



# SAN FRANCISCO PLANNING DEPARTMENT

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## Executive Summary ADU Tracking Report

HEARING DATE: JUNE 7, 2018

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*Date:* May 31, 2018

*Project Name:* **Accessory Dwelling Unit (ADU) Tracking and  
Monitoring Report**

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*Recommendation:* *None – Informational*

Pursuant to Ordinances adopted by the Board of Supervisors<sup>1</sup> which created the ADU program and Sections 207.4(c)(4)(I) and (c)(6)(F) of the Planning Code require a tracking and monitoring report to be prepared for the Accessory Dwelling Unit (ADU) program. This is the first of such reports, and includes data since San Francisco's ADU legislation was first enacted in 2014<sup>2</sup> through the first quarter of 2018.

San Francisco's ADU legislation allows one ADU on a property with four or less existing dwelling units or an unlimited amount of ADUs on a property with a building including five or more dwelling units or undergoing seismic retrofitting. The number of ADUs proposed per property during this reporting period has ranged from 1 – 9 units, and they have been located within a variety of property types (single-family homes, small flats, mid-sized apartments and large apartment buildings) throughout the City.

### *Overview of ADU Tracking*

Approximately 691 building permit applications (permits) have been filed to construct 1,244 ADUs with the Department of Building Inspection (DBI).<sup>3</sup> Since that time, permits have been issued to sponsors for constructing 306 ADUs, and of those 28 ADUs have been built and are ready for occupancy.

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<sup>1</sup> Ord. Nos. 49-14, 161-15, 162-15, 162-16 and 95-17 created and refined the Tracking and Monitoring requirement

<sup>2</sup> Ord. No. 49-14 focused on a specific geographic area around the Castro Street NCD

<sup>3</sup> Of the 691 permits filed, approximately 40 building permits were either withdrawn by sponsor (due to lack of interest, eviction history on property rendering the property ineligible to participate, or other), or permits were converted to dwelling units otherwise approvable under Planning Code (Code-compliant, or Legalization program through Section 207.3).

Table 1: Permits and # of ADUs Issued and Completed (2014 - Q12018)

Filed		Issued <sup>4</sup>		CFC <sup>5</sup> (Completed)	
Permits	# ADUs	Permits	# ADUs	Permits	# ADUs
691	1,244	179	306	27	28

As the first step in the building permit review process for ADUs, applicants submit a Screening Form to DBI for enrollment in the program. These Screening Forms indicate an intent to file a permit; there are an additional 52 properties with a Screening Form on file but no building permit filed to-date.

The ADU program was implemented in discrete geographic areas starting in 2014, and additional legislation has further expanded the program: to specific supervisorial districts (3 and 8) in 2015, expansion to citywide in September 2016, expansion to increase flexibility for single-family homes through adoption of local version of State Law in June 2017, and to make further refinements in August 2017. Table 1 below outlines the annual submittals. As the legislation expanded participation eligibility, there is a notable increase in applications.

Table 2: ADUs Filed - Building Permit Applications & # ADUs (Yearly)

