Napa County Grand Jury

1754 Second Street, Suite D
Napa, CA 94558

May 14, 2020

Clerk of the Board
1195 Third Street
Suite 310
Napa, CA 94559

RE: Grand Jury Final Report entitled: **In Search of More Housing in Napa County**
Report Date: May 22, 2020

Dear Clerk of the Board:

Enclosed please find a copy of the above report by the 2019-2020 Napa County Grand Jury.

Attached is a copy of excerpts from Penal Code sections 933 and 933.05. Please note that subdivision (f) of Penal Code section 933.05 specifically prohibits any disclosure of the contents of a grand jury report by a public agency or its officers or governing body prior to its release to the public, which will occur on May 22, 2020.

Penal Code section 933.05 requires that you respond separately to specified Findings and Recommendations contained in the report. Subdivisions (a) and (b) of Penal Code section 933.05 mandate the content and format of responses. Penal Code section 933 mandates the deadline for responses.

You are required ("invited" if the addressee is not a governing board or elected county official) to submit your response within [60/90] days as follows:

Hard copy to:

Hon. Mark Boessenecker
Presiding Judge
The Superior Court of California
County of Napa
Criminal Courthouse
1111 Third Street
Napa, CA 94559

Please also send a copy of your response to the Grand Jury at the above address.

Responses are public records. The clerk must maintain a copy of your response.

§ 933. Findings and Recommendations (Excerpt)

No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body, and every elected county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendations pertaining to matters under the control of that county officer or agency head and any agency or agencies which that officer or agency head supervises or controls. In any city and county, the mayor shall also comment on the findings and recommendations. All of these comments and reports shall forthwith be submitted to the presiding judge of the superior court who impaneled the grand jury. A copy of all responses to grand jury reports shall be placed on file with the clerk of the public agency and the office of the county clerk, or the mayor when applicable, and shall remain on file in those offices.....

As used in this section "agency" includes a department.

§ 933.05. Responses to Findings (Excerpt)

(a) For purposes of subdivision (b) of Section 933, as to **each** grand jury **finding**, the responding person or entity shall indicate one of the following:
   (1) The respondent agrees with the finding.
   (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) For purposes of subdivision (b) of Section 933, as to **each** grand jury **recommendation**, the responding person or entity shall report one of the following actions:
   (1) The recommendation has been implemented, with a summary regarding the implemented action.
   (2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
   (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.
   (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

(f) A grand jury shall provide to the affected agency a copy of the portion of the grand jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. No officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.(emphasis added)

NAPA COUNTY GRAND JURY
2019-2020

FINAL REPORT
May 22, 2020

IN SEARCH OF MORE HOUSING IN NAPA COUNTY

In Search of More Housing in Napa County
May 22, 2020

SUMMARY

The need for additional housing of all kinds remains a significant challenge for all communities in California. The recent fires worsened this problem in Napa County; over 650 destroyed homes reduced the inventory of housing even more. (See appendix 1) Many homeowners, faced with rebuilding, found that construction costs exceeded their insured values, leaving them unable to rebuild. Hundreds of homeowners found themselves competing to find rentals. Housing scarcity became a focus for the 2019-2020 Napa County Grand Jury. (The Jury) What were once called "granny units" are a possible untapped source of additional housing. These units, now known as Accessory Dwelling Units (ADUs) became the focal point of our review. Recent *Napa Valley Register* news articles[1], *National Public Radio Forum,*[2] and local ABC 7[3] have all focused on how ADUs could be part of the housing solution and perhaps how they could represent "affordable housing" units. The Jury undertook to see how this potential housing resource was being supported by our local government officials as part of the solution to provide more housing.

The Jury saw varying degrees of streamlining in the County and municipalities' planning and building approval processes. For example, the City of Napa has simplified several planning approval steps and made available online both a 10-page "Submittal Requirements"[4] and an 18-page ADU document[5] with planning requirements and planning fees. The Jury believes that this is a beginning, but the planning approval process still lacks the clarity and simplicity that could encourage a homeowner to undergo a complex construction project. Neither sequential approval steps, nor a flow chart are provided. There is not a single point of contact that a potential ADU homeowner can access. Napa County and the other Napa County city websites have less ADU information.

The State has been active in new ADU legislation, making ADU approval a requirement for all California counties since 2017 despite past local restrictions. Effective 2020, the State has

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[1] Napa issues more affordable housing permits, seeks ways to promote more, https://napavalleyregister.com/news/local/napa-issues-more-affordable-housing-permits-seeks-ways-to-promote/article_f1f95799-dd99-598b-a510-fde8681b548e.html, Dec.21, 2018

[2] Bills attempt to reach California housing goals through accessory dwelling units, https://www.kqed.org/forum/2010101875142/rebroadcast-bills-attempt-to-reach-california-housing-goals-through-accessory-dwelling-units, Dec.31, 2019

[3] Backyard homes could be the answer to Bay Area housing crisis, https://abc7news.com/society/backyard-homes-could-be-answer-to-bay-area-housing-crisis/5435475/, Aug.5,2019

[4] Accessory Dwelling Unit ADU, Junior ADU, https://www.cityofnapa.org/DocumentCenter/View/3478/Accessory-Dwelling-Unit-ADU--Junior-ADU-PDF, July 18,2018

[5] Accessory Dwelling Unit How-To Permit Guide for Homeowners, http://www.cityofnapa.org/documentcenter/view/6145, Jan.31,2020

also mandated the elimination of water, sewage, and education impact fees for ADU units less than 750 square feet in area and graduated fees for larger units.

The Napa Valley Community Foundation (NVCF), a Napa community-focused non-profit organization, recognizing ADUs as an avenue for increased housing, has developed an ADU education plan to increase homeowner knowledge of ADUs. The plan was developed in coordination with the County and all County municipalities. The 2020 education plan will include a program coordinator who vets ADU vendors and experts and an interactive website with an ADU cost and rent calculator. City-by-city pre-approved ADU plans are part of the longer-term plan. Local city and county planning officials have all expressed strong support for this NVCF initiative.

