



ACCESSORY DWELLING UNITS

ADU PROGRAM UPDATE

UPDATED: 12.04.2022

The following information was compiled by the ADU Team to represent the ADU activity that has taken place during the 2022 calendar year to-date.

ADU Building Permits

In 2020, the Town received **10** building permits applications for ADUs.

In 2021, the Town received **20** building permits applications for ADUs (18 new ADUs and 2 after-the-fact)

To-date in 2022, the Town received **37*** building permit applications for ADUs, including:

- 22 new ADUs
- 12 after-the-fact ADUs (to legalize existing unpermitted/illegal ADUs)
- 1 new Junior ADU
- 2 after-the-fact Junior ADUs

**Note: It is likely that there have been more than 37 ADU building permits in 2022; however, the reports are limited to identifying only permits that include a description of "ADU," "JADU," or "Junior ADU" in the first line of the permit title. Starting in May 2022, all permits are now checked for the correct naming convention to ensure they are captured in future reports; however, prior to May, the naming was inconsistent, therefore those ADU permits are not accounted for.*

ADU Code Compliance

There are currently **48** illegal/unpermitted ADUs or JADUs actively in Code Compliance cases, most of which pre-date 2022.

In 2022, Code Compliance identified and opened code cases for **20** unpermitted/illegal ADUs or JADUs. Of the 20 new cases:

- 1 case was closed due to obtaining and completing their ADU building permit
- 2 cases were withdrawn due to additional findings on the property
- 3 cases have building permits submitted or issued to legalize the existing ADU
- 14 cases have not yet submitted a building permit application to legalize the ADU

Please be aware that California's ADU legislation now allows property owners to delay obtaining building permits for illegal ADUs by up to five years without penalties, except to address health and safety violations, therefore it is likely that there will be a reduction in after-the-fact ADU building permit applications. At a future date, the Council may wish to consider additional incentives to entice earlier compliance.

ADU Inquiries & Popular Types

ADU Inquiries: In 2022, the Town received inquiries from **over 90** separate property owners, developers, contractors, and design professionals who are interested in permitting a proposed or existing ADU or JADU. (This number does not include brief/general inquiries from one-time callers.) Below are some interesting factors that play into the inquiries and staff assistance:

- New ADU/JADU Inquiries: ±60
- After-the-fact (unpermitted) ADU/JADU Inquiries: ±30
 - Approximately 2/3 are owners who have an active Code Compliance case
 - Approximately 1/3 are owners who are *not* in Code Compliance and are trying to figure out how to permit an ADU that either they or a previous owner created. As we state on the ADU webpage, "the homeowner will not be at risk of reporting to the Town Code Compliance Division for inquiring about building permits for unpermitted units."

Popular ADU Types: Below is a list of the most popular ADU types that people are interested in creating, based on the inquiries we receive (which is fairly consistent with what we're seeing in the building permit submittals). These are listed in order of popularity/frequency:

1. *Conversion ADUs:* The large majority of inquiries are from people looking to convert existing living or non-living space within their house, garage, crawl space, storage area, attic, or accessory structure into an ADU or JADU.
 - These are typically the most time-intensive for staff since there is a lot of research and inter-departmental coordination to determine permit history, the legality of the space(s), what modifications are required to permit the space, consideration of building codes (especially access to share utilities and electrical panels), etc. For complex projects, staff will sometimes meet owners to walk the space and discuss the requirements and permitting process.
2. *New Detached Garage + ADU:* Owners are finding it can be economical to construct an ADU in conjunction with a new detached garage, often in a "carriage house" design with an ADU above the garage. In some cases, the garage is for the main dwelling and sometimes for the ADU tenants.
3. *New SFR + ADU:* This is becoming increasingly more popular with new home construction, most often attached to a portion of the main dwelling either with or without an interior connection. In some cases, the ADU is detached, typically in conjunction with a detached garage.
 - We receive regular inquiries from owners who want to construct an ADU on their

property first; they live in the ADU until they construct (or save money for) a larger main dwelling in the future. This is allowed; however, the ADU is permitted as a single-family dwelling in the interim.

