



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: October 25, 2019

Approved

Date

10-25-19

INFORMATION

SUBJECT: COST OF ALL-ELECTRIC DETACHED ACCESSORY DWELLING UNITS

At its September 17, 2019, meeting (item 7.2), City Council approved a building reach code and directed that it be applied to new, detached accessory dwelling units (“ADU”). Council also directed staff to return to Council with several other recommendations, including two which are relevant here: (1) an informational memo on the cost impact of requiring all-electric detached ADUs, and (2) an ordinance prohibiting natural gas infrastructure in new detached ADUs, single-family, and low-rise residential buildings. Council is scheduled to consider the ordinance at its the October 29, 2019 meeting. This memorandum is provided to further inform Council before that meeting.

In adopting the reach code, Council relied upon the analysis in an August 1, 2019 *Low Rise Residential Reach Code Cost Effectiveness Study* prepared by Frontier Energy, Inc. and Misti Brucerri & Associates, LLC, funded by California utility ratepayers and submitted to the California Energy Commission. That study concludes that all-electric low-rise residential buildings, which includes single-family and low-rise multifamily buildings, cost less to construct than similar mixed-fuel buildings. ADUs fall under the single-family definition for the purpose of the energy code in Title 24. While the study does not have an ADU model in it, the single-family prototype could reasonably be used as a proxy.

Even with this study and its findings, Council expressed concern that all-electric was not cost-effective for ADUs. In order to obtain a better understanding of this issue, staff researched the ADU construction for the past few years. The construction of permitted ADUs is on the rise in San José. This in part is the result of the City’s efforts in providing the public with additional ADU construction tools, resources, and incentives. In 2017, 144 ADUs were constructed or under construction. That figure increased to 261 in 2018. These figures include both detached and attached ADUs, as the City’s current tracking system does not differentiate. In addition, the City does not currently collect data on the number of detached ADUs that are all-electric versus mixed-fuel. However, Planning, Building, and Code Enforcement staff estimates that only a small percentage of constructed ADUs were all-electric.

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In order to obtain additional data on all-electric ADU construction as compared to mixed-fuel, staff surveyed 20 ADU construction and design company contacts via email to request that their input into whether all-electric, detached ADUs would be more expensive to build than mixed-fuel, detached ADUs. Staff followed up with a phone call and email to those who were unresponsive in order to receive information over the phone or encourage them to complete the survey online or via email. Staff received 11 responses, summarized in Table 1 below.

Table 1. All-electric Detached ADU Cost Impact Survey Responses

Response	No. Responding	Primary Reason(s) Provided
All-electric, detached ADUs are cheaper to construct than mixed-fuel	6	<ul style="list-style-type: none"> • Reduced cost due to not having to install natural gas infrastructure
Mixed-fuel, detached ADUs are cheaper to construct than all-electric	2	<ul style="list-style-type: none"> • Higher cost for all-electric appliances
Unsure if all-electric or mixed-fuel, detached ADUs are cheaper to construct	3	<ul style="list-style-type: none"> • n/a

All-electric construction is a fairly new concept, and staff anticipates that it will take education and outreach to change perceptions about the true benefits, both in terms of costs as well as on the environment.

/s/
 ROSALYNN HUGHEY
 Director, Planning, Building, and Code Enforcement

/s/
 KERRIE ROMANOW
 Director, Environmental Services

For questions, please contact Ken Davies, Deputy Director, at (408) 975-2587.