The Jury, with NVCF housing experts providing guidance, projects that upwards of 250 ADU units per year could be built in future years in Napa County. Based upon current building costs and realistic interest rates and amortization periods, detached ADUs are unlikely to produce affordable housing as currently defined by the State. Junior ADUs and garage conversions costing less, including pre-designed and pre-approved units might represent affordable units. The Jury recommends that Napa County and local governments not rely solely on the Napa Valley Community Foundation for added ADU education to prospective ADU homeowners but develop their own on-line and off-line programs.

GLOSSARY

ADU. Accessory Dwelling Units. ADUs, or in-law apartments, are self-contained apartments, cottages, or small residential units, that are located on a property that has a separate main, single-family home. Examples include an apartment over the garage, a converted garage made into a housing unit, a tiny house (on a foundation) in the backyard or a basement apartment.[6]

Baird & Driskell. A California Housing Consultancy, based in Oakland, hired by the NVCF[7]

Junior Unit. An ADU built into an existing structure with a separate entrance with a maximum of 500 square feet in area

NVCF, [8] the Foundation. Napa Valley Community Foundation. According to its website aspires to "mobilize resources …and to provide leadership on vital community issues." It further describes itself as a "public charity, grant-making foundation, a philanthropic advisor, and a staging ground for people, resources and ideas… We link donors to projects that do good in our community."

NVUSD. Napa Valley Unified School District

NapaSan. Napa Sanitation District

[6] https://en.wikipedia.org/wiki/Secondary_suite

[7] https://www.bdplanning.com/

[8] https://www.napavalleycf.org/what_we_do

2019 State of California Legislation (Senate Bill No 13 Chapter 653). Recent legislation affecting ADUs[9]

The Jury. The 2019-2020 Napa County Grand Jury

METHODOLOGY

In its investigation, the Jury completed the following:

Interviews:

The Jury conducted 11 interviews with senior housing development management at the City of Napa, County of Napa, and City of American Canyon. Interviews were also conducted with personnel at the Gasser Foundation, the Napa Valley Community Foundation, expert housing consultants hired by the Napa Valley Community Foundation, and a jury member. This juror was excused from jury discussions regarding the ADU investigation.

Research:

- The Jury reviewed the 2019 State of California Legislation (Senate Bill No 13 Chapter 653) regarding ADUs.
- The Jury reviewed extensive focus group research and executive reports on ADUs produced by housing experts hired by the NVCF.
- The Jury reviewed news articles sourced from the *Napa Valley Register*, *the Calistoga Tribune*, the *St. Helena Star*, *ABC 7 News San Francisco, Aug.5, 2019*, and *NPR Forum*.
- The Jury reviewed the websites of the County of Napa, the City of Napa, and the City of American Canyon.
- The Jury reviewed the websites of NapaSan and the NVUSD.
- The Jury reviewed the San Mateo County ADU website and cost calculators.

BACKGROUND

With a median home price of $695,000 [10] (January 2020) and with median rents at $2,439 a month,[11] housing in Napa is expensive. A renter would require an hourly pay of at least $46.90[12] to live at the $2,439 median rent level[12] in Napa. These facts are a well-known area of concern to city leaders and the community at large.

[9] https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB13,see Appendix 2

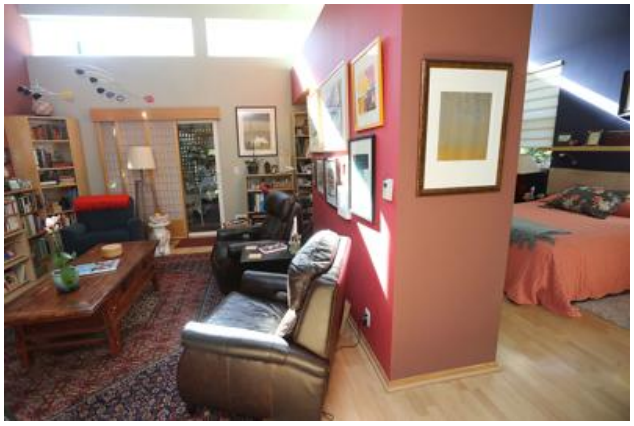
[10] Bay Area Real Estate Services Data, December 2019

[11] January 2020 Zillow estimate

[12] City: Napa tenants need $47 an hour to afford median rent, https://napavalleyregister.com/news/local/city-napa-tenants-need-an-hour-to-afford-median-rent/article_5967495b-7352-5c54-a895-e56e49ca113f.html, Oct.4, 2019

[12] Napa's going all in to promote granny flats, Feb.4,2020/Mar.3, 2020, https://napavalleyregister.com/news/local/napa-s-going-all-in-to-promote-granny-flats/article_f031b550-9ac8-5c58-b19b-cedab059dbc9.html#tracking-source=home-top-story-1d,

Napa is going all in to promote "granny flats"



Napa Valley Register File Photo February 4, 2020

The *Napa Valley Register* has regularly reported on this concern and possible solutions to the problem. The lack of available housing inventory is the main problem. In a story published on April 10, 2019, the *Register* reported that to encourage the construction of Accessory Dwelling Units (ADUs), the City of Napa's Planning Commission approved a simplified permitting path in which owners submit a single application for plans. [13]



Fig. 2. Napa Valley Register File Photo. October 24, 2019.

On October 23, 2019, a Napa town hall meeting focused on housing took place. Liz Alessio, Napa Council member, is quoted by the *Napa Valley Register*, "Napa needs about 2,989 additional homes to meet demand but has just under 1,000 new units in the pipeline. Incentivizing homeowners to build accessory dwelling units (sometimes known as granny units) remains a community aim."[14]

[13] Napa to smooth the path toward accessory housing, https://napapvalleyregister.com/news/local/napa-to-smooth-the-path-toward-accessory-housing/article ae90a920-1001-5295-ac02-b598c2185b96.html, Apr.10, 2019

[14] Cost of living town hall looks at community affordability, https://napavalleyregister.com/news/local/cost-of-living-town-hall-looks-at-community-affordability-and/article cdf35b8e-1ef2-57fb-9db4-6b4c33a30b69/html

The Jury decided to review whether the City's process was indeed becoming simplified for the prospective ADU owner. The review was expanded to include the County of Napa and the City of American Canyon.

