



Options for Implementing Accessory Dwelling Unit Fees

NapaSan
Board of Directors Meeting
June 7, 2017



Current State Law

- Government Code § 66013 (in part)
 - (a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed...
 - (b)(3) “Capacity charge” means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities...



New State Law

- Applies to Cities and Counties
- No capacity charges if within the footprint of existing structures
- Expanded footprint - capacity charges allowed: a) consistent with Gov't Code §66013, and b)

“proportionate to the burden of the proposed accessory dwelling unit, based on either its size, or the number of its plumbing fixtures.”



City Ordinance 02017-007

- Accessory Dwelling Unit limitations
 - Maximum of 2 bedrooms per ADU
 - Attached:
 - Not exceed 50% of existing living area
 - Maximum increase of 1,200 SF
 - Detached:
 - Maximum increase of 1,200 SF



Current NapaSan Code

- Capacity Charges
 - 1.0 EDU per unit
 - Single Family Dwelling
 - Multiple Family Dwelling (apartment, condo, townhouse, 2-, 3-, 4-plex)
 - Accessory Dwelling Units (ADUs)
 - 0.6 EDU per unit
 - Senior dwelling / residential care facility / single room occupancy
 - 0.75 EDU per unit
 - Hotel room w/o kitchen



Current NapaSan Code

- Sewer Service Charges
 - 1.0 EDU per unit
 - Single Family Dwelling
 - Duplex
 - Condominiums/Townhouses
 - ADUs
 - 0.6 EDU per unit
 - Triplex/Fourplex
 - Apartment
 - Single room occupancy
 - Mobile home



SSC and CC Study

- Evaluate methodologies for residential fees
- Could impact ADUs, apartments, SFR, other residential types
- More details at July 19 meeting



Policy Questions

How should NapaSan charge capacity charges to ADUs?

How should NapaSan charge annual sewer service charges to ADUs?



Options for ADUs

1. Treat ADU similar to new apartments
2. Set fees based on sq. ft.
3. Set fees based on fixture unit counts
4. Set fees based on ADU's size compared to main residence
5. Slightly modify NapaSan Code
6. No change to NapaSan Code



Policy Options

- Base assumption for Options 1 to 5:

Within existing footprint:
no new capacity charges

Policy Options

1. Treat ADU similar to new apartments:

- Within existing footprint:

Sewer Service Charges	Capacity Charges
0.6 EDU	None

- Outside existing footprint:

Sewer Service Charges	Capacity Charges
0.6 EDU	1.0 EDU

Policy Options

1. Treat ADU similar to new apartments:

Pros	Cons
<ul style="list-style-type: none">• Lowers annual sewer fee and construction cost for ADU within existing footprint• Mostly consistent with other multi-family units• Low potential for legal challenge• Only minor Code change	<ul style="list-style-type: none">• Does not lower construction costs if ADU is outside existing footprint



Comparison to Apartments

- 7 newer or proposed apartment complexes:
 - 821 total units (17% of total inventory)
 - Size breakdown
 - 4.9% 650 sf or less (40 units)
 - 6.6% between 651 and 700 SF (54 units)
 - 21.8% between 701 and 800 SF (179 units)
 - 11.9% between 801 and 900 SF (98 units)
 - 54.8% greater than 900 SF (450 units)

Policy Options

2. Set Fees Based on Sq. Ft.

- Within existing footprint:

Sewer Service Charges	Capacity Charges
0.6 EDU	None

- Outside existing footprint:

Square Feet	Annual Sewer Fee	Capacity Charge
0-699	60% of SSC	0.6 of EDU
700-799	70% of SSC	0.7 of EDU
800-899	80% of SSC	0.8 of EDU
900-999	90% of SSC	0.9 of EDU
1,000+	100% of SSC	1.0 of EDU

