

Council directs city on accessory dwelling ordinance

July 12, 2023



Note: the proposed Accessory Dwelling Unit ordinance should not be confused with established vacation rental units, subject to transient occupancy tax. The ADU ordinance only impacts planned construction where a larger stand-alone property exists.

The city has a severe shortage of housing units. Addressing critical housing deficiencies, the city council is attempting to increase long-term rental inventory. With very little wiggle room, the city moved forward in formulating an Accessory Dwelling Unit ordinance.

By consensus, councilors directed the City to comply with state law developmental standards and restrict short-term tenancy and stimulate long-term occupancy.

By consensus, Councilors gave direction to staff on two ADU items:

Rental terms per tenant must be at least 31 consecutive days and include deed restrictions.

Separate water/ sewer connections are permissible but not required.

The debate on the ADU item was oft-times complicated, with councilors attempting to mitigate the consequences of legislating property restrictions versus the rights and freedom to maximize property

potential all while addressing the shortage of housing inventory.

Language in the proposed ADU ordinance will prohibit short-term tenancy. Councilors exercised their discretion short-term rental restrictions must be included and recorded on property deeds.

City Attorney Martha Rice reported to the council, data from a 25 city survey on ADUs across the north state; 18 prohibited short-term rentals on all ADUs. Rice attempted to simplify a very complex issue.

City connection fees are based on a single family equivalent (SFE). The sewer connection fee is \$9,682 per SFE. The water connection fee is \$2,700, also per SFE. Rice indicated there is some flexibility in fees for sewer and water connection fees, depending on square footage of the primary property and a proportional adjustment for the ADU. For example, if the primary home is 1600 sq.ft. and the ADU is 800 sq. ft, there would be a 50 percent reduction for the sewer (\$4841) and water (\$1350) fees, respectively.

It's not just about collecting more taxes for the City. Short-term rentals generate more transient occupancy tax (TOT) at a 10 percent rate. Prohibiting more short-term rentals lessens the TOT. Councilors weighed on prioritizing long-term rentals which are needed for workers to fill local jobs, including all professional categories, generating more economic activity, resulting in more sales tax revenue.

A final ordinance should be available for council review by the Monday, August 7 meeting.