

NAPA COUNTY
RESPONSE TO THE GRAND JURY FINAL REPORT ON
IN SEARCH OF MORE HOUSING IN THE NAPA VALLEY
May 22, 2020

Findings

Finding 1: 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.

Response, Director of Planning, Building, and Environmental Services: The Director disagrees with the finding, as it pertains to the County. While there is great potential for Accessory Dwelling Unit (ADU) and Junior Accessory Dwelling Unit (JADU) development within the County and cities, the construction of up to 1,000 housing units over the next five years is a highly ambitious target. Over the past five years, since 2015, the Cities of Napa and American Canyon have combined to build 466 net new houses (including all ADUs, single family homes, apartments, etc.). Unfortunately, that number has been more than offset by the loss of a net 595 homes in the unincorporated area due to the 2017 and 2018 wildfires. Housing development in California is expensive and highly regulated. Over the past three years, this has been further exacerbated by ongoing shortages of labor and construction materials. These trends have only worsened during the pandemic. The California Department of Finance estimates that 1,237 total housing units of all types will be added in all of Napa County, including the cities and town, between 2020 and 2035. While the Grand Jury's optimism and enthusiasm are greatly appreciated, public policy should set reasonable expectations and achievable goals.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Finding 2a: F2. b) The County of Napa website has very basic approval steps and fees on ADUs added in March 2020.

Response, Director of Planning, Building, and Environmental Services: The Director disagrees with the finding, as it pertains to the County. Unlike many jurisdictions, the County does not have a Design Review process. Seven years ago, the Board of Supervisors created a "one-stop shop" for all permitting with the PBES Department to improve efficiency, reduce processing time, and maintain costs. Two years ago, the Board of Supervisors adopted a process improvement study for the PBES Department, including 14 recommendations to further streamline the permitting process. Last year, we updated our ordinance to expand opportunities and further simplify the permitting process for ADUs and JADUs. California has the most complicated land use development and construction regulations in the United States; Napa County has the strictest agricultural and open space protection measures within California. Creating a basic approval process is our goal, to take this incredibly complex regulatory structure, and to make it as easy and understandable as possible for property owners.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Finding 3: 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.

Response, Director of Planning, Building, and Environmental Services: The Director disagrees with the finding as it pertains to the County. The County’s website provides a detailed step-by-step process for obtaining a general building permit (<https://www.countyofnapa.org/1843/Building-Plan-Review-Process>). The website also provides a Frequently Asked Questions (FAQ) page specifically addressing building and planning issues related to ADUs and JADUs. In addition, the website provides a “New Residential Submittal Checklist,” which provides a very detailed guide as to the specific information needed to apply for an ADU building permit (<https://www.countyofnapa.org/DocumentCenter/View/3655/Submittal-Checklist-New-Residential-PDF>).

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Finding 4: 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.

Response, Director of Planning, Building, and Environmental Services: The Director agrees with the finding, as it pertains to the County. Napa County is a proud supporter of the work done by the NVCF to promote ADUs and JADUs, and provides significant financial assistance in this effort. In conjunction with the work of the North Bay ADU Project, cities and county jurisdictions within Napa and Sonoma counties are coordinating with the Napa Valley Community Foundation and the Community Foundation of Sonoma County to provide assistance to property owners seeking to build ADUs. The Napa Sonoma ADU Center’s goal is to increase the supply of housing, particularly affordable housing, through the promotion of ADUs. The Center provides virtual and in-person services to help homeowners design, build, and lease ADUs throughout Napa and Sonoma counties. This is a model that has worked well in other California counties, specifically San Mateo.

The Center provides services such as Outreach & Education; ADU Feasibility Assessments; ADU Referrals & Problem Solving; and Tenant Recruitment, Placement, and Management. The Center is located within the Napa Valley Community Foundation with staffing of one full-time Center Coordinator. The Coordinator cultivates and oversees partnerships with a variety of nonprofit organizations and vendors in order to deliver services for homeowners as well as serving as a liaison to County and City planning and building departments. The Coordinator maintains office hours in both counties, although a majority of services are offered via email, phone, and through presentations in the community.

Homeowners are often unfamiliar with the complexity of development, including the intricate

and often changing requirements. Outsourcing this program reduces program costs and bureaucracy, so that assistance can be provided more efficiently. Using a non-profit organization also allows for better customer service, as they can work closely with interested homeowners and play an advocacy role on their behalf, in a capacity that is otherwise unavailable to County staff in their regulatory role.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Finding 5: 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.