DISCUSSION

The ADU Building Approval Process and Fees and Costs



Fig.3. NVCF Brochure photo artwork

Table 1.
ADUs Built in the County of Napa and the Cities of Napa and American Canyon 2014-2018

	2014	2015	2016	2017	2018	2014-18	Eligible ADU Parcels
Napa County	8	7	13	15	13	56	5,437
American Canyon	1	1	0	0	3	5	4,723
City Napa	10	3	3	17	21	54	20,057
Total	**19**	**11**	**16**	**32**	**37**	**115**[15]	**30,217**[16]

Data Source: Baird & Driskell, *Understanding the Market*, *2019*, 10-11

City of Napa

There have been 54 ADUs completed in the City of Napa in the 5-years from 2014 through 2018. For 2019, 50 plus are in the pipeline.[17] Given the projected need for housing in Napa, a substantial increase in ADUs would significantly add to the City's housing inventory. ADUs were not a City focus at that time. Now they are.

The City has streamlined the ADU building approval process by eliminating one phase of the building plan submissions process, now requiring only one submission of documents.

[15] 34 additional units were also added in Calistoga, St. Helena and Yountville during the 5-year period
[16] There are 3,994 eligible parcels in Calistoga, St. Helena and Yountville
[17] Gasser Foundation PowerPoint Presentation, May 2019

However, the single submission requires the prospective builder to submit six and possibly seven sets of building plans to separate departments in the City, a complicated requirement for a first-time homeowner.

The City of Napa does have available online a 10-page *ADU Submittal Requirements* and an 18-page guide, *Accessory Dwelling Unit How-To Permit Guide for Homeowners***.** It lists prospective Planning and Building Department approval requirements and fee costs as shown in Table 2 below. The approval steps are not sequenced in a way that a first-time ADU homeowner can easily follow. The fee table below suggests the complexity of the building approval process. (See Appendix 4 for the current Napa City Planning Department requirements for an ADU.)

The good news for prospective ADU builders is that the newly passed 2019 State of California Legislation (Senate Bill No 13 Chapter 653) has effectively restricted the imposition of impact fees for ADUs less than 750 square feet. This bill prohibits a local agency such as NapaSan, a special district such as NVUSD, or a water corporation such as the City of Napa Water Utility from imposing any impact fee for ADUs less than 750 square feet. The bill requires impact fees for ADUs greater than 750 square feet to be proportionate to the cost of the original structure and simplifies rules regarding setback and parking requirements.

Even with these State legislative changes effective in 2020, the City of Napa Planning Department approval fees remain $2,500 to $10,000. (See Table 2) Units over 750 square feet will have graduated impact fees from NapaSan and the NVUSD totaling up to $15,000. Additional property taxes could be assessed, as well, on all sizes of ADUs. No rationale is provided for City Planning Department fees such as Park Impact, Affordable Housing, Street Improvement, and Utility Underground. Focus groups indicate that higher fees discourage ADU conversions.

Table 2.
Residential Fee Estimates for a City of Napa ADU as of 1.01.2020

	Garage Conversion	**500 Square feet ADU**	**750 Square feet ADU**	**1,200 Square Feet**
Building Permit	$1,052.50	$1,052.50	$1,052.50	$1,189.66
Building Plan Check	$694.65	$694.65	$694.65	$785.18
Fire Plan Check	$252.60	$252.60	$252.60	$285.52
Planning Plan Check	$105.25	$105.25	$105.25	$118.97
Building Standards Admin Fund	$1.00	$1.00	$1.00	$5.00
SMIP Tax	$0.50	$0.50	$0.50	$13.13
Park Impact Fee	$0		$2,293.00	$2,293
Plumbing Fee	$158.00	$158.00	$158.00	$158.00
Mechanical Fee	$158.00		$158.00	$158.00
Electrical Fee	$158.00	$158.00	$158.00	$158.00
Insulation Fee	$158.00	$158.00	$158.00	$158.00
Affordable Housing Impact	$0	$0	$3,562.50	$5,700.00
Street Improvement	$0	$0	$1,233.00	$1,233.00
Utility Underground	$0	$0	$1,127.00	$1,127.00
Const. Demo. Debris	$0	$0	$0	$100.00
Const. Dem. Recycling	$0	$0	$0	$200.00

Sub Total City Fees	**$2,738.5**	**$2,422.5**	**10,954.00**	**$13,628.00**
NVUSD Impact Fee[19]	$0	$0	$2,842.50	$4,737.50
NapaSan Impact[20]	303.00	303.00	$7,165.00	$10,106.00
Total	**$3,041.50**	**$2,725.50**	**$20,961.50**	**$28,525.50**

Source: City of Napa Accessory-Dwelling-Unit-Permit-Guide-PDF, 13-15

Consultant focus groups indicate that the biggest impediment to ADU conversions by interested homeowners is the unknown scope of the venture, in particular, the cost.[21] With cost being a prime deterrent to affordable housing ADU conversions, the Napa City Housing Department has an "affordable ADU housing initiative," providing up to $75,000 in forgivable loans ($50,000 for a Junior Unit) if an ADU is rented over five years at low-income rates. This is currently defined by the State to be $1,055/month for a studio and $1,206/month for a one-bedroom apartment in Napa County. The program includes additional grants of up to $2,000 for design services or an architect. The annual City budget for this program is $350,000. While helpful, the City Housing Department budget on this initiative will only impact five to seven ADUs a year.

