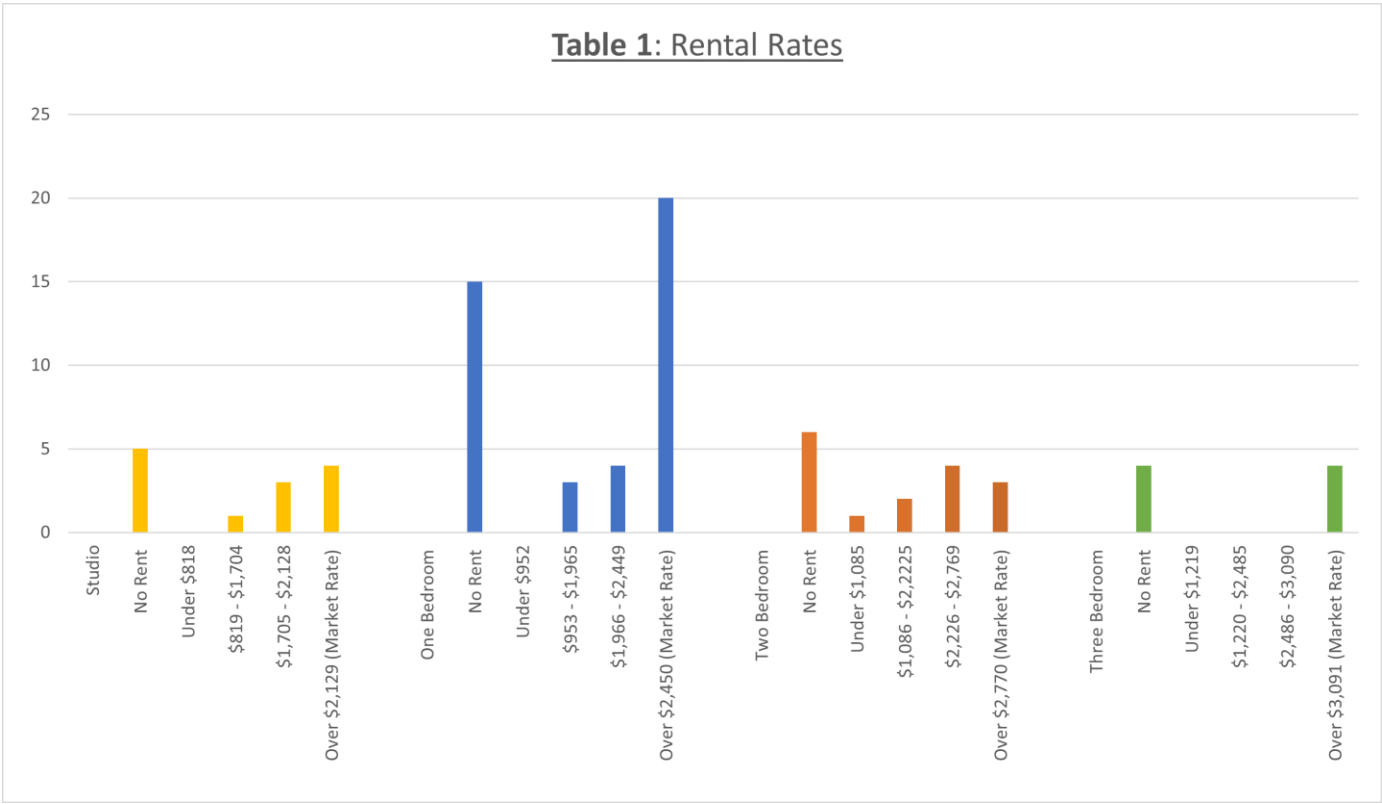


Table 2: ADU Utilization

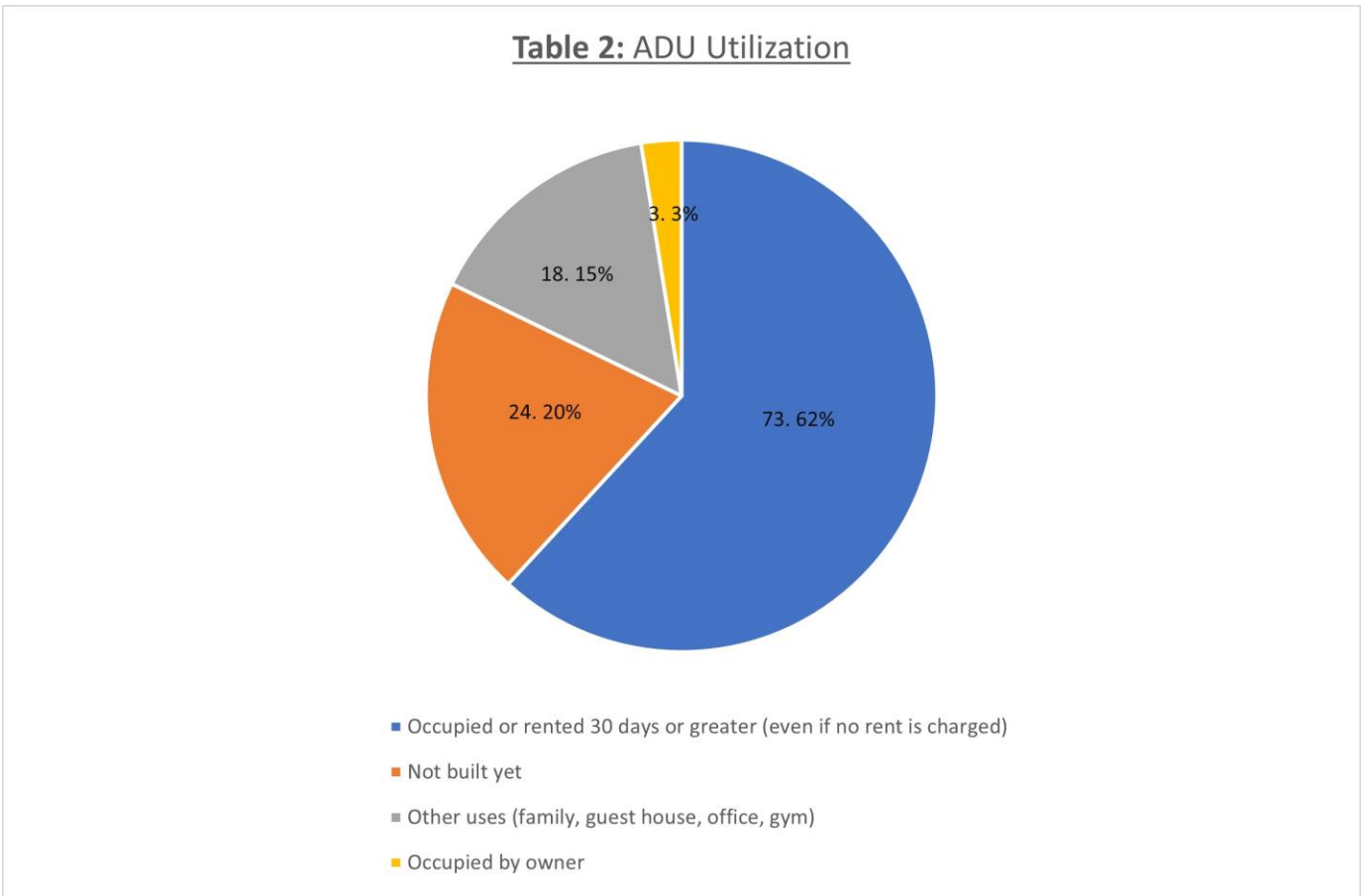
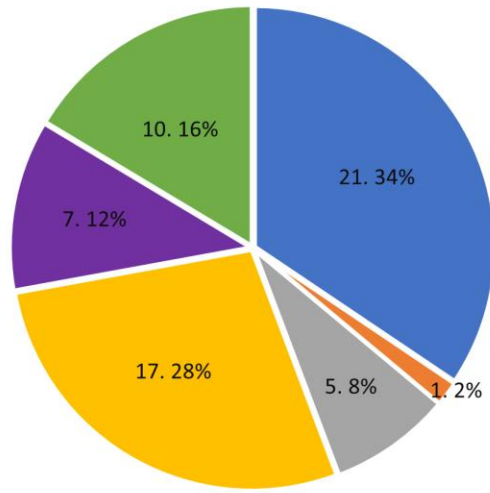


Table 3: Constraints (Governmental and Nongovernmental)



- Confusing Permitting Process
- Nonconformities
- CDP Requirements
- Increase Staff/Faster Processing Times
- External Agencies (SDGE, wastewater, post office, etc.)
- Construction Cost/Loan Financing