

**TOWN COUNCIL ACTION ITEM
STAFF SUMMARY
JUNE 7, 2022 COUNCIL MEETING**

DATE: June 3, 2022

AGENDA ITEM NUMBER: 6

ACTION TO BE CONSIDERED: Consideration of Resolution No. 32-22, Series of 2022

TIME FRAME

- Staff and Council discussed incentives to convert accessory dwelling units from 6-month rentals to long term workforce housing rentals in September 2021.
- In February 2022, Council gave direction to staff to work on an incentive program for accessory dwelling units for long term rental. The program required changes to Chapters 13 and 16 of the Municipal Code which required review and recommendations by the Planning and Zoning Commission.

SUMMARY: This is the resolution that establishes the Accessory Dwelling Unit (ADU) incentive program. The incentive program will allow new accessory dwelling units in single family or duplex homes to apply for a reimbursement of the water and sewer tap fees if they sign a deed restriction for the ADU. This deed restriction goes into perpetuity and would require that all renters work 30+ hours per week in Summit County. Any current ADU that would like to change their current deed restriction of just no rentals less than 6 months to the new workforce housing restriction could also apply for the reimbursement of the tap fees.

The owner will be required to sign an agreement, whether they an existing owner and want reimbursement or a current owner that is looking to construct and ADU. Both agreements will be approved with this resolution as templates for the Town Manager to obtain signatures from the owners. The owners will also be required to sign a deed restriction that is recorded on their property with the Summit County Clerk's office.

BUDGET IMPACT: The incentive program will have a budget impact to the Housing 5A fund for the reimbursement of water and sewer tap fees. A 2 bedroom, 1 bathroom ADU would receive \$11,852 for water and sewer tap fees paid.

ACTION REQUESTED: MOTION, SECOND, ROLL-CALL VOTE

*Resolutions require affirmative votes from majority of council members present
Ordinances require four (4) affirmative votes
Emergency ordinances require five (5) affirmative votes*

MOTION FOR APPROVAL: move to approve Resolution No. 32-22, Series of 2022 establishing an incentives program to encourage occupancy of accessory dwelling units by members of the local workforce.

DEPARTMENT HEAD RESPONSIBLE: Carri McDonnell, Finance Director

RESOLUTION NO. 32-22
Series of 2022

**A RESOLUTION ESTABLISHING AN INCENTIVES PROGRAM TO
ENCOURAGE OCCUPANCY OF ACCESSORY DWELLING UNITS BY
MEMBERS OF THE LOCAL WORKFORCE.**

WHEREAS, the Town and Summit County at large are experiencing a severe shortage of housing for the local workforce at all income levels; and

WHEREAS, owners of single- and two-family residential properties are eligible to establish accessory dwelling units (“ADUs”) in accordance with Chapter 16, Article IV of the Dillon Municipal Code (“Town Code”); and

WHEREAS, the Town Council finds that accessory dwelling units (“ADUs”) may serve to provide affordable housing for members of the local workforce; and

WHEREAS, the Town Council desires to establish an incentives program (“Workforce Housing ADU Incentives Program” or “Incentives Program”) to encourage occupancy of ADUs by members of the local workforce; and

WHEREAS, pursuant to Section 16-4-45 of the Town Code, if an ADU is approved by the Town, the property owner must pay water and sewer tap fees as required under the Town Code for ADUs; and

WHEREAS, in 2006, Summit County voters approved Summit Combined Housing Authority Referred Measure 5A Authorizing a temporary sales and use tax of one eighth of one percent (0.125%) over a period of 10 years, and a development impact fee of two dollars or less per square foot of new construction, to be used for affordable housing purposes; and

WHEREAS, in 2015, Summit County voters approved an extension of the sales and use tax of one eighth of one percent (0.125%) within Summit County, to be used for affordable housing purposes; and

WHEREAS, in 2016, Summit County voters approved Summit Combined Housing Authority Referred Measure 5A, which approved a temporary sales tax of six tenths of one percent (0.6%) within Summit County, for a period of 10 years, to be used for affordable and workforce housing purposes (the 2006, 2015, and 2016 measures are hereinafter referred to collectively as “Referred Measure 5A”); and

