



# City of Columbia, Missouri

## Meeting Minutes

### City Council

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**Monday, June 19, 2017**  
**5:00 PM**

**Work Session**

**Conference Room**  
**1A/1B**  
**Columbia City Hall**  
**701 E. Broadway**

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#### I. CALL TO ORDER

Mayor Treece called the meeting to order at approximately 5:05 pm. Ms. Peters arrived at approximately 5:28 pm.

**Present:** 7 - Ruffin, Trapp, Thomas, Peters, Treece, Skala, and Pitzer

Guest speakers of Council Member Thomas

**Attachments:** [ADU Policy Review \(Paul Blakely\)](#)

Council Member Thomas noted that despite the passage of an ADU ordinance in 2014 (amended in 2015), there have been no ADU's built. Mr. Reddy added that one has been built & went through BOA. It hasn't had the desired effect to stimulate density. He introduced Paul Blakely to address some concerns on the challenges still faced with the existing ordinance. Mr. Thomas introduced Paul Blakely to bring to light some concerns with the ADU ordinance.

Paul Blakely stated that the goal of his presentation is to urge Council to adopt a coordinated policy toward ADU development by identifying disincentives and considering proposed solutions. He reviewed some of the benefits of an ADU noting that it allows elderly members of multi-generational households to age in place, live independently and avoid other costly housing options; small scale dwelling lead to more affordable housing through lower capital and operating costs; and ADU owners have an opportunity to provide elder care more affordably. He reviewed benefits to the City of Columbia which include an increase to the stock of affordable housing; it promotes higher density land use close to the downtown core while keeping neighborhood character intact; reduces the cost of financing the housing and transit needs of citizens; and possibly raises revenues.

He reviewed disincentives to ADU development which include departments working at cross-purposes. He explained that the Sewer Department specifically considers ADU development. There are no new connection fees unless a water line size increases or a new water meter is installed. The homeowner can choose to retain the same water meter and treat the ADU as an "expanded use" of the primary residence. The Water Department does not treat ADU's separately than any other residence for metering purposes. An ADU is not considered a "multi-family facility" but rather a "Dwelling, one family". This policy has the effect of making the Sewer Departments ADU policy redundant by triggering both Sewer and Water connection fees. Additionally, the Electrical Department requires individual metering for all ADU's. This policy leads to a higher then needed expense by requiring a separate line from the utility pole to the ADU. Running a subpanel with no extra meter, from the existing residence to the ADU would be cheaper. The ADU policy also requires "dust-free" off street parking. This is generally interpreted as concrete or asphalt. Compacted clean rock is a common hard surface that has the benefit of also being rain pervious and is cheaper. The current ordinance requires new construction be

accompanied by installation of a new sidewalk, even if no other sidewalk exists in older established neighborhoods. There is no written policy as to whether this applies to ADU's, but sidewalks are very costly. He reviewed a summary of the connection fees and other required item costs, which could total \$7,926. This total represents a regressive tax on ADU development because they account for an additional cost of up to 17.6%. Smaller ADU's could be constructed for \$45-\$90k. In contrast, for a new \$400,000 home, the same fees total less than 2%.

He provided some proposed remedies which include: a comprehensive strategy with regard to reducing ADU fees and clarifying parking and sidewalk requirements is needed; sewer and water connection fees should be waived entirely or based on whether there is a choice to install an additional water meter or increase the size of the water line; new electrical meters ADU should only be required if individual metering is chosen or the existing service must be upgraded to serve the primary residence and the ADU; the "dust-free" hard surface interpretation for off-street parking should allow for the use of washed stone and/or gravel as a less expensive and more environmentally friendly alternative to concrete or asphalt; the requirement for sidewalk installation for new ADU construction on streets in established neighborhoods where few sidewalks exist should be waived; and Columbia should consider a model similar to Portland, Oregon where a choice of additional metering and associated connection fees are offered. He stated that a "temporary" ADU system utility development credit amounting to \$2400 has been offered since 2008 to promote ADU development in Portland. The temporary fee credit has been renewed three times. It could well be that such credits would be revenue positive for the city: providing an ADU homeowner with a fee credit to have meters installed can be viewed as the city purchasing an annuity which generates an infinite stream of monthly utility fees that would not otherwise exist. He felt that the City should offer ADU credits to promote separate metering and suggested tying it with a sunset clause. The Council briefly discussed ADU's.

