



Councilmember Ben Bartlett
City of Berkeley, District 3

CONSENT CALENDAR

December 5, 2017

To: Honorable Mayor and Members of the City Council
From: Councilmember Ben Bartlett
Subject: [Refer](#) to the [Housing Advisory Commission](#), the City Manager's Office, and [the Budget Referral](#): Second Dwelling Unit/Accessory Dwelling Unit Pilot Program to House the Homeless

Recommendation:

[Refer to the Housing Advisory Commission and](#) the City Manager's office to [consider](#) developing a second dwelling unit/accessory dwelling unit Pilot Project as an additional strategy to provide housing for homeless persons and families.

The pilot program should provide the following forms of technical assistance and incentives to homeowners in exchange for housing homeless families/individuals for a specified number of years:

1. Homeowners without additional units – to provide them with technical and financial assistance with the permitting and construction of new second units and ADUs
2. Homeowners with unpermitted second units – to provide them with [avenues for](#) legalization as well as financial and technical assistance in order to convert unpermitted units into permitted units

The pilot will also evaluate the following:

- Replicability/scalability
- What types of incentives will be enough to attract homeowners
- How to conduct long term monitoring
- To what extent might this approach increase housing stock

The proposed Pilot Program and budget are outlined below and will pilot the financing and construction of new second dwelling units; and the remodeling and legalization of existing unpermitted second units. The program is should be completed within 24 months of Council approval.

The Pilot Program will require a one-time program budget of \$500,000, and an additional \$50,000 for administrative costs. Funding for the program would be drawn from U1 funds.

The City should provide a maximum subsidy of \$75,000 per unit to build 2-3 new ADUs. The City should provide a maximum subsidy of \$50,000 per unit to preserve 2-3 existing unpermitted

ADUs. The subsidy will be provided in the form of a soft loan or forgivable loan tied to a commitment to rent the ADU to a homeless family/individual.

| Line Item | Amount |
|--|-----------------------|
| Financing Incentives for 3 new ADUs: | \$225,000 |
| Financing Incentives for 3 Unpermitted Second Units: | \$145,000 |
| Project Management of Unpermitted Units: | \$25,000 |
| Administrative Costs: | \$1050,000 |
| Total: | \$445,000 |
| Total Cost per Unit: | \$7124,167 |

Background:

Right now, we are in the crosshairs of a severe housing shortage and a disinvestment in affordable housing. Too many Berkeley residents – including seniors, individuals with disabilities, teachers and families with children – struggle to keep a roof over their heads. Waitlists for affordable housing number in thousands and stretch into years.

The limited amount of affordable housing that has been developed in the past few decades has mostly been small units in large apartment buildings. These units are being built at increasingly unsustainable costs. Large projects in Berkeley, Emeryville and San Francisco now cost well over \$500,000 per unit to develop. In fact, a recent affordable housing project in Emeryville cost nearly \$700,000 per unit.

An affordable grass roots alternatives to expensive apartment units are Accessory Dwelling Units (ADUs). ADUs are a source of affordable housing in single and multi-family neighborhoods. There are tens of thousands of potential sites in Berkeley.

The City’s single- and multi-family zoned areas provide a significant opportunity to build new, and preserve existing, affordable housing. Encouraging accessory dwelling units in general is a homeless prevention strategy. In addition, the Pilot Program will focus on housing homeless individuals/families directly in accessory dwelling units.

The purpose of the pilot would be to empower Berkeley homeowners to play a more direct role in rehousing the homeless, streamline the permitting process, provide technical assistance to homeowners, provide incentives for preserving and constructing second dwelling units in exchange for housing homeless families/individuals, and promote the development of second dwelling units as a source of affordable housing.

Financial Implications:

Staff time.

Contact Person:

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