ADU Program
SMALL HOMES, BIG IMPACT
Module 2
ADUs: All About Permitting

Housing Trust Silicon Valley
adu@housingtrustsv.org

Disclaimer
Equal Housing Opportunity. Housing Trust is a California Community Lender licensed by the Department of Business Oversight. State of California CFL Lender License #6053356. NMLS License #287840.
Who We Are: Panelists

Sarah Shull
ADU Ally, Development Services Permit Center
City of San Jose

Sonya Singha
Mortgage Loan Officer, Construction & ADUs
Housing Trust

Bonnie Cheung
Program Associate, ADU
Housing Trust

Adelene Ramos
Marketing & Outreach Coordinator
Housing Trust
Who We Are: Housing Trust Silicon Valley

- A non-profit and a community development financial institution (CDFI)
- Our mission is to create affordable housing opportunities
- Small Homes, Big Impact: Education & financing to assist homeowners looking to build Accessory Dwelling Units (ADUs) with new ADU Construction Loan Program
### Housing Trust ADU Construction Loan

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum Loan Amount</strong></td>
<td>Up to $200,000</td>
</tr>
<tr>
<td><strong>Type of Loan</strong></td>
<td>Second Mortgage / Deed of Trust</td>
</tr>
<tr>
<td><strong>Loan Term</strong></td>
<td>36-month term</td>
</tr>
<tr>
<td><strong>Amortization Rate</strong></td>
<td>20-year amortization</td>
</tr>
</tbody>
</table>
| **Repayment Structure**      | • Year 1: Interest only payments  
                              | • Years 2-3: Principal and Interest  
                              | • Refinance at end of Year 3     |
| **CLTV (Combined Loan to Value)** | 97%                                              |
Housing Trust ADU Construction Loan

▶ Eligible Costs to be reimbursed at close of escrow*
  ▶ Soft costs and Hard costs
▶ Minimum two year affordability restriction
  ▶ Tenant income restriction up to $118,920 (120% Area Median Income)
  ▶ Rents caps
    ▶ Studio: $1,982
    ▶ 1 Bedroom: $2,266
    ▶ 2 Bedroom: $2,549
▶ Available to all homeowners in Santa Clara County and East Palo Alto

*Please refer to term sheet on website for full details.
Do I Qualify? - Financial Readiness

1. Sufficient income or liquid assets to pay interest for first 12 months

2. Minimum of 680 Credit Score

3. Borrower must be on title of property
   - No liens or judgements

4. Has a first mortgage
   - 15 or 30 year fixed rate mortgages only
Do I Qualify? - Project Readiness

1. Detached or garage conversion

2. Qualified Builder/General Contractor
   - At least 5 years of residential construction experience in CA
   - Completed at least 2 ADUs in the Bay Area
   - Provided evidence of active ADU project pipeline
   - 5 positive client interactions

3. Building Permit issued by city
Steps to Obtaining Financing from Housing Trust

1. Determine Financial Readiness
2. Verify Project Readiness
3. Meet builder qualifications & permit ready status
4. Submit loan application to Housing Trust with required documentation
   - Issued building permit
   - Income verification – tax returns, paystubs, bank statements, etc.
Benefits of Housing Trust ADU Construction Loan Program

- Be part of the solution in Bay Area housing crisis by creating an affordable unit in your own backyard
- Create an extra source of income by renting out your ADU
- With the tenant affordability feature built into the loan, the construction loan provides landlord experience & rental income for 2 years which allows you to refinance the loan at the end of 3 years with a conventional lender
- Reasonably fixed interest rate
ADU Permitting in the City of San José

Presenter: Sarah Shull, ADU Ally

ADU Website: www.sanjoseca.gov/ADUs
Email: ADU.Ally@sanjoseca.gov
Telephone: (408) 793-5302
Planning & Timeline

- Read [Your Pathway to a Completed ADU](#)
- Visit the [ADU Permit & Plan Review Process webpage](#)
- Accurate complete submittal package will help you with your plan review timeline.
Project Submittal Package

- Plans
  - ADU Universal Checklist
  - ADU Building Plan Requirements
  - Inspection Checklist for ADUs

- Documents, Forms & Applications
  - Address Assignment Request
  - ADU Property Owner Declaration
  - Hydrant Water Flow Letter & Map
  - Building Permit Application
Clearances or Special Requirements

ADU Universal Checklist

SECTION B. PROPERTY DESIGNATIONS

2. Easements. Does the property have a dedicated easement? Easements are described in the title report that came with the purchase of your home. Contact a title company if you need to obtain a report. Tract and parcel maps may show easements, but may be less accurate than a title report. Search these maps at the County Surveyor Record Index tool at http://bit.ly/22hGjXc.