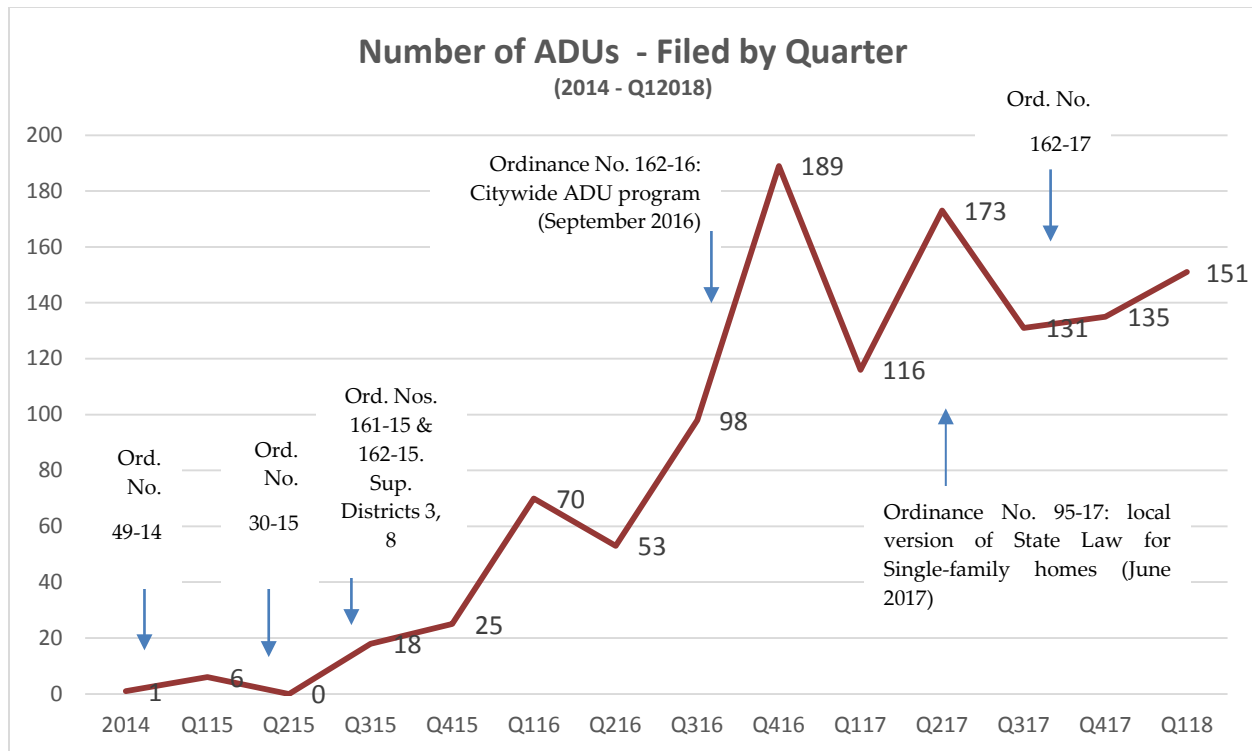
Year Filed	Building Permit Application (permits)	# ADUs
2014	1	1
2015	35	53
2016	217	439
2017	308	555
Q12018	90	151

In addition, please see attached map *ADU Projects Concurrent with Mandatory Seismic Work (2014-Q12018)*. This map illustrates the overall citywide distribution of permits filed for ADUs.

The graph below illustrates the quarterly numbers of ADUs filed. Since the citywide legislation was enacted in September of 2016, approximately 73% of all ADU applications have been submitted (503 permits, for a total of 923 ADUs).

<sup>4</sup> Issued: Includes BPAs Approved, Issued, and Subsequently Completed

<sup>5</sup> CFC: Of those Issued permits, these BPAs have construction Completed



Please see attached table titled: *Number of ADUs Filed by Zoning District, Categorized by Supervisor District (2014 – Q12018)*. This table breaks down the number of ADUs filed in each supervisor district and by zoning district.

### ADUs and Seismic Work

The initial ADU legislation was limited to properties undergoing mandatory seismic retrofitting (Section 34B of the Building Code - generally buildings with five or more dwelling units) or voluntary seismic upgrades (AB-094). Further amendments (Ord. No. 162-16) removed the requirement for concurrent seismic work, but included incentives for property owners undertaking either of these retrofitting options. Generally, these incentives include the ability to add an unlimited number of ADUs on the property and retain eligibility for a future subdivision. It is important to note that there are a variety of other seismic upgrades a project may be subject to from DBI that do not fall within the mandatory seismic or voluntary seismic per AB-094 requirements.

See the attached map, *ADU Projects Concurrent with Mandatory Seismic Work (2014 – Q12018)*, for a geographic distribution of ADU permits and those identified with concurrent mandatory seismic retrofitting permits.<sup>6</sup>

<sup>6</sup> Due to limitations in map size and for legibility purposes, only projects with concurrent mandatory seismic were mapped.

Table 3: ADU Permits Filed concurrent with Seismic Work (2014 - Q12018)

	Filed		Issued <sup>7</sup>		CFC <sup>8</sup> (Completed)	
	Permits	# ADUs	Permits	# ADUs	Permits	# ADUs
Mandatory Seismic	335	698	126	244	21	31
Voluntary Seismic per AB-094	38	56	13	17	1	1

ADU permits filed concurrently with mandatory or voluntary seismic permits represent approximately 54% of all filings from 2014 – Q12018. Since June 2017, there has been an increase in filings for single-family homes to add one ADU under Ord. No. 95-17 (Section 207(c)(6) of the Planning Code); under this legislation, there is a prohibition against concurrent mandatory seismic or voluntary seismic per AB-094 work.

