

# MEMORANDUM

Office of the City Manager



**DATE:** April 10, 2024

**TO:** Mayor and Councilmembers

**THROUGH:** Ned Thomas, City Manager *Ned Thomas*

**FROM:** Bill Tott, Building Official and Jay Lee, Planning Director

**SUBJECT:** Overview and Update on Current ADU Programs and Incentives

This Memorandum provides an overview and update on the status of various Accessory Dwelling Unit (ADU) programs and initiatives, including the use of American Rescue Plan Act (ARPA) funding for ADU permit fees. Also included is an overview of ongoing staff work toward creating an ADU pre-approved plans program. In April, staff will bring forward an agenda report to the City Council for further discussion on the status of all ARPA allocations.

## **BACKGROUND:**

In 2021, the City of Milpitas received \$16.7 million in supplemental funding under the American Rescue Plan Act (ARPA) to support local response to and recovery from the COVID-19 public health emergency. Of this amount, the City Council allocated \$990,000 to subsidize permit fees for the ADU Incentive and Safe ADU Legalization programs. Prior efforts to encourage and assist Milpitas residents who wanted to apply for ADUs included the creation of an online Toolkit for Accessory Dwelling Units and the establishment of an “ADU Mondays” program to provide focused attention from City staff. The City also featured Symbium Build on the Planning Department website to help residents find and sketch ADU designs to fit their property.

## **DISCUSSION:**

The status of current efforts by the City of Milpitas to encourage and incentivize the development of ADUs is described below.

### **ADU Incentive and Safe ADU Legalization Programs**

As noted above, the City Council allocated a portion of the City’s allocation of ARPA funds to create an ADU Incentive Program for new construction and a Safe ADU Legalization Program for existing ADUs that were built without the benefit of permits. Both programs incentivize ADUs by covering the cost of all permit fees for the development or legalization of an ADU or Junior Accessory Dwelling Unit (JADU).

As of March 11, 2024, ADU permits were either fully or partially funded by ARPA, depending on the applicant’s project status. All funds allocated for this program will be expended when current applicants in the plan-check phase move into the building permit phase. At this time, the subsidies for new ADU permits have been paused since all ARPA funds will be expended with the applications submitted through March 11, 2024. Applications for ADUs can be submitted as usual, but the fee subsidies will not be available at this time. Table 1 below provides an annual breakdown of ADU permit types and number of permits per year for 2021 through March 11, 2024.

The total number of ADU permits subsidized by ARPA funds is 144. This includes two JADUs and two attached ADUs from 2021, which were in process when the Incentive and Legalization programs were launched in 2022.

Type of ADU Permit	2021	2022	2023	2024 (As of 3/15/24)
Detached	16	26	17	6
Attached	13	38	24	4
JADU	2	12	12	1
<b>Total:</b>	<b>31</b>	<b>76</b>	<b>53</b>	<b>11</b>

