

# Pre-Approved Design Program for ADUs



CASE STUDY | JANUARY 2024



## 1. Background

Like many other cities in California, Encinitas has been challenged to meet the demand for diverse and affordable housing. Very little undeveloped land remains in the city, so it is difficult for new construction to keep pace with increasing housing needs. Housing prices are high, as are rents. Infill housing, including accessory dwelling units (ADUs), is a crucial element in the City's plan to boost supply and provide a diverse range of housing types. The state and city have responded to the housing crisis by passing new laws and ordinances to encourage the construction of ADUs.

### Policy/program

Pre-Approved Design Program for ADUs

### State

Encinitas, CA (2021 population: 61,762)

### Gentle Density Types Involved

ADUs, including units attached to or within the principal unit and detached units in the backyard or on lanes.

While progress has been made to improve ADU permitting and implementation in California, it remains an expensive, complex, and time-consuming process that can be daunting for homeowners and ADU professionals alike. In particular, the cost of developing a custom-made plan in terms of time and money is more than many prospective ADU builders can abide. This hurdle is undoubtedly discouraging many homeowners from adding ADUs to their properties, reducing the stream of potentially affordable units into the rental market. Not surprisingly, more and more cities and counties in California have expressed interest in pre-reviewed ADU plans programs as one tool to address some of these barriers.

In the City of Encinitas, applicants may spend up to \$60,000 on a custom-made design and such designs may go through five cycles of discussion with municipal staff before they achieve compliance with the City's regulatory requirements. This not only adds to the cost of the project for the homeowner, but also consumes valuable staff time. In 2018, Encinitas council directed the planning department to develop a program that would offer homeowners the option of using a standard design from a set of ADU plans pre-approved by the City instead of using a custom-made design. The Permit-Ready ADU (PRADU) program was launched in 2019 and has been operating successfully since then.



## 2. Key Players

### State

- Encinitas' council originated the idea and asked staff to develop the program.
- Staff in Advanced Planning (i.e., long-term and policy planning) developed the program, including writing the RFP, the selection of the winning bids, development of the plans, communicating with other departments (to ensure the plans comply with their regulations), and public engagement.
- Another four people in Current Planning (approvals) worked part-time on implementing the program, including developing a user's guide and checklist.
- Other departments (water, fire, building, and engineering) reviewed the pre-approved plans for compliance with their regulations.

### Stakeholders

- Two local architectural firms were selected to develop the pre-approved designs; Design Path Studio and DZN Partners.
- The public largely supported the concept – there was no noticeable opposition to implementing the program.



# 3. Description of policy/program/project

There are two main approaches to creating a pre-approved plans program:

- **City-owned plans:** The City or County hires selected vendors (typically architects) to produce a suite of ADU plans, generally in a variety of unit sizes and architectural styles. The plans are checked by City departments (planning, building, engineering, etc.) to ensure they comply with all City regulations. The City owns the plans and homeowners obtain the plans from the City, usually for free or at low cost. The downside of this approach is that the number of pre-approved designs tends to be limited.
- **Marketplace-style:** The City sets up a database of approved plans submitted at no cost by vendors. The vendors retain ownership of their plans and set the price for using a plan directly with the client. Vendors submit their plans (before they are available for selection by clients) and pay for plan review fees as they typically would for any project in order to have their plans registered and listed in the marketplace-style database. This type of program offers more choice for homeowners but usually means plans are more expensive for them to obtain.

Encinitas decided to use the city-owned approach and issued an RFP to local architectural firms to submit designs that could be used in the context of the program. Six firms submitted proposal and the City selected two to establish criteria and create a collection of plans for the PRADU Program. The winning architects were tasked with preparing a series of units: a studio, a one-bedroom, a two-bedroom, and a three-bedroom. The eight permit-ready plans that emerged from the process include customizable options to allow for variations in exterior materials, doors, and window treatments to express individual owners' tastes and respect community character. The interior layouts, electricity, and plumbing are fixed. Pre-reviewed plans include architectural drawings, structural drawings, and approved energy code calculations. All the plans are energy smart, e.g., they are all-electric (no gas heating/stove/water) and solar panels are required.

