



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Andrew Perez, Planning Manager

SUBJECT: Consideration of a Grant Agreement with Smart Share Housing Solutions for Public Outreach, Education, and Project Management to Facilitate Development of Accessory Dwelling Units in Arroyo Grande

DATE: September 13, 2022

SUMMARY OF ACTION:

Approval of a Grant Agreement (Agreement) with Smart Share Housing Solutions (SSHS) to stimulate the development of accessory dwelling units (ADUs).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Funding in the amount of \$37,887 was allocated for this work effort from American Rescue Plan Act (ARPA) funds received by the City.

RECOMMENDATION:

Review the proposal from SSHS and authorize the City Manager to execute an Agreement between the City and SSHS for public outreach, education, and project management and demonstration to facilitate the development of ADUs in the City.

BACKGROUND:

In 2021, the City was allocated \$4,300,241 in ARPA funding from the federal government. To support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery, ARPA established the Coronavirus State and Local Recovery Fund, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and recover from the economic impacts caused by the public health crisis. The United States Treasury has issued rules detailing how ARPA funds may be used. One such use includes affordable housing programs provided to households, businesses, or populations disproportionately

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impacted by the COVID-19 public health emergency. Additionally, ARPA funds may be provided to nonprofit organizations to address impacts associated with the pandemic.

SSHS is a non-profit organization focused on developing housing solutions that add to the stock of attainable, sustainable housing. The organization submitted a request for a portion of the City's available ARPA funding to support a pilot program designed to increase the production of accessory dwelling units. At its meeting on October 12, 2021, the City Council allocated \$37,887 of the City's ARPA funding to support SSHS's pilot program. Following this action, City staff worked with SSHS to review a refined proposal that would utilize the ARPA funding to increase ADU development for lower income households in Arroyo Grande.

The program proposes to provide education and outreach, technical assistance, project management services, affordability advocacy, lending and finance support, tenant screening and management assistance, and research, innovation, and community partnership support to increase the development of new ADUs in the City. The program recognizes the City's reliance on ADUs to meet low- and moderate-income housing goals identified in the City's Housing Element and strives to assist the City to reach those goals.

ANALYSIS OF ISSUES:

The project proposed by SSHS would consist of two main components: public outreach/education and a demonstration project. Public outreach is intended to explain the what, how, and why as it relates to ADU creation. The program proposes to mail postcards to senior and low-income property owners highlighting the City's pre-approved ADU plans and opportunities, California Housing Finance Agency (Cal HFA) grant opportunities, future workshops, and links to the organization's web resources. Information about the City's Fee Waiver Program, if enacted by Council, would also be included. Workshops hosted by SSHS will explain available options to develop an ADU, such as new construction, garage conversions, and use of pre-approved plans. A webinar and printed informational materials will serve as a separate means of transmitting information. Webinars will explain the permitting process involved with each option, costs, and rental limits to ensure the affordability of the units. Informational and marketing materials developed as part of the pre-approved ADU plan program will also be incorporated into the public outreach component. The intended audience would be homeowners, realtors, contractors, and housing advocates.

The demonstration component of the program will consist of either a garage conversion or construction of an ADU using the pre-approved ADU plans. The intent of the demonstration is to illustrate the time and costs associated with an ADU project. The demonstration project will also be an opportunity for SSHS to act as a project manager to assist the homeowner through the permitting and construction process. The project will be made available for tours upon its completion, allowing homeowners that are

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considering creating an ADU the opportunity to see the possibilities. As project manager, SSHS will also assist the participating homeowner with project design and submittal, Cal HFA qualification assistance, and contractor vetting and coordination. SSHS will assist in the drafting of contracts and leases for potential tenants to ensure affordability conditions are met.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Approve and authorize the City Manager to execute a Grant Agreement between the City and SSHS for public outreach, education, and project management and demonstration to facilitate the development of ADUs in the City;
2. Modify and approve the Grant Agreement and authorize its execution;
3. Do not approve the Grant Agreement; or
4. Provide other direction to staff.

ADVANTAGES:

Approval of the Agreement will allow SSHS to carry out its program to facilitate the creation of ADUs in the City, increasing housing opportunities for low- and moderate-income households. The program will assist towards meeting housing goals and implementing programs established in the Housing Element.

DISADVANTAGES:

No disadvantages have been identified.

ENVIRONMENTAL REVIEW:

No environmental review is required for authorization of the Agreement.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Proposed Grant Agreement