> Outcome: If yes, you must comply with the requirements of the easements, which may include no constriction allowed within the easement area.

3. Historic Designation. Is the property located in a Historic District identified on the California Register of Historic Resources? Find historic designations: www.sanjoseca.gov/HistoricResourcesInventory.

> Outcome: If yes, simplified design standards will apply. Please speak with a Planner at 408-535-3555.

4. Geohazard Zone. Is the property in a designated “geohazard” or “landslide” zone? Find designations: www.sjpermits.org

> Outcome: If yes, you will need a Geologic Hazard Clearance. Call Public Works at 408-535-7802 or email pwwgeneralinfo@sjanoscce.gov

5. Flood Zones. Is the property in Flood Zones A, AE, AH, or AO? Properties in D or X zones are excluded from these requirements.

Find designation: www.sjpermits.org Questions: Call 408-535-7803 or email floodzoneinfo@sjanoseca.gov

> Outcome: If yes, see flood zone design requirements in Bulletin #211-ADU Plan Requirements, found at www.sanjoseca.gov/home/showdocument?id=39040
Parking Requirements & Exceptions

PARKING REQUIREMENTS AND EXEMPTIONS

For the ADU, one parking space is required unless the property qualifies for an exemption under State law. Many ADUs qualify for an exemption.

PARKING EXEMPTIONS FOR AN ADU (MUNICIPAL CODE 20.30.150.I)

No parking is required for an ADU that meets any of the following criteria.

1. The ADU is located within .5 mile of a public bus stop or rail station (see www.vta.org), and the path of travel is publicly accessible.

2. The ADU is part of or within the primary residence or existing accessory building.

3. The ADU is on a street that requires on-street parking permits, but the permit has not been offered to the occupant of the ADU.

4. The ADU is located within one block of where a motor vehicle provides hourly and daily service as part of a regional fleet operated by a public agency or publicly-leased motor-vehicle-sharing organization.

5. The ADU is located within a historic district listed in the City’s Historic Resources Inventory.

WHAT ABOUT IF I CONVERT MY GARAGE? (MUNICIPAL CODE 20.90.220(B)(2))

As of December 17, 2019, in alignment with new states laws, if a garage is converted to an ADU, the parking spaces no longer must be replaced.
ADU Permitting Fee Estimate

- $7,000 to $10,000
  - ADUs 499 sq. ft. – 1,200 sq. ft.
  - Includes: plan review, permit, taxes, etc.
  - Does Not Include:
    - Impact fees: Parkland or School Fees required for ADUs 750 sq. ft. and up, or
    - Any additional permit or clearance the project may need
  - Please note: fees might change shortly due to annual fee changes

- Visit the Fees for ADUs webpage

- These fees can be reduced if you choose a Preapproved ADU
ADU Development Construction Tax Estimate

- Estimated to be around $3,000 to $6,200 (499 sq. ft. to 1,200 sq. ft.)
  - Please note: fees might change shortly due to annual fee changes

- Visit the Development Construction Taxes webpage
Additional ADU Info for Homeowners

- **Fees for ADUs webpage** – impact fees, additional permits and clearances to permit an ADU project on a lot that requires them.

- Impact fees for ADUs that are 750 sf or greater – not included in permitting fees.
ADU Impact Fees

- Based on location in San José
- Parkland Fees
  - $1,700 to $8,900
- School Fees are determined and collected by the School District(s)
- Visit [Fees for ADUs webpage](#)
Title 24: California Energy Code

- Per the San José Reach Code, **all new detached ADUs required to be all electric**
- **Title 24 requires solar panels to be installed**, unless found to be exempt which will then require the proposed ADU to be solar ready in compliance with the San José Reach Code.
- **Conversions and additions/alterations will not require all electronic or solar panels.**
ADU Tuesdays

- We are planning on shifting ADU Express Plan Review services, after Shelter-in-Place Orders are lifted, to be held via Zoom meetings
Other General Questions & Information

- Any other information homeowners should know/aspects about ADUs that usually surprise homeowners?
  - **Details** required for the project – putting most complex bits of a single-family home in a smaller space. Hiring professional teams to help you with your ADU project is recommended.
  - Take some **time** to plan your project and learn the **requirements**.
  - **Hire professional teams** to help you.
Q&A Session

Sonya Singha
408-703-3837 x 308
sonya@housingtrustsv.org

Bonnie Cheung
408-703-3837 x 309
bonnie@housingtrustsv.org

Sarah Shull, ADU Ally
ADU Website: www.sanjoseca.gov/ADUs
Email: ADU.Ally@sanjoseca.gov
Telephone: (408) 793-5302