The pre-approved plans and other relevant materials can be downloaded free from the City's website. Although the plans are referred to as pre-approved, that doesn't mean the homeowner can begin construction as soon as they choose a design. In addition to the pre-approved design, the applicant has to submit a site plan prepared by a separate designer. While the City does not have to review the size, room layout, ceiling heights, and other features of the submitted design, it still needs to examine the placement of the ADU on the property and ensure that setbacks, stormwater and other regulations are respected. Thus, the applicant still needs to complete a site plan to include with their building permit application. The submission is also reviewed by the engineering, fire, and building departments as well as the water district.

Once construction is complete, the building department sends an inspector to the site before occupancy is allowed to ensure the unit was built as per the plans. The pre-approved process is certainly more streamlined for the homeowner, but complications can still arise; unless the homeowner has relevant experience, the City recommends that they retain professional help to get through the process, e.g., a consultant familiar with site plan requirements.

The benefits to the homeowner of the pre-approved over the customized ADU design include:

- **Eliminating the design phase.** In California architects and designers are busy and many are backlogged six to eight months.
- **A major cost advantage.** To have an architect prepare a custom design for an ADU could cost between \$10-60,000.
- **Greatly reduced processing time for the application.** Each review time is typically shortened to 10-15 days vs 30 days for a customized-designed ADU.

For the City, the main benefits are:

- **Reduced staff time for reviewing applications.**
- **Increased supply of more affordable homes with different size and layout choices.**

# 4. Outcomes

- Encinitas has been receiving several hundred applications for ADUs in a given year. Of these up to 30% use one of the pre-approved designs available from the City. There is no doubt that at least some of these applications wouldn't have come forward if the pre-approved designs were not on offer.
- Other cities have requested information on Encinitas' PRADU program, especially now that the state has mandated such programs in all cities and counties.

# 5. Lessons learned

## Facilitators

- A key to successful development and launch of a pre-approved designs program is to have council fully on board from the beginning.
- Finding the right staff person to lead the initiative can help reduce program development costs. In Encinitas, the lead person had a background in architecture, which helped streamline the program development process considerably.
- During the program development, it is essential to coordinate among the various municipal departments involved in permitting ADUs, e.g., on the review of the pre-approved designs and the checklist of items homeowners must take care of as they move through the process.
- Choose architects who are familiar with the community and City development and permitting processes to create the pre-approved designs.
- Develop a user-friendly program website page and supporting materials such as user's guide, checklists, and other tools to make the steps and requirements involved in using the program as clear as possible. This will avoid the wasteful expenditure of staff time in explaining the procedures involved.
- Communicate with the public during program development, launch, and operation to increase awareness, acceptance, and usage. Encinitas used public workshops to explain the program as it was being developed and now that it's in place, the City uses email blasts and social media to circulate updates about the program and the approved plans.

## Challenges

- The main challenge in developing a pre-approved designs program is the staff-time involved. Developing the program took one staff member in the planning department the better part of a year while another four people worked part-time on implementing the program for several months.
- Finding the funding to initiate and sustain the program (e.g., for updating the pre-approved plans as building and fire codes change) can also be a challenge.
- In the absence of additional tangible incentives built-in or paired with the program, a pre-approved designs program is less likely to successfully increase ADU numbers. The costs of such incentives can add up; for example, Encinitas waives most of the fees normally charged for plan reviews, equivalent to \$4-6,000 per ADU, regardless of whether the homeowner has selected a pre-approved design or not.



# 6. Next Steps

- There are currently no plans to change the program or add new pre-approved designs. However, the state legislature has recently mandated all municipalities in California to develop programs that offer pre-approved ADU plans to homeowners and this may require some changes to the Encinitas program when the state law goes into effect in 2024.
- The approved designs do need to be updated every one to three years as a result of building code changes.

# 7. Resources

- City of Encinitas ADU website: <https://www.encinitasca.gov/government/departments/development-services/policy-planning-housing/policy-planning/accessory-dwelling-units>
- City of Encinitas, 2019. Housing for Generations: A Guide to Building Accessory Units in Encinitas: <https://encinitasca.prod.govaccess.org/home/showdocument?id=534>
- City of Encinitas, PRADU Processing Guide, Undated: <https://encinitasca.prod.govaccess.org/home/showdocument?id=3748>
- Casita Coalition, 2023. Pre-Reviewed Plan Programs: Essential Elements, A guidance memo for homeowners, jurisdictions and ADU practitioners: <https://static1.squarespace.com/static/5f2c2d67c58236227115e0de/t/640ba519d1cf56267cc277eb/1678484767419/Pre-Reviewed-Plans-Programs-Guidebook-Casita-Coalition-First-Edition-Accessible-03022023.pdf>