



**THE CITY OF SAN DIEGO
MEMORANDUM**

DATE: August 22, 2017

TO: Honorable Mayor Faulconer
City Attorney Mara Elliot

FROM: Councilmember Scott Sherman, District 7

Councilmember Georgette Gómez, District 9

SUBJECT: Companion Unit Permitting and Impact Fee Information

As a follow up to the July 24, 2017 City Council hearing on companion unit regulations, we respectfully request additional information to better facilitate the companion unit fee conversation that is scheduled for the September 21, 2017 Smart Growth and Land Use (SG&LU) Committee meeting.

The purpose of the new State-mandated companion unit regulations is to facilitate the construction of companion units (CUs). To further this, there should be a reduction or elimination of fees and other considerations that are outlined below.

A recent study completed by LeSar Development Associates looked at CU permitting fees in several major cities, including Portland and Santa Cruz, and found what appears to be a direct correlation between fees and the number of CUs built. The City of San Diego's fees are among the highest of the cities researched, which has likely contributed to the approximately 10 CUs built here annually. While the revised regulations brought forth by staff are a strong step in the right direction, we believe both zoning reforms and reduced permitting costs are needed to facilitate their development.

In order to better understand the permitting and impact fees associated with companion units, we respectfully request the City provide input on the following considerations prior to the September 21st SG&LU meeting:

Honorable Mayor Faulconer

- Confirm that School Impact Fees will be waived for CUs under 500 square feet.
- Provide a comprehensive list of all fees commonly associated with CUs.
- Provide a sample of recently permitted CUs and guest quarters, including location, size, and all fees collected.
- Identify feasible methods to reduce fees for CUs to a nominal amount in the upcoming Development Services Department fee study.

- Identify feasible methods to reduce fees for CUs in the upcoming Planning Department Development Impact Fee study (ensuring CUs are at the lowest possible amount).
- Indicate where a General Fund subsidy could be used to offset Development Impact Fees.
- Indicate if a companion unit design template could be considered in order to reduce staff hours associated with permitting and environmental review.

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- Determine what is legally required to waive all Public Utility and Sewer fees.
- Determine what is legally required to waive SANDAG's Regional Transit Congestion Improvement Program (RTCIP) fees for CUs; identify any actions that will be required to waive the RTCIP fees.
- Determine what is legally required to waive the City's General Plan Maintenance Fee; identify any actions that will be required to waive the General Plan Maintenance Fee.
- Determine what is legally required to allow for CUs to be excluded in Development Impact Fee calculations.
- Determine what is legally required for CUs to qualify for proportional fees.

In closing, we believe that there is a significant benefit to the City of San Diego in reducing permitting and impact fees in order to provide additional housing stock for our residents.

Thank you for your timely attention to this matter.

cc: Mike Hansen, Office of the Mayor
Jack Straw, Office of the Mayor
Andrea Tevlin, Office of the Independent Budget Analyst
Jeff Murphy, Planning Department
Robert Vacchi, Development Services Department