The City recently approved a new 20-unit housing subdivision in which six units will be pre-designed for an ADU: "All the owner would have to do is add an exterior door and install kitchen and bathroom fixtures using the plumbing that is already in the walls." This is an imaginative step by the City.[22]

The City of Napa Housing Department and Napa County conducted three ADU workshops in 2019, providing a forum for the general public to hear from experts and a venue for questions and discussion. Future workshops are planned in 2020 along with a Housing Department ADU Communication Plan.

Jury interviews with City of Napa Housing Development leaders pointed to a new ADU-focused initiative by the Napa Valley Community Foundation (NVCF). In written communications the Jury was told, "We are planning to work in collaboration with the Community Foundation once its new ADU Center Director is hired and the website and calculator are officially launched."[23] The goal of the NVCF initiative is to educate prospective ADU homeowners on planning steps and costs. The NVCF initiative will be briefly discussed later in this report. Napa City Housing Development personnel believe that the NVCF program will have a substantial impact on Napa City ADU growth over the next five years.

Napa County

[19] Source NVUSD web site $3.79/square foot | https://www.nvusd.k12.ca.us/developerfees
[20] https://www.napasan.com/149/Rates-Fees
[21] Baird and Driskell "Understanding the ADU Market" 2019
[22] East Napa subdivision swapping vineyard views for ADUs, https://napavalleyregister.com/news/local/approved-east-napa-subdivision-swapping-vineyard-views-for-adus/article_4eb8ddc5-7914-59a6-954c-aa60031de129.html, Jan.24, 2020
[23] City of Napa Housing Department

There have been 56 ADU conversions over the past five years in Napa County. In interviews with a senior County Planning official, no forecast for additional ADUs was provided.

Effective March 2020, the County added a new improved ADU section on its Planning Department website,[25] including a Planning Fee outline for a range of ADU sizes, a five page Planning Steps Check-list [26] plus a three-page ADU summary on its website which provides an ADU Question-and-Answer section.[27] The newly published 2020 planning fees total from $9,000 to $12,000 for ADUs ranging from 500 square feet to 1,200 square feet. In 2020, there are added sewer, water, and NVUSD impact fees for units greater than 750 square feet bring total fees of $9,000+ for a 500 square foot ADU, $20,000 for a 750+ square feet ADU and $27,000 for a 1,200 square foot detached unit. The County fees are higher than the fees for smaller (e.g. 400-500 square feet) ADUs in the cities of Napa and American Canyon but are comparable for units 750 square feet and larger.

Table 3
Residential Fee Estimates for a Napa County ADU as of 3.01.2020

	500 Square feet ADU	**750 Square feet ADU**	**1,200 Square Feet**
Inspection Fire	$453.64	$616.44	$942.04
Plan Review Fire	$294.87	$400.69	$612.33
Plan Review Environmental	$154.00	$154.00	$154.00
Plan Review Engineering	$493.00	$493.00	$493.00
Inspection Engineering	$187.00	$187.00	$187.00
Residential New Dwelling Plan	$1,724.00	$1,724.00	$1,724.00
Plan Review Public Works	$93.00	$93.00	$93.00
Plan Review Standard	$1,796.29	$2.009.09	$2,434.69
Inspection New Dwelling Plumbing	$318.20	$355.90	$431.29
Inspection New Dwelling Mechanical	$228.39	$255.44	$309.55
Inspection New Dwelling Electrical	$207.86	$232.48	$281.73
Imaging Plan Residential	$15.00	$15.00	$15.00
State Strong Motion Residential	$26.00	$39.00	$65.00
State Building Standards Surcharge	$8.00	$12.00	$20.00
Permit Issuance	$71.00	$71.00	$71.00
Building Inspection Fee	$2,566.13	$2,870.13	$3,478.13
Certified Access Specialist Program	$4.00	$4.00	$4.00
General Planning Surcharge	$293.35	$322.22	$381.96
Sub Total City Fees	**$9,189.34**	**$10,141.40**	**$12,045.53**
NVUSD Impact Fee[28]	$0	$2,842.50	$4,737.50
NapaSan Impact[29]	303.00	$7,165.00	$10,106.00
Total	**$9,492.34**	**$20,184.90**	**$26,889.03**

[2625] https://www.countyofnapa.org/2750/Accessory-Dwelling-Units-ADUs
https://www.countyofnapa.org/DocumentCenter/View/3655/Submittal-Checklist-New-Residential-PDF
[27] https://www.countyofnapa.org/DocumentCenter/View/3655/Submittal-Checklist-New-Residential-PDF
[28] Source NVUSD web site $3.79/square foot | https://www.nvusd.k12.ca.us/developerfees
[29] https://www.napasan.com/149/Rates-Fees

Effective 2020, based upon the new State legislation, the County has updated its ADUs' housing ordinances. The updates reflect relaxing setbacks, parking requirements, and assessed fees for units less than 750 square feet.[30] Senior officials of Napa County Planning, Building and Environmental Services Department also expressed their reliance on the NVCF Initiative for increased ADU education to County homeowners.

American Canyon

From 2014 through 2018, five ADUs have been permitted in American Canyon. In 2017, to encourage ADU construction, American Canyon waived all sewer and water impact fees for ADUs less than 750 square feet. With the new 2020 state law, NVUSD Impact fees will also be waived for units less than 750 square feet.

American Canyon has a two-page ADU Guide on its website that provides very basic information on the steps required in the planning process.[31] A fee schedule provided separately by the American Canyon Community Development Office indicates general planning fees totaling between $1,000 and $4,000 per ADU unit. This is several thousands of dollars below the fee structure charged by the City of Napa, particularly for a garage conversion or a smaller 400-square-foot unit and over $10,000 less on ADUs over 750 square feet in size. However, NapaSan and NVUSD impact fees would add close to $10,000 on ADUs over 750 square feet. City of American Canyon Housing Development Department personnel indicated in writing that they are directly involved with the NVCF initiative and strongly support it.