Policy Options

2. Set Fees Based on Sq. Ft.

Pros	Cons
<ul style="list-style-type: none">• Lower annual sewer fee• Lower construction costs for smaller units• Meets one interpretation of “proportionate to the burden”• SF basis consistent with method for commercial building capacity charges	<ul style="list-style-type: none">• Not based on a study that shows “small units = lower water use”• SSC inconsistent with other residential units

Policy Options

3. Set fees based on fixture unit counts:

- Within existing footprint:

Sewer Service Charges	Capacity Charges
0.6 EDU	None

- Outside existing footprint:

Fixture	Annual Sewer Fee (Max. 100%)	Capacity Charge (Max. 1.0 EDU)
Toilet	20% of SSC	0.2 of EDU
Tub/Shower	10% of SSC	0.1 of EDU
Sink	10% of SSC	0.1 of EDU
Clothes Washer	20% of SSC	0.2 of EDU
Dish Washer	20% of SSC	0.2 of EDU

Example only – needs additional evaluation

Policy Options

3. Set fees based on fixture unit counts:

Pros	Cons
<ul style="list-style-type: none">• Lower annual sewer fee• Lower construction costs for units with fewer fixtures• Meets criteria stated in ADU law	<ul style="list-style-type: none">• Fixture units shown to be a poor corollary to water usage• Inconsistent with other NapaSan methods of imposing fees• Difficult to enforce changes

Policy Options

4. Set fees based on ADU's size compared to main residence:

- Within existing footprint:

Sewer Service Charges	Capacity Charges
0.6 EDU	None

- Outside existing footprint:

Fees based on: ADU sq. ft. as a percentage of main house's sq. ft.

Policy Options

4. Set fees based on ADU's size compared to main residence:
- Outside existing footprint:

Examples:

House SF	ADU SF	Annual SSC	Capacity
1,200	600	\$319.05	\$4,650
3,000	600	\$127.62	\$1,860
5,000	600	\$76.57	\$1,116
12,000	1,200	\$63.81	\$930
Single Family Home		\$638.10	\$9,299

Policy Options

4. Set fees based on ADU's size compared to main residence:

Pros	Cons
<ul style="list-style-type: none">• Significantly lower sewer fees and capacity charges• Meets one interpretation of “proportionate to the burden”	<ul style="list-style-type: none">• Same size units can pay vastly different fees• No relationship between size, water usage and fees paid• Increased risk of appeals and legal challenges

Policy Options

5. Slightly modify NapaSan Code:

- Within existing footprint:

Sewer Service Charges	Capacity Charges
1.0 EDU	None

- Outside existing footprint, retain existing code:

Sewer Service Charges	Capacity Charges
1.0 EDU	1.0 EDU

- **Make changes based on future fee study results**

Policy Options

5. Slightly modify NapaSan Code:

Pros	Cons
<ul style="list-style-type: none">• Eliminates capacity fees for some ADUs• Low potential for legal challenge	<ul style="list-style-type: none">• Maintains capacity fees for some ADUs• Does not recognize lower impact to system

Policy Options

6. No Change to NapaSan Code:

- Wait until fee study to make any changes
- Continue to charge:

Sewer Service Charges	Capacity Charges
1.0 EDU	1.0 EDU

Policy Options

6. No Change to NapaSan Code:

Pros	Cons
<ul style="list-style-type: none">• Consistent with current law• Low potential for legal challenge	<ul style="list-style-type: none">• Maintains high fees for ADUs



Sources of Potential Conflict

Potential Code Conflicts

- Apartments at 1.0 EDU for Capacity Charges
- Hotel rooms without kitchens at 0.75 EDU for Capacity Charges
- Senior Dwellings-Single Occupancy at 0.6 EDU / Double Occupancy at 1.0 EDU
- Potentially different SSC methodologies for ADUs and apartments, condos, etc.



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Timeline

- June 7 – Provide Direction to Staff
 - June 21 – Additional Discussion (if needed)
 - July 19 – Ordinance 1st Reading
 - August 16 – Ordinance 2nd Reading
- 60-day waiting period*
- October 16 – Ordinance Effective

Retroactivity?