

**ADUs in Pasadena  
&  
Proposed ADU Pilot Programs**

William Huang

Director of Housing and Career Services

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# ADUs in Pasadena

Housing & Career Services Department

<https://ww5.cityofpasadena.net/planning/accessory-dwelling-unit-regulations/>





## Accessory Dwelling Unit Regulations

Posted on May 31, 2018 in Community Planning Active Projects, Under Review, Zoning Code and Map Amendment Projects





## ADU Covenants & Agreements (Optional)

Execution of one of the following documents is required for a reduced Residential Impact Fee:

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-  **ADU Affordability Covenant** – In this covenant, the homeowner commits to rent the ADU to a household whose annual income does not exceed 120% of the Area Median Income for a minimum seven-year period. The current income limits are specified within the covenant.
  -  **ADU Landlord Agreement** – In this agreement, the homeowner commits the ADU to be used exclusively, for a minimum seven-year period, by either (1) a family member, as defined in the agreement, OR (2) to the City's rental assistance clients or a tenant currently participating in the City's Rental Assistance Program.

Instructions for completing the covenant or the agreement can be found below and can also be printed here:



 **Instructions for ADU Covenant or Agreement**

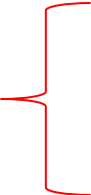
### Completing the Accessory Dwelling Unit (ADU) Affordability Covenant OR Landlord Agreement

The City of Pasadena has prepared the Affordability Covenant and Landlord Agreements for Accessory Dwelling Units (ADU). These documents are the mechanisms through which ADU applicants may receive a reduced Residential Impact Fee (RIF) applicable to new affordable units in Pasadena.

The Affordability Covenant and Landlord Agreements are optional contracts and are not required for an ADU to receive a building permit. These documents will be reviewed and administered by the Housing & Career Services Department.

The following outlines the steps to help you complete and submit either the Affordability Covenant or Landlord Agreement:

1. Choose contract option:

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- **Affordability Covenant** is recorded against the property requiring the homeowner to rent the ADU to a household whose annual income does not exceed 120% of Area Median Income at a rent that does not exceed the affordable Moderate Income rent limit; or
  - **Landlord Agreement** between the homeowner and the City committing the ADU to be rented exclusively to the City's rental assistance clients or a tenant currently participating in the City's rental assistance program; or
  - **Landlord Agreement** between the homeowner and the City committing the ADU to be used by a family member(s), as defined in the Landlord Agreement.

2. Print or pick-up a copy of the Affordability Covenant OR Landlord Agreement document from the City's website (<https://ww5.cityofpasadena.net/planning/accessory-dwelling-unit-regulations/>) or the City of Pasadena Permit Center (175 North Garfield Ave.)

3. Fill-out Affordability Covenant OR Landlord Agreement document and submit to Jim Wong at the Housing & Career Services Department (649 North Fair Oaks Ave., Suite 202) or via email to [rmabson@cityofpasadena.net](mailto:rmabson@cityofpasadena.net) (*email is preferred*).

In addition to additional documentation described in the Affordability Covenant and Landlord Agreement, a grant deed and legal description for the property will also be required to be submitted.

Subsequent review and final Affordability Covenant and Landlord Agreement documents will be processed by the Housing & Career Services Department. For any questions, please call (626) 744-8316 or email Randy Mabson at [rmabson@cityofpasadena.net](mailto:rmabson@cityofpasadena.net)



# Pilot #1 – New ADUs

Housing & Career Services Department





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## Construction Loans for New ADUs

- Lack of predevelopment and construction funding is a major obstacle in the production of ADUs
- City to provide a short term loan for ADUs providing affordable housing to cover design, project management and construction costs
- Loans to be repaid through rental income or refinance proceeds



# Pilot #1 – New ADUs

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- **Program Description**

- > \$750,000 inclusionary funds for the program
- > \$150,000 per project max loan amount
- > 1% simple interest
- > 3-year loan term with two 1-year extensions
- > If loan cannot be repaid by the end of the term the City may convert it to a permanent loan
- > Deferred payments
- > ADUs must be rented exclusively to Pasadena rental assistance households for 7 years
- > 3<sup>rd</sup> party project management assistance required, but may be waived if owner has capacity to manage the project



# Pilot #1 – New ADUs

Housing & Career Services Department

- Applicant minimum requirements to facilitate take-out financing
  - > Max. Estimated Loan to Value ratio with ADU
    - Target 75%-80%
  - > Max. Estimated Loan Size with ADU
    - Target \$679,650
  - > Max. Estimated Debt to Income ratio with ADU
    - Target 50%
  - > Minimum Credit Score
    - 620





# Pilot #2 – Existing Illegal ADUs

Housing & Career Services Department