WHEREAS, the Town receives a portion of the revenues from Referred Measure 5A (“5A Funds”) from Summit County to use for affordable and workforce housing purposes within Dillon; and

WHEREAS, pursuant to the Incentives Program, the Town will pay into the water and sewer enterprise funds, using 5A Funds, the full amount of water and sewer connection fees required for the establishment of an ADU, on behalf of each owner of eligible residential property who establishes an ADU on such property in accordance with the Town Code, and who enters into a deed restriction requiring the ADU to be rented to or occupied by members of the local workforce in perpetuity (“Deed Restriction”); and

WHEREAS, pursuant to the Incentives Program, the Town will reimburse owners of existing-lawful ADUs, using 5A Funds, the full amount of water and sewer connection fees paid for the establishment of the ADU, in exchange for such owners’ entrance into the Deed Restriction; and

WHEREAS, the Town Council finds payments and reimbursements of water and sewer connection fees under the Incentives Program to further the purposes of increasing the availability of affordable housing for the local workforce, and thus to be a lawful and appropriate use of 5A Funds; and

WHEREAS, the Town Council desires to establish the Incentives Program by this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DILLON, COLORADO, AS FOLLOWS:

Section 1. The Town of Dillon Workforce Housing ADU Incentives Program (“Incentives Program”) is hereby established.

Section 2. The Town Manager is hereby authorized and directed to establish the parameters of the Incentives Program, including the establishment of an application process, application information and supporting documentation requirements, and program eligibility criteria; provided that:

A. All payments and reimbursements made pursuant to the Incentives Program shall be made using funds allocated to Dillon by the County under Referred Measure 5A; and

B. Prior to payment or reimbursement under the Incentives Program, the ADU owner must first execute the Deed Restriction, which shall be recorded in the Summit County property records, after entering into a written agreement giving the Town the right to certify a lien on the property containing the ADU in the amount of all payments and reimbursements made under the Incentives Program should the owner fail to comply with the terms of the written agreement or the Deed Restriction.

Section 3. The Town Manager, and all other officers, employees, and agents of the Town shall take all action necessary or reasonably required to administer the Incentives Program in all respects.

Section 4. All actions heretofore taken by the Town Manager, and the other officers,

employees, and agents of the Town in connection with the establishment and administration of the Incentives Program are hereby ratified, approved, and confirmed in all respects.

Section 5. The two forms of agreement in connection with the Incentives Program (each a “Form Agreement”), are hereby approved in essentially the same form as accompany this resolution.

Section 6. The Town Manager is hereby authorized to execute an agreement, in essentially the same form as the applicable Form Agreement, with any owner (i) of an existing, lawful ADU or (ii) of eligible residential property who desires to establish an ADU, and who agrees to enter into the Deed Restriction. The Town Manager is further authorized to negotiate and approve on behalf of the Town such revisions to any such agreement that the Town Manager determines are necessary or desirable for the protection of the Town, so long as the essential terms and conditions of the Form Agreement are not altered.

Section 7. The form of Deed Restriction in connection with the Incentives Program is hereby approved in essentially the same form as accompanies this resolution.

Section 8. The Town Manager is hereby authorized to require and execute a Deed Restriction with any owner of a lawful ADU, in essentially the same form as the form Deed Restriction accompanying this resolution. The Town Manager is further authorized to negotiate and approve on behalf of the Town such revisions to the form Deed Restriction that the Town Manager determines are necessary or desirable for the protection of the Town, so long as the essential terms and conditions of the form Deed Restriction are not altered

APPROVED AND ADOPTED THIS 7th DAY OF JUNE, 2022 BY THE TOWN COUNCIL OF THE TOWN OF DILLON, COLORADO.

TOWN OF DILLON,
a Colorado municipal corporation

By: _____
Carolyn Skowyr, Mayor

ATTEST:

Adrienne Stuckey, Town Clerk