



City of Palo Alto

City Council Staff Report

(ID # 9898)

Report Type: Consent Calendar

Meeting Date: 12/17/2018

Summary Title: 2nd Reading - Development Impact Fees Exemption for JADUs and ADU Garage Conversions

Title: SECOND READING: Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Title 16, Chapters 16.58 (Development Impact Fees), 16.59 (Citywide Transportation Impact Fees), and 16.60 (Charleston Arastradero Corridor Pedestrian and Bicyclist Safety Impact Fee) to Add Development Impact Fee Exemptions for Junior Accessory Dwelling Units and Certain Accessory Dwelling Units Established by Garage Conversion (FIRST READING: December 3, 2018 PASSED: 6-3 Holman, Kou, Tanaka No)

From: City Manager

Lead Department: Planning and Community Environment

RECOMMENDATION

Staff recommends that the Council conduct a second reading and adopt the attached ordinance (Attachment A).

BACKGROUND

On December 3, 2018, the City Council reviewed and approved on first reading a draft ordinance amending Palo Alto Municipal Code (PAMC) Chapters 16.58 (Development Impact Fees), 16.59 (Citywide Transportation Impact Fees), and 16.60 (Charleston Arastradero Corridor Pedestrian and Bicyclist Safety Impact Fee) to include development impact fee exemptions for JADUs and ADU garage conversions ([staff report #9795](#)).

The motion cited below, moved by Council Member Scharff and seconded by Mayor Kniss, passed with a 6-3 vote (Holman, Kou, Tanaka voting no):

Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Title 16, Chapters 16.58 (Development Impact Fees); 16.59 (Citywide Transportation Impact Fees); and

16.60 (Charleston Arastradero Corridor Pedestrian and Bicyclist Safety Impact Fee) to add Development Impact Fee Exemptions for Junior Accessory Dwelling Units and Certain Accessory Dwelling Units Established by Garage Conversion.

The summary of the Action Minutes are available online at the following link: <https://cityofpaloalto.org/gov/agendas/council/default.asp>. Following the second reading, the ordinance will become effective 30 days after adoption.

Attachments:

Attachment A: ORD Ordinance Amending Development Impact Fees Chapters in Title 16 to Exempt JADU and Certain ADU (PDF)

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Ordinance No. _____

Ordinance of the Council of the City of Palo Alto Amending Chapters 16.58 (Development Impact Fees), 16.59 (Citywide Transportation Impact Fee) and 16.60 (Charleston-Arastradero Corridor Pedestrian and Bicyclist Safety Impact Fee) of Title 16 (Building Regulations) of the Palo Alto Municipal Code to Exempt from Development Impact Fees Junior Accessory Dwelling Units and Certain Accessory Dwelling Units Established Through Garage Conversion

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

- A. In 2017, the City Council adopted Ordinance No. 5412 establishing comprehensive regulations related to accessory dwelling units and junior accessory dwelling units in order to comply with State law and to reduce regulatory constraints affecting the production of such units.
- B. The City Council reaffirms the findings and declarations adopted by Ordinance No. 5412.
- C. This Ordinance is adopted to further reduce barriers to production of these units by exempting junior accessory dwelling units and certain accessory dwelling units from payment of the City's current development impact fees.

SECTION 2. Section 16.58.030 (Exemptions) of **Chapter 16.58 (Development Impact Fees)** of Title 16 (Building Regulations) of the Palo Alto Municipal Code ("PAMC") is amended to read as follows:

16.58.030 Exemptions

The provisions of this chapter shall not apply to the following:

- (a) City buildings or structures;
- (b) Public school buildings or structures;
- (c) Residential housing, either for sale or rental, which, by recordable means, is permanently obligated to be 100% affordable;
- (d) Retail service, eating and drinking service, personal service, or automotive service when the total additional square footage is 1,500 square feet or less. This exemption shall apply only when the additional square footage of new development does not exceed 1,500 square feet. New development that is larger than 1,500 square feet shall pay a fee for all square footage, including the first 1,500 square feet;
- (e) Day care centers used for child care, nursery school or preschool education;