### Single-Family Homes and ADUs

In June 2017, Ord. No. 95-17<sup>9</sup> enacted a local version of the State Law for single-family homeowners to add one ADU to their property, which decreased the regulations for these property owners. Prior to that, single family homeowners could add one ADU to their home in certain zoning districts in combination with a voluntary seismic permit, in certain zoning districts through Ord. No. 162-16 (since September 2016), or through State Law (since January 2017). Table 4 below breaks down permit filings for adding one ADU to a one-unit building.

Table 4: Single Family Home ADUs

	Filed 2014 – Q1 2018	Filed June 2017 – Q1 2018
Single family home + one ADU	85	51

These permit filings represent approximately 12% of overall submittals, with 60% of filings having occurred after June 2017.

For projects filed and processed under Ord. No. 95-17, a timely review period is legislated of 120 days for the Planning Department to approve a complete application. The working average is 87 days for approving an application, which includes Staff receipt of the conformed Notice of Special Restrictions from the property owner.

<sup>7</sup> Issued: Includes BPAs Approved, Issued, and Subsequently Completed

<sup>8</sup> CFC: Of those Issued permits, these BPAs have construction Completed

<sup>9</sup> Section 207(c)(6) of the Planning Code

## ADU: Dwelling Unit information

To-date, ADU applications have ranged from adding between 1 – 9 units, and the number of bedrooms for each ADUs has varied.

- **Size.** ADUs typically vary in square footage due to the existing building's interior layout and various Code requirements. The most common ADUs are studio and one-bedroom units, ranging between 460-630 SF.

	Studio	One bedroom	Two bedroom	Three bedroom
Average	462SF	630SF	823SF	1203SF
Range	224SF - 620 SF	350SF - 1288SF	424SF - 1337SF	1109SF - 1365SF

\*SF = square feet

- **Rental Rates.** Staff sent an anonymous survey to property owners of the 28 completed ADUs to obtain information on rental rates for the ADUs. Of the seven surveys returned for projects completed and ready for occupancy, located in Supervisor Districts 3 and 8,
  - Two ADUs were indicated as studio units, with one being rented to a family member and no rent charged and the other rented for \$2,250 monthly rate;
  - Five ADUs were indicated as one-bedroom units, with monthly rental rates as follows: \$2,000 (noted as rented to a family member at below market rate), \$2,500, \$2,750, \$2,900 and \$3,100, for an average of \$2,650.

## ADUs and Short Term Rentals

In San Francisco, ADUs are prohibited from use as a short-term rentals (Sections 207(c)(4)(D) and 207(c)(6)(D) of the Planning Code). The Planning Department has collected the following additional data on the use of ADUs as short-term rentals.

### Planning Department

Procedurally, the property owner for each project is required to sign and notarize a Notice of Special Restrictions (NSR) acknowledging restrictions applicable to the new ADU. One of these restrictions notes that "said Accessory Dwelling Unit shall not be used for Short-Term Residential Rentals under Chapter 41 of the Administrative Code". This notarized NSR is recorded onto the property deed for existing and future property owners' acknowledgement, and procedures are well-established at the Planning Department that no permit will receive final approval without receipt of a recorded copy of the NSR, which is then uploaded to the Department's public-facing database.

### Office of Short Term Rentals

The staff at Office of Short-Term Rentals (OSTR) works closely to review registration applications at properties with existing or potential ADUs. OSTR staff has access to similar resources as Planning staff for research. When applications are submitted to host short-term rentals, OSTR staff checks a variety of sources to determine how the overall property is used, including whether a permitted ADU, if present, is being used for short-term rentals, including DBI's 3R report, prior/current Building or Planning Code complaints, recent building permit applications and subsequent planning application references (especially alterations that typically denote an ADU). They also look at the Sanborn maps, the Assessor's report, and current short-term rental advertisements/listings to see which area of the home is being

advertised for use as a short-term rental. In some instances, OSTR site visit has conducted site visits to ensure that a proposed short-term rental is not using space that has been approved as an ADU.

If OSTR staff has a concern over an ADU being used for short-term rentals, they can flag the registration and conduct further investigations; if OSTR staff determine that the host has offered short-term rentals in the ADU, they can revoke the certificate for the entire property, for a year. OSTR staff has denied a limited number of applications where the host was offering short-term rentals in the ADU.