Table 3
Residential Fee Estimates for a City of American Canyon ADU for 2020[32]

	Garage Conversion	**400 Square feet ADU**	**750 Square feet ADU**
Building Permit	$297	$297	$1,495
Building Plan Check	$134	$134	$651
Fire Plan Check	$115	$115	$115
Planning Plan Check	$100	$100	$167
Building Standards Admin Fund	$1	$1	$1
SMIP Tax	$4	$4	$4
Park Impact Fee	$0	$0	$1,573
Plumbing Fee	$63	$63	$186
Mechanical Fee	$63	$63	$186
Electrical Fee	$84	$84	$222
Insulation Fee	$0	$0	$0
Affordable Housing Impact	$0	$0	$0
Street Improvement	$0	$0	$0

[30] Napa County Chapter 8.80 Amendments to Ordinances
[31] https://www.cityofamericancanyon.org/home/showdocument?id=16944
[32] Source of data: American Canyon Community Development Office

Utility Underground	$0	$0	$0
State Energy Compliance	$30	$30	$65
Tech fee	$7	$7	$52
Traffic Impact fee	$0	$0	$1,061
Civic Facility fee	$0	$0	$457
Sub Total City Fees	**$898**	**$898**	**$6235**
NapaSan impact Fee[33]	$303	$303	$6,883.00
NVUSD Fee[34]	$0	$0	$2,842.50
Total	**$1,201**	**$1,201**	**$15,961**

Source of data: American Canyon Community Development Office email to The Jury

Napa County and Cities' ADU Building Costs

Based upon interviews with senior planning officials in the City of Napa and Napa County, the average construction cost for ADUs is estimated to range from $375-$400 per square foot for a detached ADU. Interviewed housing consultants agree. This significant per square foot cost is due to post 2017 fire demand for contractors, builders, and materials. Potential architect fees add to the cost.

Financing for ADU construction poses a significant threshold for potential ADU homeowners to meet. It requires both good credit and financial resources. A small detached 500 square foot one-bedroom "home-improvement-store quality" ADU at $400 per square foot will cost about $200,000 plus fees. A fifteen-year $200,000 home equity loan amortized at 7% will result in monthly payments of $1,797.[35] Calculations of likely homeowner mortgage, taxes insurance and maintenance costs necessitates a rent of $2,100 a month or more is required to break even (See Appendix 1 for these calculations.) This is true for the 500 square foot unit, and larger and/or more upscale ADUs would generate higher costs and require a higher rent. In an all-cash ADU investment, a homeowner would need to compare the return on an alternative $200,000 investment versus the net proceeds from the ADU. It is worth noting that the ADU adds comparable value to the home's net worth. However, at $2,100 a month or more, one-bedroom detached ADU rentals are not considered low income housing.

[33] Source: http://www.napasan.com/151/Capacity-Charges

[34] Source NVUSD web site $3.79/square foot | https://www.nvusd.k12.ca.us/developerfees

[35] http://mortgage-x.com/calculators/amortization.htm

Figure 4 Detailed garage-conversion



Photo Source: BuildinganAdu.com.

The smallest ADUs are designated as Junior Units.[36] These 250-400 square foot units are built within an existing house with a separate entrance . They cannot be greater than 500 square feet. Junior units have basic cooking and bathroom facilities. A similar two-car garage conversion is typically 400 square feet. Because the external frame and possibly wiring and plumbing connections are already present, the Garage Conversion and Junior Units cost less, possibly as low as $60,000-$100,000.[37] They could potentially represent affordable housing, particularly if supported by a program like the subsidy program offered by the City of Napa Housing Department.[38]

Other Community Efforts: The Napa Valley Community Foundation 2020 Initiative

Aside from Napa governmental agencies, other civic groups have simultaneously considered proposals to aid in the housing dilemma. The Napa Valley Community Foundation,[38] a non-profit 501 © (3),[39] public charity, whose stated goal is to "provide leadership on vital community issues and fund key projects through donors interested in making an impact in the community." The Foundation has undertaken the sponsorship of an ADU education initiative on

[36] https://www.cacities.org/Top/Partners/California-City-Solutions/2016/Junior-Accessory-Dwelling-Units

[33] https://www.buildinganadu.com/adu-blog/how-to-save-money-with-a-garage-conversion-adu. Link provides a detailed garage conversion cost projection.

[37] https://www.buildinganadu.com/adu-blog/how-to-save-money-with-a-garage-conversion-adu. Link provides a detailed garage conversion cost projection.

[38] With added monthly costs of $150-$200 and a monthly mortgage payment of $540 -$900 ($60,000 - $100,000 amortized at 7% over 15 years), a rent in the "affordable housing range"($1055 for a studio,$1206 for a one-bedroom) is possible.

[38] https://www.napavalleycf.org

[39] https://en.wikipedia.org/wiki/501(c)(3)_organization

behalf of all Napa County communities. The program is modeled on a well-received and successful ADU website-and-education program developed for San Mateo County.

In this effort, NVCF has hired an experienced housing consulting firm to study the issue. In 2019, they conducted focus group research and a market analysis on potential ADU homeowners in Napa County.[40]

The following are their key findings:

- Based upon a housing consultant review of zoning codes, there are over 30,000 potential ADU conversion sites within Napa County, 20,000+ in the City of Napa. Napa and American Canyon represent the most likely Napa County cities for ADUs due to demographics and supportive governments.
- The most promising demographic for ADUs are households that are building ADUs for aging parents, adult children or family members with disabilities. A second but growing market are homeowners interested in rental income. Potential homeowners focused on rental income typically stay interested for years but are slow to act. With the right incentives, such as reduced impact fees and a simpler planning and building process, they may be quicker to act. A third market are homeowners interested in downsizing by moving into their ADU and renting their primary residence for income.
- People fear the permitting process and want to manage risk. Key questions for them are:
  - How long will the planning and building inspection processes take?
  - What are all the possible fees charged across all the city departments?
  - Under what circumstances will a lender grant a home equity loan?
  - What interest rate can a homeowner secure and how long an amortization period?
  - What are the property tax implications and insurance costs?