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- (f) Below market rate housing units above and beyond the minimum number required for projects subject to the City's Below Market Rate (BMR) Housing program. The additional units must be offered and constructed in a manner consistent with all requirements of the BMR program;
- (g) Accessory dwelling units (ADU) established by the conversion of an existing detached garage, provided that the existing detached garage was legally constructed, or received building permits, as of January 1, 2017, and is converted to an ADU with no expansion of the existing building envelope;
- (h) Junior accessory dwelling units (JADU);
- ~~(g)~~ Any residential subdivision for which land dedication or fees in lieu thereof are required pursuant to Chapter 21.50 of the Palo Alto Municipal Code. This exemption shall only apply to the park development fee described in Section 16.58.020(a).

SECTION 3. Section 16.59.040 (Exemptions) of **Chapter 16.59 (Citywide Transportation Impact Fee)** of Title 16 (Building Regulations) of the PAMC is amended to read as follows:

16.59.040 Exemptions

The provisions of this chapter shall not apply to:

- (a) City buildings or structures.
- (b) Public school buildings or structures.
- (c) Affordable housing, either for sale or rental, which, by recordable means, is permanently obligated to be 100% affordable.
- (d) Retail service, eating and drinking service, personal service, or automotive service when the total square footage (including new development) is 1,500 square feet or less.
- (e) Day care centers used for child care, nursery school or preschool education.
- (f) Below market rate housing units above and beyond the minimum number required for projects subject to the City's Below Market Rate (BMR) Housing program. The additional units must be offered and constructed in a manner consistent with all requirements of the BMR program.
- (g) Accessory dwelling units (ADU) established by the conversion of an existing detached garage, provided that the existing detached garage was legally constructed, or received building permits, as of January 1, 2017, and is converted to an ADU with no expansion of the existing building envelope.
- (h) Junior accessory dwelling units (JADU).

- (g) A change in tenancy that does not result in a change in use and which does not involve either (i) a demolition of an existing structure or (ii) an expansion of square footage of useful area.
- (h) New development which is exempt from the fee by virtue of the Constitutions of the United States and California or by virtue of other applicable state or federal law.

SECTION 4. Section 16.60.040 (Exemptions) of **Chapter 16.60 (Charleston-Arastradero Corridor Pedestrian and Bicyclist Safety Impact Fee)** of Title 16 (Building Regulations) of the PAMC is amended to read as follows:

16.60.040 Exemptions

The provisions of this chapter shall not apply to:

- (a) City buildings or structures.
- (b) Public school buildings or structures.
- (c) Affordable housing, either for sale or rental, which, by recordable means, is permanently obligated to be 100% affordable.
- (d) Retail service, eating and drinking service, personal service, or automotive service when the total square footage (including new development) is 1,500 square feet or less.
- (e) Day care centers used for child care, nursery school or preschool education.
- (f) Below market rate housing units above and beyond the minimum number required for projects subject to the City's Below Market Rate (BMR) Housing program. The additional units must be offered and constructed in a manner consistent with all requirements of the BMR program.
- (g) Accessory dwelling units (ADU) established by the conversion of an existing detached garage, provided that the existing detached garage was legally constructed, or received building permits, as of January 1, 2017, and is converted to an ADU with no expansion of the existing building envelope.
- (h) Junior accessory dwelling units (JADU).
- (g) New development which is exempt from the fee by virtue of the Constitutions of the United States and California or by virtue of other applicable state or federal law.

SECTION 5. If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any

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one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 6. The Council finds that this project is exempt from the provisions of the California Environmental Quality Act (“CEQA”), pursuant to Section 15061 of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the Ordinance will have a significant effect on the environment.

SECTION 7. This Ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney

City Manager

Director of Planning and Community
Environment

Director of Administrative Services