Planning staff provided the information of completed ADUs to OSTR staff to ensure compliance. At two properties that have ADUs, there was some activity related to short-term activity, however, all owners appear to be in compliance with City regulations. One property has a valid short-term rental certificate but the short-term rental activity is confined to the main dwelling unit (OSTR staff conducted a site visit for verification). The other property has an active short-term rental complaint (which is a Planning Department enforcement case) related to the ADU, but the owners have modified the listing to a 30-day minimum rental, which is permitted but will be monitored.

Staff at Planning Department and OSTR work closely together on this topic, and will continue to review and monitor the use of ADUs as short-term rentals, reporting on a quarterly basis.

## Process Improvements

Since September 2016, there has been a substantial increase in submittals and two additional rounds of legislation increasing flexibility and opportunities for property owners to add ADUs onto their property. Planning has been working to research process improvements both internally and collaboratively with City agencies involved the permit review process – to streamline review while ensuring compliance with Departmental obligations. Most of this is outlined in the Department’s response to the Mayor’s Executive Directive specific to ADUs<sup>10</sup>, some of which is procedural and some of which requires legislation.

Planning has been working internally and collaboratively with other agencies having permit review functions to figure out best practices for these ADU permits. Some successes to date include:

- At Planning, focusing resources for consistent messaging including: continuous internal training, dedicating key staff to review the ADU permits, and responsive external communications, through Handouts and through use of the [CPC.ADU@sfgov.org](mailto:CPC.ADU@sfgov.org) inbox to field inquiries and track trends.
- Working with DBI, a new routing procedure has been developed for those ADU permits requiring the Zoning Administrator (ZA) waivers, and thus a Costa Hawkins Agreement (regulatory agreement subjecting the unit to rent control).
  - o This has resulted in a reduction in time the permit is with Planning after initial review from an average of 166 days to an average of 68 days.

Some other notable process improvements still in development, include:

1. In response to tenant concerns regarding removal of housing services by property owners for adding ADU(s), Planning and DBI are working to modify the ADU Screening Form to ensure that notice has been conducted to tenants about the proposed work.

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<sup>10</sup>[http://default.sfplanning.org/administration/communications/ExecutiveDirective17-02\\_ProcessImprovementsPlan.pdf](http://default.sfplanning.org/administration/communications/ExecutiveDirective17-02_ProcessImprovementsPlan.pdf)

2. Key ADU staff will begin over the counter plan review for ADUs and legalization permits by appointment, and field general inquiries, this summer. This will assist in further streamlining review and improving customer service, while ensuring compliance with Departmental and City obligations.
3. Single-family homeowner applicants remain a small percentage of overall participation in the ADU program. This summer, focused community outreach to single family homeowners citywide, touching each supervisor district, will highlight resources and updated processes.
4. Development of a robust tracking mechanism for rental rates as more units become completed, and ready for occupancy.

### Number of ADUs Filed by Zoning District, Categorized by Supervisor District (2014 – Q12018)

Zoning	Zoning District Name	Supervisor District	No. ADUs Filed
NC-1	Neighborhood Commercial, Cluster	1	6
NC-3	Neighborhood Commercial, Moderate Scale	1	8
NCD	Inner Clement Street Neighborhood Commercial	1	1
RH-1	Residential- House, One Family	1	2
RH-2	Residential- House, Two Family	1	46
RH-3	Residential- House, Three Family	1	14
RM-1	Residential- Mixed, Low Density	1	36
RM-2	Residential- Mixed, Moderate Density	1	2
NC-2	Neighborhood Commercial, Small Scale	2	2
NC-3	Neighborhood Commercial, Moderate Scale	2	25
RH-1(D)	Residential- House, One Family- Detached	2	1
RH-2	Residential- House, Two Family	2	41
RH-3	Residential- House, Three Family	2	44
RM-1	Residential- Mixed, Low Density	2	40
RM-2	Residential- Mixed, Moderate Density	2	34
RM-3	Residential- Mixed, Medium Density	2	27
CRNC	Chinatown- Residential- Neighborhood Commercial	3	1
NCD	North Beach Neighborhood Commercial	3	2
NCD	Pacific Avenue Neighborhood Commercial	3	2
NCD	Polk Street Neighborhood Commercial	3	6
RC-3	Residential- Commercial, Medium Density	3	7
RC-4	Residential- Commercial, High Density	3	19
RH-2	Residential- House, Two Family	3	2
RH-3	Residential- House, Three Family	3	16
RM-1	Residential- Mixed, Low Density	3	23
RM-2	Residential- Mixed, Moderate Density	3	25
RM-3	Residential- Mixed, Medium Density	3	38
RM-4	Residential- Mixed, High Density	3	4
NCD	Judah Street Neighborhood Commercial District	4	2
NCD	Taraval Street Neighborhood Commercial District	4	2
RH-1	Residential- House, One Family	4	13
RH-2	Residential- House, Two Family	4	8
RH-3	Residential- House, Three Family	4	2
RM-2	Residential- Mixed, Moderate Density	4	3
NC-1	Neighborhood Commercial, Cluster	5	5
NCD	Inner Sunset Neighborhood Commercial	5	1
NCT	Divisadero Street Neighborhood Commercial Transit District	5	1
NCT	Hayes NCT	5	3
RH-1	Residential- House, One Family	5	1