Beginning in 2020, in conjunction with the County of Napa and its constituent cities, the NVCF will provide an education program with both website[41] and in-person services to help homeowners design, build and lease ADUs. All Napa County cities have been contacted and are included in the program. Each is supplying the NVCF with detailed planning steps, approval requirements, contact personnel, and fees that can be built into ADU website cost calculators. A vetted list of ADU-related vendors such as mortgage brokers, appraisers, contractors, designers, architects, prefab-ADU manufacturers will be included. An annual ADU Expo to promote and cover new state laws, ADU financing and city-by-city planning rules is planned. Preapproved building designs for each Napa County city are targeted for the third and fourth quarters of 2020. The Foundation has invested over $350,000 in development funds to-date for the education program and will budget $350,000-$400,000 or more per annum over the next two years.

[40] Baird and Driskell, Understanding the Market, 2019

[41] www.sonomanapaadu.org

Figure 5. Pre-approved ADU building plans illustration

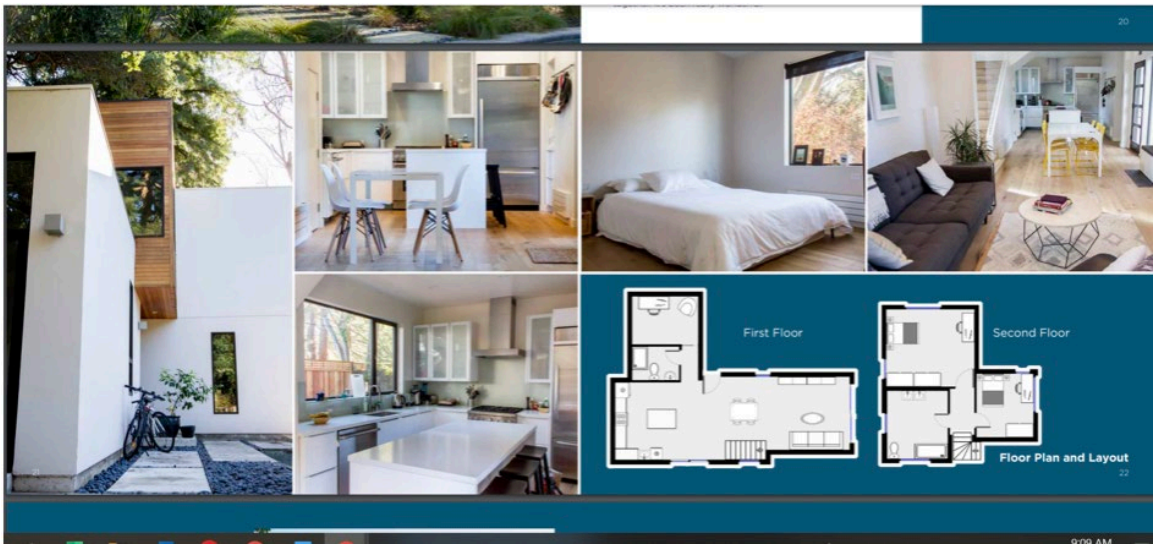


Photo Source: NVCF Brochure artwork

With this NVCF effort and Planning and Building Department support from the County of Napa, the City of Napa, and the City of American Canyon, and based on information from the NVCF housing consultant, upwards of 750 to 1,000 ADU units could be built over the next five years. This could represent up to a third of the current 3,000 rental-housing-unit shortfall in Napa County. Napa County, the City of Napa, and the City of American Canyon had begun to make improvements on their own education programs, but they are all currently relying on the work of the Foundation to take the leadership role.

Table 4.

ADU Estimates

Year	2020	2021	2022	2023	2024	5-year total
ADU / yr.	100	150	200	250	250	950
ADU cum.	100	250	450	700	950	

Source: Annual estimates are based upon Jury interviews with the NVCF and its housing consultancy experts. Some of the ADU builds will occur in St. Helena, Calistoga and Yountville.

FINDINGS

F1. The Grand Jury, with guidance from a housing consultancy, projects that 750-1,000 ADU units could possibly be built across Napa County including the cities of Napa and American Canyon in the next five years.

F2.a) The City of Napa's website has acceptable ADUs educational information on planning requirements and fees.

F2. b) The County of Napa website has very basic approval steps and fees on ADUs added in March 2020.

F2.c) The City of American Canyon has no significant educational information or planning steps and fees for ADUs.

F3. Neither the County of Napa nor the cities of Napa and American Canyon have ADU planning and approval steps "sequenced" in written material or on their website.

F4. The County of Napa and the cities of Napa and American Canyon are largely relying on the NVCF education program to improve homeowners' knowledge on how to build and finance an ADU or Junior Unit.

F5. Neither the County of Napa nor the cities of Napa and American Canyon have listed an ADU Housing Development single-point-of-contact person or position that could expedite the planning and building approval process for a homeowner.

F6. The County of Napa and the cities of Napa and American Canyon have implemented simpler (than prior years) planning and building approval procedures for ADUs and Junior Units, but the processes could be further streamlined.

F7. Neither the County of Napa nor the cities of Napa and American Canyon provide pre-approved ADU building designs which could reduce approval costs.

F8. Napa County and the City of Napa continue to charge significant planning and building approval fees on all sizes of ADUs that discourage ADU builds.

F9. Detached ADUs do not realistically represent an affordable housing resource for Napa County and the Cities of Napa and American Canyon.

F10. Junior Units and Garage Conversions may fall into the affordable housing range, particularly if subsidized by the cities or County.

RECOMMENDATIONS

The Jury recommends that Napa County and the Cities of Napa and American Canyon to:

R1. upgrade their websites with detailed ADU planning steps, approval fees and impact fees (units over 750 square feet) and/or provide a Flow Chart of the step-by-step process and implement these actions no later than December 31, 2020.

