



# TOWN OF ATHERTON

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January 24, 2021

Hon. Danny Y. Chou  
Judge of the Superior Court  
c/o Jenarda Dubois  
Hall of Justice  
400 County Center, 8<sup>th</sup> Floor  
Redwood City, CA 94063-1655

**Re: Civil Grand Jury Report: “Second Units: Adding New Housing in the Neighborhoods”**

Honorable Judge Chou,

Thank you for the opportunity to review and comment on the above referenced Grand Jury Report filed on October 28, 2020. The Town of Atherton’s response to both the findings and recommendations are listed below.

Response to Grand Jury 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 Town 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 Town 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 Town partially agrees with this finding. From discussions with County staff, the Town*

*understands that the 4,000 units cited in this statistic are known legal Second Units. While not believed to be a substantial issue within the Town limits, the Town would clarify that an unknown number of unpermitted Second Units also exist throughout the County.*

**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 Town 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 Town agrees in part with this finding. The Town has not experienced that a lack of homeowner awareness of financing and construction options as being obstacles to Second Unit construction within the Town of Atherton, but understands this may be an obstacle in other jurisdictions within the county. Further, the Town is not experiencing a shortage of qualified building inspectors. The Town does not have a backlog of permits or inspections and is able to respond to inspection requests in a timely manner. The Town notes that property tax reassessment as a result of new ADU construction may pose a barrier and that the County could consider tax relief to encourage ADU development.*

**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 Town 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 Town agrees in part with this finding. According to County staff, 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 Town agrees with this finding.*

#### Response to Grand Jury 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 will continue to update its materials and 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. The Town of Atherton is currently participating in collaborative meetings with the 21 elements group on this topic and anticipates full implementation by the end of the calendar year 2021. 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 Town is not experiencing a shortage of qualified building inspectors. With regards to Second Unit financing, the Town will continue to pursue solutions by connecting with the County, which is actively participating in the "ADU Finance Committee" of the Casita Coalition, a statewide alliance of Second Unit supporters. That Committee is working to improve structural aspects of second unit financing, such as consistent appraisals and the Casita Coalition has recently released a Second Unit Financing Guide for homeowners which presents an explanation of the common second unit financing strategies present in California. With regards to contractor availability and training, the Town will continue to pursue an adequate construction workforce by connecting with the County who has relationships with workforce development agencies through the San Mateo County Recovery Initiative,*

**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 requires further analysis and is being explored while not a significant issue within Town limits, the Building and Planning Departments work with owners of unpermitted Second Units to legalize those units whenever they are discovered. Rather than taking a punitive approach, the Town seeks to find ways to preserve such units while ensuring that the critical life/health/safety aspects of such construction is maintained. The town will continue to partner on regional solutions by connecting with, supporting and participating with the County through the 21 Elements effort.*

**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 requires further analysis and 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 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. The Town will continue to pursue solutions by connecting with, supporting and participating with the County in these efforts, though the 21 Elements effort.*

If you have any questions or concerns, please contact City Manager George Rodericks at (650) 752-0500 or [grodericks@ci.atherton.ca.us](mailto:grodericks@ci.atherton.ca.us).

This response to the Grand Jury was approved at a public meeting of the City Council on January 20, 2021.

Respectfully,

  
Elizabeth Lewis  
Mayor, Town of Atherton