Response, Director of Planning, Building, and Environmental Services: The Director agrees with the finding, as it pertains to the County. We do not have a single point of contact listed on our website. Our practice has been to have a team of five staff available to answer questions related to ADUs and JADUs. This makes multiple staff available, in case any one person is on vacation, ill, working remotely, or is otherwise unavailable.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Finding 6: 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.

Response, Director of Planning, Building, and Environmental Services: The Director agrees with the finding, as it pertains to the County. Napa County has made improvements to its ADU and JADU approval procedures. Starting last year, we now allow JADU's in our Agricultural Preserve (AP), which was not previously permitted. As was noted in Table 1 of the Grand Jury report, Napa County approved more total ADUs than either the Cities of Napa or American Canyon between 2014 and 2018. According to a report issued by the Center for Community Innovation in February 2020, Napa County approved 16 ADUs in 2018, which was more than 36 other California counties that year. It was also more than Marin County (10) and nearly as much as Solano or Orange Counties (17), all of which have much larger populations than Napa. Despite these successes, the availability of affordable housing is a critical issue in Napa County and we will continue to implement improvements to provide more housing opportunities for our community

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Finding 7: Neither the County of Napa nor the cities of Napa and American Canyon provide pre-approved ADU building designs which could reduce approval costs.

Response, Director of Planning, Building, and Environmental Services: The Director partially disagrees with the finding, as it pertains to the County. Staff is aware of three counties which currently have pre-approved residential plans: San Diego, Humboldt, and

Ventura. The finding is correct in that Napa County currently does not provide such plans. However, it should be noted that pre-approved plans come with numerous limitations and hidden costs that may restrict their widespread use. Plans must be built as designed and cannot be modified in any way. A geo-technical study is still required to determine the engineering characteristics of on-site soils. If a new or expanded septic system is required, it must be professionally designed and installed. Sufficient water availability must be provided to meet potable water requirements as well as fire sprinklers and fire flow. Storm water retention and treatment plans are also required. Until just last week, ADUs and JADUs were still subject to new driveway improvements required by the Board of Forestry for properties located in high-fire hazard areas. It should also be noted that pre-approved plans are intended for detached second dwellings and cannot be prepared for garage and bedroom conversions, since as-built plans are required specific to any existing structure.

For many homeowners, the easiest approach to installing a detached ADU is to place a legal mobile home on the property, since all construction approval is pre-approved by the State. The only review and inspection by the County for a mobile home is for the foundation, electrical, sewer, and water hook-ups.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director

Finding 8: 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.

Response, Director of Planning, Building, and Environmental Services: The Director disagrees with the finding, as it pertains to the County. Table 3 in the Grand Jury report regarding residential fee estimates for an ADU in Napa County requires several points of clarification, as follows:

- All building fees charged by the County are cost recovery. They pay for the time spent by staff to process, review, and inspect new construction. Building permit fees were last updated in 2019, following preparation of a study prepared by an outside auditing firm. Any reduction in building permit fees would require Board of Supervisor approval and would have to be subsidized out of the general fund by taxpayers.
- Napa Valley Unified School District (VUSD) fees are not set or collected by the County. They are established by NVUSD, under parameters set by the State. The fee is paid at the NVUSD offices.
- Not all properties in the unincorporated area are served by the Napa Sanitation District (NapaSan). The primary area where this fee would apply is in and around the Silverado Resort. ADU development in the vast majority of the unincorporated area is dependent upon private wastewater disposal systems, where this fee would not apply.
- Building fees are based on the valuation of construction. The larger the structure and the more expensive the material used to build the structure, the higher the building permit fee. In general, affordable housing tends to be smaller and uses more modest materials, which can reduce the amount of the building permit fee.

Using the construction cost of \$400 per square foot referenced on Page 11 of the Grand Jury report, construction costs for a 500-square foot ADU would be \$200,000, with building permit fees adding five percent to the cost. For a 1,200-square foot ADU, the construction cost would be \$480,000, with building permit fees adding three percent to the cost. Understandably, building permit fees are not a welcome addition to any prospective homeowner's budget, but they are not significant and are not the sole determinant in the decision to build an ADU.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director

Finding 9: Detached ADUs do not realistically represent an affordable housing resource for Napa County and the Cities of Napa and American Canyon.

Response, Director of Planning, Building, and Environmental Services: The Director disagrees with the finding, as it pertains to the County. Almost all of the 56 ADUs constructed in the unincorporated area to date have been detached. No JADUs have been approved by the County to date. County staff surveys property owners of all ADUs regarding the rent they intend to charge. Some detached units are occupied rent free by friends, caretakers, children, or parents of the owner. Others are charged below market rates. These units qualify as affordable housing in reporting to the State in meeting the County's Regional Housing Need Allocation (RHNA), even if they are not deed restricted units.