4. *Stand-alone ADU:* This is a common inquiry; however, few people pursue construction of a stand-alone ADU since the process and cost are not substantially more when combined with a garage, and owners place a high value on having a garage. Staff believes stand-alone ADUs may become popular once the pre-approved prototype plans are available for public use.
5. *Addition ADU:* Although it occurs, very few people inquire about constructing an addition for the sole purpose of creating an ADU. Slightly more common, owners consider a larger addition and then incorporate an ADU into a portion of the addition or existing dwelling.

ADU Grants & Loans

In addition to grant and loan programs offered by the State, the Town Council approved the three grant and loan programs to incentivize the creation or after-the-permitting of ADUs and JADUs in Truckee. Below is a summary of each grant/loan since the programs officially kicked-off in 2021.

1) **\$50,000 Loan for New ADUs:**

- Loan Terms (based on AML of renter):
 - 60% Renter AML: 2% annual interest (simple) for 10 years
 - 61-120% AML: 3% annual interest (simple) for 15 years
- General Requirements:
 - Must be new construction or new conversion of space to an ADU (not after-the-fact)
 - Must be long-term rented to an income-qualified renter (<60% or 61-120% AML) for the duration of the loan term listed above
 - Rent must be affordable (<30% income) to the tenant
 - Property must be within the Town of Truckee limits
 - Loan applicant must reside fulltime (6+ months per year) in the main dwelling
- # of Inquiries: 10
- # of Applications: 4
- # Approved: 2
- # Not Yet Approved or Denied: 2 -- one was not eligible for the program, other has not moved forward with the planning process
- # Completed/Paid: 0
- **Biggest Obstacles:** Cost of construction, availability of professionals, high interest rates for remaining pre-development and construction costs, owners don't want the rental restrictions

2) **\$15,000 Loan for Unpermitted ADUs:**

- Loan Terms:
 - 1% annual interest (simple) for 5 years
- General Requirements:

- Must be for an existing, unpermitted ADU
- Must be long term rented to an income qualified renter (<60% AM) for the duration of the loan term listed above
- Rent must be affordable (<30% income) to the tenant
- Property must be within the Town of Truckee limits
- Loan applicant must reside fulltime (6+ months per year) in the main dwelling
- # of Inquiries: 14* (includes both ATF grant and loan inquiries, as people are generally curious about both)
 - 2 made further inquiries specifically about the loan option
- # of Applications: 2
- # Approved: 0
- # Not Yet Approved or Denied: 2 -- one did not qualify since dwelling was not actually an ADU, one is currently under review
- # Completed/Paid: 0
- **Biggest Obstacles:** Cost of construction/repairs, rental limitations aren't worth \$15,000, illegal ADUs may not need to invest an additional \$15,000 to permit the ADU

3) \$1,000 Grant for Unpermitted ADUs:

- Loan Terms: n/a – a grant to reimburse costs, not a loan
- General Requirements:
 - Must be for an existing, unpermitted ADU
 - ADU must be located within the Town of Truckee limits
 - Must receive permit and certificate of occupancy
 - Must submit receipts for approved costs to be reimbursed, up to \$1000
- # of Inquiries: 14* (includes both ATF grant and loan inquiries, as people are generally curious about both)
 - 11 made further inquiries specifically about the grant option
- # of Applications: 10
- # Approved: 9
- # Not Yet Approved or Denied: 1 – one approved participant decided not to pursue permitting an ADU
- # Completed/Paid: 2 completed, 1 dropped out, 6 pending COO/permit
- **Biggest Obstacles:** Cost of construction, availability of professionals, new construction ADUs interested in grant which they don't qualify for

- 4) There were 5 additional inquiries who were generally interested in funding options but did not specify which opportunities they were interested in and have not contacted us further.