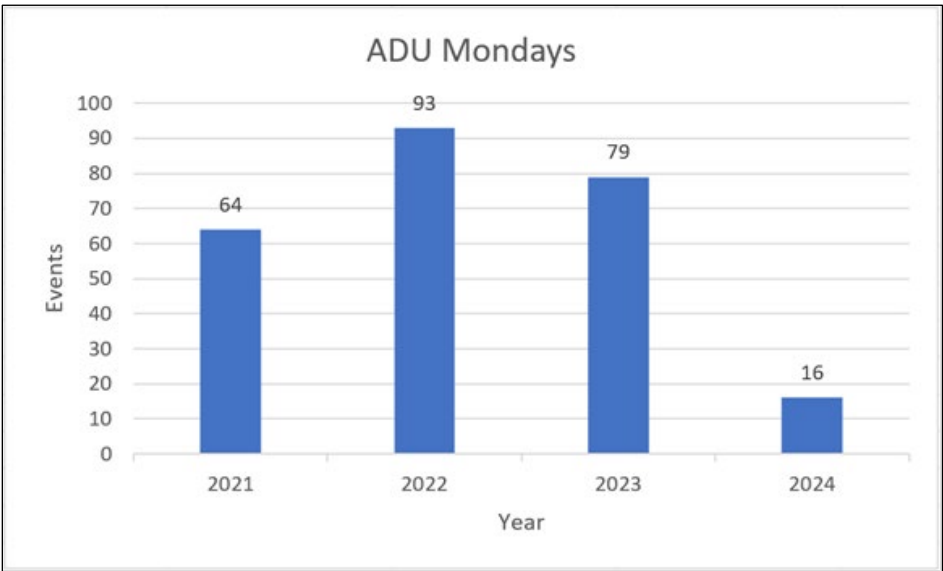
Toolkit for Accessory Dwelling Units

The Planning Department worked with a professional graphic designer to create the [ADU Toolkit \(pdf\)](#) as a resource to inform Milpitas residents about the different types of ADUs. It also provides an easy-to-read guide to the permitting process. The Toolkit is an online resource that provides a detailed, step-by-step approach to an entire project – from selecting a design and layout to assisting with the building permit process. The workbook is designed to provide useful information in a graphic format and to reduce the uncertainty in what can feel like a complicated process.

ADU Mondays

The Building Safety Department created an online appointment platform that allows a homeowner to schedule a virtual meeting with City staff from Building Safety, Planning, and Land Development to explore the requirements and permitting process for an ADU. The homeowner simply downloads the [Calendly](#) app and [answers a few brief questions to schedule an ADU Monday appointment](#).

The ADU Monday program has been a great success as illustrated through homeowner engagement numbers in the chart below.



### Santa Clara County ADU Calculator

The Planning Department's ADU information page also features the Santa Clara County ADU Calculator. The ADU Calculator provides a rough estimate of development costs, fees, and potential rental income to help a homeowner develop an ADU project budget. The ADU Calculator provides feedback on converting part of the home to a JADU or ADU, or to building a detached ADU.

Users click this link to get started: [Estimate the cost of constructing an ADU rental unit](#).

### Symbium Build (Online Analysis Tool for ADUs)

The [Symbium Build](#) app for Milpitas shows homeowners how to find and sketch ADU designs that fit a property. Additionally, the tool also helps connect homeowners with ADU professionals to get a free report with all the information needed to get started. Since July 2023, Symbium Build has been utilized an average of 68 times per month. Planning hosted a virtual demo/workshop in the past and can host additional sessions in the future.

### ADU Pre-approved Plans Program

In recent years, the State Legislature has adopted several new laws to encourage the development of ADUs and limit the requirements that cities can impose on such units. The most recent legislation, AB1332, provides cities with the requirements for setting up an ADU pre-approved plan program. At present, the Building Safety Department, Planning Department, and other community development partners are collaborating on an ADU pre-approved plans program for Milpitas. This program will allow the City to accept pre-approved plans for ADUs that are submitted by licensed designers, architects, builders, and other qualified professionals. Pre-approved ADU plans will be allowed throughout Milpitas, with a streamlined review process except in sensitive areas such as the Hillside Overlay Zone. Selecting a pre-approved ADU plan will be the quickest way for homeowners to add a new secondary unit to their property.

The City expects the ADU pre-approval program to be set up in late April or early May 2024, and the Building Safety Department will begin to accept applications from qualified design professionals at that time. The City has already been contacted by a growing list of designers with plans that are ready for submittal to the program for pre-approval. The list of designers and their pre-approved plans will then be available on the City's website for homeowners to choose a designer and an ADU layout that suits their needs. The homeowner would then submit the plans for review and processing which will include all reviews and permits required that are specific to the site.

Please contact Planning Director Jay Lee at [jlee2@milpitas.gov](mailto:jlee2@milpitas.gov) for more information about the ADU Toolkit or Symbium Build. For questions about ADU Mondays, the ADU Incentive Program, Safe ADU Legalization Program, or ADU pre-approved plans program, please contact Building Official Bill Tott at [btott@milpitas.gov](mailto:btott@milpitas.gov).