Page 11 of the Grand Jury report indicates the following: "However, at \$2,100 a month or more, one-bedroom detached ADU rentals are not considered low income housing." That is not correct. The affordability of housing is determined by the income of the occupant, not the value of the rent. The California Department of Housing and Community Development annually publishes the table of State Income Limits for each County. The table of income limits defines very-low, low, moderate, and above moderate income levels, as modified by the number of persons in the household. For Napa County in 2020, the annual income levels for a family of four is defined as follows:

Extremely Low: up to \$32,500
Very Low: up to \$54,150
Low: up to \$85,800
Moderate: up to \$131,050
Above Moderate: over \$131,050

Assuming that up to 35% of gross income may be used for housing costs, a low-income family of 4 may spend up to \$2,502 per month on rent. A rent of \$2,100 for a detached ADU falls well within affordable guidelines.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director

Finding 10: Junior Units and Garage Conversions may fall into the affordable housing range, particularly if subsidized by the cities or County.

Response, Director of Planning, Building, and Environmental Services: The Director agrees with the finding, as it pertains to the County. JADUs are a valuable part of overall affordable housing strategy. As such, the County has made funding available for deed-restricted JADUs, to subsidize permit fees and other costs. To date, however, we have not had any applications for affordable JADUs submitted to the County.

It is also important to note that over the past five years, the County has also approved three new mobile homes and four farmworker housing units. Certainly, ADUs are a vital part of our affordable housing strategy, but Napa County is working on a range of programs to increase housing supply in the unincorporated area.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director

Recommendations

The 2019-20 Napa County Grand Jury recommends that Napa County and the Cities of Napa and American Canyon to:

Recommendation 1: 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.

Response, Director of Planning, Building, and Environmental Services: The recommendation will be implemented by the County. The PBES Department website (<https://www.countyofnapa.org/2750/Accessory-Dwelling-Units-ADUs>) currently provides information regarding fees for ADUs of 1,200 square feet. Similarly, the County's website currently provides a detailed step-by-step process for obtaining a general building permit (<https://www.countyofnapa.org/1843/Building-Plan-Review-Process>). We will prepare a Flow Chart, similar to the one used by the City of San Jose, entitled "Your Pathway to a Completed ADU" (<https://www.sanjoseca.gov/home/showdocument?id=49837>) and will upload the document to our website.

In addition, the Director recommends that affordable ADU permits and other affordable housing applications be prioritized to expedite the building permit review process.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Recommendation 2: Promote the NVCF ADU education initiative on their websites, in print and online media, and implement these actions no later than December 31, 2020.

Response, Director of Planning, Building, and Environmental Services: The recommendation will be implemented by the County. Napa County continues to partner with NVCF and will be sending new marketing and educational information before the end of this year.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Recommendation 3: 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.

Response, Director of Planning, Building, and Environmental Services: The recommendation will be implemented by the County. The Director recommends that the department website be updated to specifically identify two people who, as a part of their duties, will be available to answer questions from the public regarding ADUs and will work with other County divisions and outside agencies to expedite individual ADU permit applications. The website will be updated by December 31, 2020.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Recommendation 4: Develop pre-approved ADU building plans, promote these plans on their upgraded websites, and implement this no later than December 31, 2020.

Response, Director of Planning, Building, and Environmental Services: The recommendation requires further analysis. The City of Napa, the City of Calistoga, and the County of Napa, have all allocated funds along with the NVCF to explore opportunities to establish pre-approved building plans for ADU's. Because each site has unique circumstances, there remains the need for foundation plans suitable for specific soil types and possible modifications if the proposed ADU requires an exterior wall/walls to have a higher fire safety rating due to proximity to other buildings and/or property lines. As mentioned in Finding 7 above, rural properties may also require plans for potable water, wastewater treatment, storm water management, private road access, and fire protection that are site-specific and cannot be pre-approved.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.

Recommendation 5: 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.

Response, Director of Planning, Building, and Environmental Services: The recommendation will not be implemented by the County because it is not warranted. As indicated in Table 3 of the Grand Jury report, the County does not charge Park Impact fees, Affordable Housing Fees, or other types of development impact fees on ADUs or JADUs. No further action is required.

Response, Board of Supervisors: The Board of Supervisors agrees with the Director.