



Using ADUs to Satisfy RHNA

Technical Memo

Background

Jurisdictions are allowed to use ADUs to help satisfy their RHNA requirements; however, the process is somewhat different than other aspects of the sites inventory. The standard method is to estimate the number of ADUs that will be developed in the planning period, then distribute those estimated units into each of the income categories.

Estimating Production

The estimate should be based on the average number of ADU building permits issued each year, multiplied by eight (because there are eight years in a housing element cycle). Most cities base their determination of annual ADU permits by averaging the building permits approved each year since 2018, when state law made it easier to construct the units. This is generally considered a safe harbor.

There is a small amount of flexibility in the calculations. If numbers were low in 2018 (or 2019) but were high in 2020, 2021, and 2022, a jurisdiction could *potentially* use 2019-2021 or 2020-2022 as the baseline. Because this is outside the safe harbor, these calculations would need to be bolstered by a logical explanation for the methodology, e.g., the jurisdiction further loosened regulations in 2019.

Projecting a higher number of ADUs than what has been demonstrated through permit approvals in recent years may be possible, but more challenging. A slightly larger number may be warranted if a robust, funded, and clear plan to increase production has been put in place. However, you are strongly encouraged to coordinate with HCD before deviating from the standard methodology.

ADU sites are not listed in the site inventory, rather they are summarized and tallied in their own subsection.

Determining the Income Distribution

ABAG conducted an analysis of ADU affordability and concluded that in most jurisdictions, the following assumptions are generally applicable. Many jurisdictions are choosing to use these numbers in lieu of conducting their own affordability analysis.

Table 1. Percent of ADUs Affordable to Different Income Categories

Percent	Income Category
30%	Very low income
30%	Low income
30%	Moderate income
10%	Above moderate

Please contact your County Collaborative Technical Assistance Provider for more information on affordability. A few key points are summarized below:

- Use building permits issued for the estimate.
- Jurisdictions do not need to list the addresses for potential ADUs.
- Make sure the assumptions in your Housing Element match the numbers reported in past year APRs.

Please visit the ABAG Housing Technical Assistance page for more information, including a webinar that covers this topic.

Sample Housing Element Write Up

The following is what a jurisdiction might include in their sites inventory section of the housing element.

Since City amended its ordinance in 2019, the number of ADUs permitted has significantly increased. City's ordinance goes beyond state law and allows 1,200 square foot ADUs. Additionally, the City website has an entire section devoted to ADUs with clear information about the standards and approval process. On average, the building department provides comments to completed ADU applications in 10 days. 2018 is not used as a base year because the old ADU standards were very restrictive and the City did not have much information on its website. Production has been consistently higher since the new ordinance went into effect.

Since 2019, the City has issued an average of 12.75 ADU permits per year, as listed below.

Year	Building Permits
2017	2
2018	1
2019	10
2020	15
2021	10
2022	16 (estimate based on first 6 months)

Based on the annual average of 12.75 ADU permits per year since 2019, the City is projecting 102 ADUs being permitted over the eight year planning period and is using ABAG’s survey data to distribute the projected units by income category:

Income Category	Percentages	Totals
Very low	30%	30
Low	30%	31
Moderate	30%	31
Above moderate	10%	10

Based on these calculations, the City is able to meet approximately 1/7 of its RHNA through ADUs, and must accommodate another 598 units on the sites detailed in the sites inventory. See table below for a summary:

	V Low	Low	Mod	Above Mod	Total
RHNA	200	200	100	200	700
Pipeline / Approved Units	0	0	0	0	0
ADUs	30	31	31	10	102
<i>Remaining RHNA</i>	170	169	69	190	598

ADUs and Level of Scrutiny of Other Sites in Housing Elements

Cities that are heavily dependent on redevelopment sites (or technically nonvacant sites) face more scrutiny in their lower income sites inventory. ADUs can help some cities avoid this additional scrutiny/analysis. To simplify: if greater than 50 percent of the lower income RHNA can be satisfied by vacant sites, under construction (pipeline) projects, and projected ADUs, cities can avoid the higher standard.

For example: If the lower income RHNA is 100 and there are ten units under construction and sites for ten vacant units, a jurisdiction can avoid the heightened scrutiny if ADU projections are at least 31 units for the housing element period. (Half of 100 is 50. 10 under construction plus 10 vacant plus 31 ADUs is 51, or greater than 50.)