R2. promote the NVCF ADU education initiative on their websites, in print and online media, and implement these actions no later than December 31, 2020.

R3. name a dedicated ADU Point Person who will expedite the planning and building approval process for individual ADU households and implement this action no later than December 31, 2020.

R4. develop pre-approved ADU building plans, promote these plans on their upgraded websites, and implement this no later than December 31, 2020.

R5. reduce and/or eliminate discretionary ADU fees (such as Park fee or Affordable Housing fee) and implement these actions no later than December 31, 2020.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the 2019-2020 Napa County Grand Jury requires responses as follows:

- County of Napa Board of Supervisors (F1-F10 and R1-R5)
- City of Napa City Council (F1-F10 and R1-R5)
- City of American Canyon City Council M (F1-F10 and R1-R4)

INVITED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the 2019-2020 Napa County Grand Jury invites responses as follows:

- County of Napa Director of Planning, Building and Environmental Services (F1-F10 and R1-R5)
- City of Napa Community Development Director (F1-F10 and R1-R5)
- City of American Canyon City Manager (F1-F10 and R1-R4)
- President of the Napa Valley Community Foundation (F2 & R3)

APPENDICES

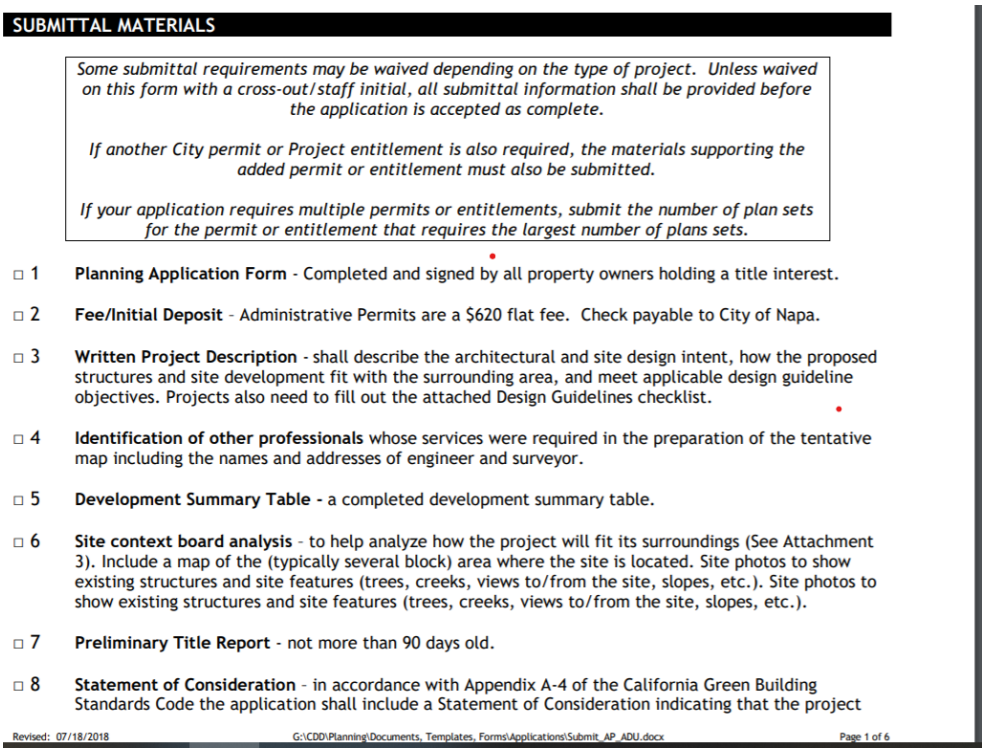
Appendix 1.

October 17 Northern California wildfires,
https://en.wikipedia.org/wiki/October_2017_Northern_California_wildfires,2019

Appendix 2.

Homeowner secondary financing interest costs for an ADU run a minimum of 2.5% -3.0 % *or more* above 30-year mortgage rates and are almost never more than 15-years[7]. Many are amortized over 10-years. This substantially increases ADU monthly amortization costs to the homeowner. Additional expenses for insurance, maintenance, taxes, etc. will add $300 a month or more. The homeowner will also need to plan for times when the unit is unrented or if the tenant fails to make the required rent. (Jury Note: there could be tax write-off implications if the unit is rented. However, the overall cost of the ADU construction could be deducted as depreciation over an amortization period)

Appendix 3. The Required Planning Submissions for an ADU in the City of Napa



SUBMITTAL MATERIALS

Some submittal requirements may be waived depending on the type of project. Unless waived on this form with a cross-out/staff initial, all submittal information shall be provided before the application is accepted as complete.

If another City permit or Project entitlement is also required, the materials supporting the added permit or entitlement must also be submitted.

If your application requires multiple permits or entitlements, submit the number of plan sets for the permit or entitlement that requires the largest number of plans sets.

□ 1 **Planning Application Form** - Completed and signed by all property owners holding a title interest.

□ 2 **Fee/Initial Deposit** - Administrative Permits are a $620 flat fee. Check payable to City of Napa.

□ 3 **Written Project Description** - shall describe the architectural and site design intent, how the proposed structures and site development fit with the surrounding area, and meet applicable design guideline objectives. Projects also need to fill out the attached Design Guidelines checklist.

□ 4 **Identification of other professionals** whose services were required in the preparation of the tentative map including the names and addresses of engineer and surveyor.

□ 5 **Development Summary Table** - a completed development summary table.

□ 6 **Site context board analysis** - to help analyze how the project will fit its surroundings (See Attachment 3). Include a map of the (typically several block) area where the site is located. Site photos to show existing structures and site features (trees, creeks, views to/from the site, slopes, etc.). Site photos to show existing structures and site features (trees, creeks, views to/from the site, slopes, etc.).

□ 7 **Preliminary Title Report** - not more than 90 days old.