Zoning	Zoning District Name	Supervisor District	No. ADUs Filed
RH-2	Residential- House, Two Family	5	27
RH-3	Residential- House, Three Family	5	88
RM-1	Residential- Mixed, Low Density	5	72
RM-2	Residential- Mixed, Moderate Density	5	21
RM-3	Residential- Mixed, Medium Density	5	1
RTO	Residential Transit Oriented District	5	19
MUG	Mixed Use-General	6	5
MUR	Mixed Use-Residential	6	1
NC-3	Neighborhood Commercial, Moderate Scale	6	1
P	Public	6	1
RC-4	Residential- Commercial, High Density	6	40
RED	Residential Enclave	6	10
RED-MX	Residential Enclave-Mixed	6	1
NC-1	Neighborhood Commercial, Cluster	7	1
NC-2	Neighborhood Commercial, Small Scale	7	4
RH-1	Residential- House, One Family	7	5
RH-1(D)	Residential- House, One Family- Detached	7	10
RH-2	Residential- House, Two Family	7	7
RM-4	Residential- Mixed, High Density	7	9
NC-1	Neighborhood Commercial, Cluster	8	1
NCD	Castro Street Neighborhood Commercial	8	3
NCT	Upper Market Neighborhood Commercial Transit	8	6
RH-1	Residential- House, One Family	8	8
RH-2	Residential- House, Two Family	8	54
RH-3	Residential- House, Three Family	8	40
RM-1	Residential- Mixed, Low Density	8	34
RM-2	Residential- Mixed, Moderate Density	8	8
RTO	Residential Transit Oriented District	8	34
RTO-M	Residential Transit Oriented- Mission	8	10
NC-2	Neighborhood Commercial, Small Scale	9	2
NC-3	Neighborhood Commercial, Moderate Scale	9	1
NCT	24th-Mission Neighborhood Commercial Transit	9	1
NCT	Mission Street Neighborhood Commercial Transit	9	4
RH-1	Residential- House, One Family	9	12
RH-1(D)	Residential- House, One Family- Detached	9	1
RH-2	Residential- House, Two Family	9	25
RH-3	Residential- House, Three Family	9	14
RM-1	Residential- Mixed, Low Density	9	17
RTO-M	Residential Transit Oriented- Mission	9	33
RH-1	Residential- House, One Family	10	7
RH-2	Residential- House, Two Family	10	18

Zoning	Zoning District Name	Supervisor District	No. ADUs Filed
RH-3	Residential- House, Three Family	10	5
UMU	Urban Mixed Use	10	2
NCD	Excelsior Outer Mission Street Neighborhood Commercial District	11	6
NCT	Ocean Avenue Neighborhood Commercial Transit	11	1
RH-1	Residential- House, One Family	11	12
RH-2	Residential- House, Two Family	11	3

Number of ADUs Filed by Supervisor District (2014-Q12018)		
	Total ADUs	% ADUs
District 1	115	9.58%
District 2	214	17.83%
District 3	145	12.08%
District 4	30	2.50%
District 5	239	19.92%
District 6	59	4.92%
District 7	36	3.00%
District 8	198	16.50%
District 9	110	9.17%
District 10	32	2.67%
District 11	22	1.83%

ADU Projects Concurrent with Mandatory Seismic Work (2014-Q12018)