### Conversation regarding an Accessory Dwelling Unit Ordinance

**Attachments:** [Accessory Dwelling Units \(ADUs\) presentation](#)

Community Development Director Tim Teddy explained that an ADU is a secondary dwelling unit created on a lot with one principal one-family dwelling. It must be subordinate to the principle dwelling and may be attached or detached. He showed some examples.

He provided some background on the ADU ordinance and explained that it is supported by the Comprehensive Plan to promote affordable housing and compatible development in existing neighborhoods. ADU's are permitted in two-family (R-2) and Multiple-family (RM-F) dwelling units. The City's ADU ordinance preceded, and was incorporated in, the Unified Development Code adopted in March 2017. This is a step toward greater housing choice. Mr. Teddy added that this supports the preservation of historical housing and neighborhood character; allows for more efficient use of public infrastructure; provides smaller homes for sustainable living; and provide more affordable housing. Mayor Treece had concerns about using ADU's for rental purposes such as AirBnB and similar commercial type uses. Council Member Trapp suggested using 3rd and 4th Street alleys that could use stabilization, and having the Community Land Trust take over those alleyways that could be a great opportunity. He felt the water ordinance should at least be changed. The group discussed the ADU's and what is allowed, required, etc. Mr. Trapp stated that he intends to request a report to address the water and sewer discrepancies and for staff to make recommendations. He suggested there could be targeted incentive credit for some types of ADU's especially ones that would provide affordable housing.

## Public policy options surrounding short-term lending

**Attachments:** [Short Term Lending](#)

City Manager Mike Matthes explained that there is an informational report on this topic tonight as well. Kacy Hall explained that there are two types of loans based on the length of financing and the amount of the loan. She noted that each of these typically have triple digit APR rates. Payday loans are used as an alternative to bank loans which are not done for small amounts. They are intended to be paid back with the next paycheck. They are easily available with no credit history needed and all that is required is an ID, checking account and proof of income. These loans can be rolled over which raises the interest and fees. She reviewed ordinances in place in Kansas City and St. Louis, which require permitting renewed annually, specific signage, zoning requirements, and inspections. Ms. Hall reviewed the payday loan state regulations noting that Missouri is the only state that allows rolling over loans. Missouri has some of the most lax regulations. There is a cap of fees and interest up to 75% of the loan; and loans can be rolled over up to 6 times. These loans are up to \$500 and are regulated by the Department of Insurance, Financial Institutions and Professional Registration. Each establishment is responsible for determining the ability of a borrower to pay; a borrower cannot have more than \$500 in loans from the same establishment; and borrowers cannot use another loan from the same establishment to pay off another loan.

She reviewed state legislation that has come up in 2015, 16 & 17 which would expand current standards to loans up to \$750; would limit borrowers to having one short term loan at a time; requires a database be established to monitor borrowers and a max rollover of two times. These bills were referred to the House Financial Institutions Committee but no hearings were scheduled.

Ms. Hall reviewed trends on payday loans noting that the number of licenses, number of loans made, and the number of defaulted loans have decreased since 2009; however the average loan amount and APR have increased since 2009.

Ms. Hall explained that installment loans are becoming a more prevalent short term loan type and have terms of no less and 120 days. There is no maximum or minimum loan amount and these are set up as four equal payments for the borrower. The maximum fee (in addition to the interest) is 10% of the principle, up to \$75. There are no caps on interest rates and can be deferred as long as the first payment is made in full.

She reviewed some statistics relating to short-term loans as well as some Consumer Financial Protection Bureau proposed regulations. Mr. Matthes felt that this would be a good opportunity to discuss a change in requirements for short term lending businesses.

Council Member Trapp supports doing something similar to what Kansas City and St. Louis have done. These businesses are filling a need though. He mentioned a non-profit formed by a St. Louis credit union, that offers a short term loan with reasonable rates and requires completion of a financial management course. There may be opportunities like that as well. The Council discussed the data presented and there was a general consensus to proceed with something similar to what Kansas City and St. Louis have done. Mr. Matthes added that since there are only 23 of these types of businesses here, our existing staff could handle the oversight of expanded regulations.

## II. ALL OTHER ITEMS THE COUNCIL MAY WISH TO DISCUSS

None.

### III. ADJOURNMENT

The meeting adjourned at approximately 6:23 pm.