

SUBJECT: DISCUSSION/DIRECTION – COMPLIANCE WITH HOUSE BILL 24-1152 REGARDING ACCESSORY DWELLING UNITS

DATE: JUNE 4, 2024

PRESENTED BY: AMELIA BRACKETT HOGSTAD, SENIOR PLANNER

PURPOSE

1. Inform Council of the requirements of Colorado House Bill 24-1152 and the options jurisdictions have for regulating Accessory Dwelling Units (ADUs)
2. Inform Council of the near-term community engagement plan for complying with HB 24-1152

SUMMARY

In May 2024, the Colorado Legislature passed House Bill 24-1152 (HB 1152), requiring municipalities to adopt ordinances allowing ADUs in all zones that allow single-family detached units. This report summarizes the requirements of that bill and the options for the City in adopting its own code for ADUs.

Staff's analysis necessarily focuses on compliance with state law. However, the Louisville Housing Plan (the Plan), adopted on May 7, 2024, recommends allowing ADUs across the city as one of its 13 recommended actions to address housing needs. ADUs help achieve the goals of increasing residential development opportunities in Louisville (Goal 1 of the Plan) and diversifying Louisville's housing stock (Goal 3). The Plan recommends that the City consider an ADU ordinance in the near term (1-2 years) and predicts that allowing ADUs citywide would have a moderate potential for housing production relative to other actions identified in the report. Finally, preliminary results from the [first round of engagement](#) on the City's update to its Comprehensive Plan show community interest in allowing ADUs.

Given the new state law, which requires compliance by June 2025, and the fact that ADUs are on the 2024 Council Work Plan, consideration of ADUs is the first action item that the City is undertaking in response to the adoption of the Housing Plan. Over the coming months and years, staff will develop research and implementation plans to address the other recommended actions in the Plan.

DISCUSSION

What is an ADU

HB 1152 Section 29-35-102 defines an ADU as:

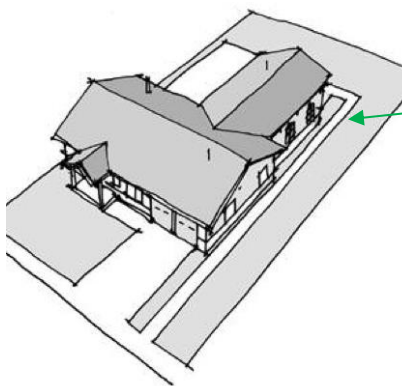
An internal, attached, or detached dwelling unit that:

- (a) Provides complete independent living facilities for one or more individuals;
- (b) Is located on the same lot as a proposed or existing primary residence; and
- (c) Includes facilities for living, sleeping, eating, cooking, and sanitation.

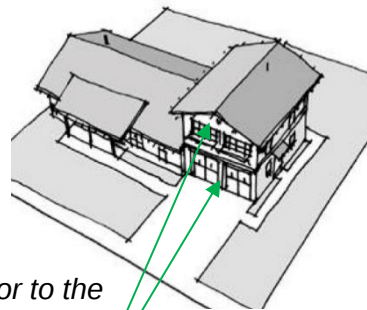
ADUs are not currently allowed anywhere in Louisville. ADUs are sometimes confused with “guest houses,” which are allowed per the Louisville Municipal Code (LMC) and are defined as detached accessory structures without cooking facilities that are used for guests (Section 17.08.210). The LMC also allows renting “rooming units” without cooking facilities (Sec. 17.08.415). However, these allowances do not provide for the type of accessory, independent living facilities that ADUs offer. In addition, short-term rentals are not allowed anywhere in the City. Allowing ADUs would not affect the City’s prohibition on short-term rentals and HB 24-1152 does not require jurisdictions to address short-term rentals. Finally, under the current language of LMC Section 3.18, *Development Impact Fees*, ADUs would be subject to impact fees.

