



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 21-053

Board Meeting Date: 1/12/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Manager

**Subject:** Board of Supervisors' Response to the 2019-2020 Civil Grand Jury Report "Second Units: Adding New Housing In The Neighborhoods"

### **RECOMMENDATION:**

Approve the Board of Supervisors' response to the 2019-2020 Civil Grand Jury Report, "Second Units: Adding New Housing In The Neighborhoods".

### **BACKGROUND:**

On October 28, 2020, the 2019-2020 San Mateo County Civil Grand Jury issued a report titled "Second Units: Adding New Housing In The Neighborhoods." The Board of Supervisors is required to submit comments on the findings and recommendations pertaining to the matters over which it has some decision-making authority within 90 days. The Board's response to the report is due to the Honorable Danny Chou no later than January 26, 2021.

### **DISCUSSION:**

The Grand Jury made 8 findings and 4 recommendations in its report. Staff has collaborated with cities, where applicable, on the County's response to the Grand Jury Report. The Board responses follow each finding and the 4 recommendations that the Grand Jury requested that the Board respond to within 90 days.

## **FINDINGS**

### **Finding 1:**

The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

**Response:** The County of San Mateo *agrees* with this finding.

### **Finding 2:**

From 2016 to 2020, the number of Second Units constructed annually within the County dramatically

increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

**Response:** The County of San Mateo *agrees* with this finding.

**Finding 3:**

There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

**Response:** The County of San Mateo *partially agrees* with this finding. The County would clarify that the 4,000 units cited in this statistic are legal Second Units, as an unknown number of unpermitted Second Units also exist.

**Finding 4:**

The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

**Response:** The County of San Mateo *agrees* with this finding.

**Finding 5:**

Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

**Response:** The County of San Mateo *partially agrees* with this finding. A lack of homeowner awareness of financing and construction options are obstacles to Second Unit construction, but the County is not aware of any shortage of qualified building inspectors. The timeline for inspecting completed Second Units is partially dependent on the overall volume of completed construction subject to inspection, but Second Units have been affected in the same way as any other construction project. Additionally, second unit construction can be expensive, averaging around \$200,000 for detached new units, thus, cost can be an additional barrier for homeowners considering certain types of second units. The County Planning and Building Department is not aware of any instance of the timeline for a building inspection constituting a unique hardship.

**Finding 6:**

DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

**Response:** The County of San Mateo *agrees* with this finding.

**Finding 7:**

The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

**Response:** The County of San Mateo *partially agrees* with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.

**Finding 8:**

The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

**Response:** The County of San Mateo *agrees* with this finding.

The Grand Jury made 8 findings and 4 recommendations in its report. Staff has collaborated with cities, where applicable, on the County's response to the Grand Jury Report. The Board responses follow each finding and the 4 recommendations that the Grand Jury requested that the Board respond to within 90 days.

## RECOMMENDATIONS

**Recommendation 1:**

The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

**Response:** *This recommendation has been partially implemented.* The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. Staff is currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program also uses its regular newsletter to provide updates on Second Units and works to engage with cities through its partnership with 21 Elements.

In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit businesses table and connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about Second Units is planned for early 2021. These webinars will be recorded and made available "on demand" for homeowners to review in future. Home for All continues to welcome community invitations to present about Second Units at additional events.

As the County and many cities are updating second unit ordinances and resources, Home for All will increase the outreach and promotion through existing newsletters and social media

accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.

**Recommendation 2:**

By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

**Response: *This recommendation is in the process of being implemented.*** On December 3, 2020, a 21 Elements meeting was held to explore second unit construction aspects, and amnesty programs for non-conforming units. As previously noted, the County has not been informed of a shortage of qualified building inspectors in San Mateo County.

With regard to Second Unit financing, the County of San Mateo is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. Their “ADU Finance Committee” is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents a pro-con format explanation of the common second unit financing strategies present in California. The County also recently attended a Federal Reserve workshop on addressing structural barriers to ADU finance.

With regard to contractor availability and training, the County of San Mateo will continue to pursue an adequate construction workforce by connecting with workforce development agencies through the San Mateo County Recovery Initiative, and the Second Unit Task Force will explore collaborations with independent building and trade organizations to publicize vendors skilled in second unit design and construction.

**Recommendation 3:**

The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

**Response: *This recommendation is in the process of being implemented.*** The Second Unit Task Force has been tracking a pilot project which seeks to assist homeowners with resolving health and safety risks in non-permitted units within unincorporated San Mateo County. Based on these findings, Home for All will provide and promote information and resources for homeowners of non-conforming units as part of its second unit marketing.

**Recommendation 4:**

The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

**Response: *This recommendation is being explored.*** In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose “ADU Ally” how this kind of assistance can support homeowner success. Another intriguing model that San Mateo County continues to learn from is the Napa Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more Second Units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of Second Unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to SMC in 2021.

**FISCAL IMPACT:**

There is no fiscal impact associated with the acceptance of this report.