□ 8 **Statement of Consideration** - in accordance with Appendix A-4 of the California Green Building Standards Code the application shall include a Statement of Consideration indicating that the project

Revised: 07/18/2018 G:\CDD\Planning\Documents, Templates, Forms\Applications\Submit_AP_ADU.docx Page 1 of 6

[7] https://www.bankrate.com/loans/home-improvement/

design includes, but is not limited, to the specified voluntary features whenever possible. See the website of the California Building Standards Commission for more information.

□ 9 **SITE PLAN DRAWINGS**- (**6 full size copies** and **a reduced set** of all plan and map sheets at 8.5" X 11") - fully dimensioned and accurately drawn. Use as many sheets as necessary. Information may be combined as long as the plans are easy to read. Site plan shall include the following basic information:

□ a **Vicinity map** - Show site in relationship to local and major cross streets, named; include a north arrow.

□ b **Site and adjacent properties** - Location of all existing structures identified by type and indicating which are proposed to be removed and which will remain. Include the project site *and* adjacent property at least 100 feet beyond site, adjacent building footprints and approximate height, and streets (labeled) leading to the site.

□ c **Boundaries** - All existing and proposed property lines, tract name, easements (size and type called out), right-of-ways, trails, and the like. Approximate dimensions of all lots, radii of all curves and central angles.

□ d **Parking, Traffic Safety, Access and Circulation Plan** - Location/dimensions of existing and proposed: on-site parking/ on street parking spaces and backup/turnaround areas.

□ e **Trees** - All trees over 6" in diameter measured 54" above existing grade. Provide their common name, size, condition, drip line and location onsite. Note whether any are "Significant Trees" designated by the City that are strictly protected. Any trees proposed to be removed shall be identified along with the reasons why they are proposed for removal. In addition, show trees in the adjacent public right-of-way within 30 feet of the area proposed for development, and on adjacent properties with drip lines over the project site. An arborist report and photographs may be required.

□ f **Natural features and constraints** - Site features including creeks and adjacent riparian vegetation, wetlands, major rock outcroppings, landslides, flood zones, earthquake faults and related setbacks.

□ g **Other site development** - All decks; fences and walls including retaining walls; monument signs; bicycle racks; refuse disposal and outdoor storage areas with proposed screening, etc. The project will need to include detail design and materials.

vegetation, wetlands, major rock outcroppings, landslides, flood zones, earthquake faults and related setbacks.

□ g **Other site development** - All decks; fences and walls including retaining walls; monument signs; bicycle racks; refuse disposal and outdoor storage areas with proposed screening, etc. The project will need to include detail design and materials.

□ h **Utilities Plan** (extending 100+ feet beyond site boundaries) - Location and size of existing and proposed: water-related facilities including but not limited to water mains with valve locations, water services to each parcel, water meter locations, fire sprinkler risers, backflow devices, fire hydrants within 300 feet, blow-offs and water wells; sewers; existing and proposed overhead utilities and poles; and all existing and proposed easements for these facilities. For sewer systems, top of structures and invert elevations shall be shown along with sewer laterals pipe size, slope and tie-in elevations at the existing downstream system. Slopes and elevations of proposed sewers and storm drains shall be indicated. The plan will need to identify all utility poles that will be removed and the line segments to be undergrounded. Existing gas mains, fiber optic lines, electrical lines, and other utilities shall be shown on plan.

□ 10 **BUILDING PLANS** - (**6 full size copies** and **a reduced set** of all plan and map sheets at 8.5" X 11") - Plans shall be submitted with the application and shall include the following:

□ a **Building elevations** - Show all elevations of the proposed project with materials, colors, and dimensions specified. Height is measured from grade to top of roof. The purpose of such drawings is to show how the building is architecturally compatible with its surroundings, and, in hillside areas, how it also fits with the site. The drawings shall include door and window details.

□ b **Floor and roof plan** - A floor plan for all existing and proposed structures or alterations, clearly labeled and prepared to scale, indicating the use of each room,

exterior doors and windows. The roof plan shall indicate direction of slope, roof pitch, location and screening of rooftop mechanical equipment.

□ 11 **Materials** - A materials list including a material and color board shall accompany the application. *If materials are unclear, material samples may be requested*.

□ 12 **Storm Drainage Analysis** - Unless waived by the City Engineer, the project shall provide a storm drainage study/hydrologic analysis and/or onsite detention; check with Public Works Engineering Division and/or follow the City Drainage Standards which may be obtained at Public Works Department website.

□ 13 **Erosion and Sediment Control Plan (ESCP)- "Best Management Practices" (BMP's)** - List and show on the plans the methods ("BMP's" - See Napa Countywide Stormwater Pollution Prevention Program Erosion and Sediment Control Plan Guidance website. Complete and submit the reference Erosion and Sediment Control Plan.

ADDITIONAL SUBMITTAL REQUIREMENTS IN CERTAIN CIRCUMSTANCES

□ 14 If the project proposes conversion of an existing accessory structure (non-habitable) to a habitable structure, the following must be completed PRIOR TO submittal of this application:

- □ a Provide the distance from finished grade to finished floor. A minimum clearance of six inches (6") is required per the California Building Code.
- □ b You must provide evidence that the structure's foundation meets the requirements of the California Residential Code in effect at the time of submittal.
- □ c You must provide evidence that the building materials used in the construction of the existing accessory structure (non-habitable) are suitable for a habitable accessory dwelling structure.

□ 15 If the project proposes a habitable structure, a **Soils and/or Geotechnical Report** - Unless waived by the Chief Building Official, a soils investigation and/or geotechnical report shall be provided to identify any building or access siting concerns. The report shall include a comprehensive geologic investigation that shows the impact that faults and fault trances will pose to a proposed structure.

□ 16 **IF GRADING AND DRAINAGE ARE PROPOSED - SITE PLAN DRAWINGS**- (**6 full size copies** and **a reduced set** of all plan and map sheets at 8.5" X 11") - fully dimensioned and accurately drawn. Use as many sheets as necessary. Information may be combined as long as the plans are easy to read. Site plan shall include the following basic information:

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.