Types of ADUs - Illustrative Only

Internal/Attached ADUs

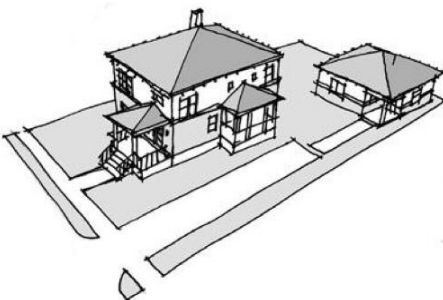


May be built as addition off the back or side of the principal dwelling unit



May be interior to the home (e.g. in the basement or separate story)

Detached ADUs



Typically located at rear or side of property, sometimes over a detached garage

Requirements for ADU ordinances in HB-1152

The following section gives an overview of the State bill's requirements and regulatory options that are available to the City under the bill. There are a few other allowances and requirements related to building code compliance, charging impact fees, etc. that are described [in the bill](#) but are not included here.

State Requirements & Local Options Under HB-1152 The following represents City staff's current understanding of the state regulations. Analysis may change with more information from the state.		
Topic	What the state law requires	What can the City do?
Allowance on single family lots	Must allow on all single-family lots.	Must comply with allowing ADUs on all single-family lots. Can allow ADUs on multi-family lots, as well, such as with townhomes.
Process to permit an ADU	Administrative.	Can include Historic Preservation Commission review for landmarks.
Size/scale/location/design	Must create clear, objective standards. Standards cannot be more restrictive than for primary structures. Must allow ADUs between 500 and 750 square feet.	Can include language requiring that the ADU be smaller than the primary structure. Can allow ADUs larger or smaller than the required range.
Parking	Cannot require parking outright, though there are exceptions in which up to one space can be required per ADU.	Exceptions include when the primary structure is subject to parking requirements, when there is parking already available onsite, and when there is no parking onsite.

Topic	What the state law requires	What can the City do?
Owner occupancy	Owner occupancy requirements are not allowed except in limited circumstances.	Can require proof of owner occupancy at time of an application for adding an ADU to a lot with an existing primary structure. Cannot require proof of owner occupancy in any other circumstance, such as on a vacant lot, and cannot require occupancy at any other time other than when an application is submitted.
Internal/external ADUs	Staff is still investigating whether the state bill requires jurisdictions to allow both internal and external ADUs.	

In addition to adopting a compliant ordinance, the City must demonstrate that there are **methods in place to facilitate development of affordable and/or accessible ADUs**. These methods can be written into the ordinance or created through a separate program. Staff recommends investigating code-based options to promote affordable and/or accessible units because it is a more streamlined way to comply with the bill, as opposed to creating an ADU-specific program from the ground up after adoption.

Staff recommends studying language for a deed restriction option for affordable and/or workforce housing units, language that would allow a pathway for existing ADUs to come into compliance with the ordinance, and regulations that encourage factory-built ADUs.

Qualifying methods to facilitate ADUs as affordable and/or accessible units under HB-1152 include:

- Providing financial assistance or waiving/reducing fees incurred by low- and moderate-income households.
- Incentivizing ADUs as workforce housing (via ordinance or separate program).
- Providing technical and/or educational support, such as preapproved construction plans and other technical assistance in developing ADUs.
- Creating a pathway for the separate sale of an ADU.
- Regulations that encourage factory-built ADUs.

- Regulations that allow existing ADUs to come into compliance in certain situations, such as if they meet the intent of the ADU regulations and address life safety issues. Code language like this would allow these structures to become nonconforming under any new ADU regulations.
- Regulations that incentivize building ADUs that meet accessible standards.

The deadline to demonstrate compliance with the bill is June 30, 2025.

Proposed Engagement and Next Steps

Staff is planning to inform community members about the state ADU bill, what an ADU is, and what is and is not possible for the City to regulate under the bill. Staff will also engage the community on some of the outstanding policy considerations enumerated in the “What Can the City Do” column in the table above.

Specific next steps include:

- Summer 2024: one round of community education
- Fall/Winter 2024: Planning Commission and City Council hearings with full ordinance draft

DIRECTION

Staff requests feedback on the following questions:

1. Of the list of qualifying methods for facilitating affordable and/or accessible units, are there any that the Council would like staff to focus on in drafting the ordinance?
2. What additional information does Council want as part of the consideration of a draft ordinance?
3. Are there any issues with or questions about the proposed engagement plan?

LINKS

1. [Link to HB 24-1152 Final Text](#)
2. [Link to Engage Louisville ADU Webpage](#)