

# Attorney Who Helped Defeat the City of Sacramento’s Measure C Urges Residents to Again Stand with ‘The Smallest of Small Businesses’ Against New ‘Inequitable’ and ‘Unfair’ City Proposals

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As the Sacramento attorney [who helped defeat the City of Sacramento’s Measure C](#), I urge residents to again stand with the smallest of small businesses—this time against two newly proposed, unfair, dramatic and inequitable [fee hikes \(#175/#176\)](#) targeting home businesses or “home occupations,” including one fee that would increase to a jaw-dropping \$5,265—asking their councilmembers to reject those fee hikes and instead frontload promised reform of the city’s already unusual and inexplicably burdensome home occupation regulations.

## **Equity**

I urge residents to join me in explaining—as I myself explained in a [recent letter to the city](#) and when speaking last week at the city’s recent [Budget and Audit Committee meeting](#) (at 40:10) and [City Council meeting](#) (at 2:18:30)—to councilmembers who have repeatedly emphasized the importance of prioritizing “equity” in the 24/25 fiscal year budget, just how inequitable it is to levy a \$5,265 fee on home businesses when:

- [Over 43% of US home businesses earn \\$10,000 or less in annual gross receipts](#);
- Home businesses are more likely than other small businesses to be [owned by women, racial and ethnic minorities, and members of otherwise historically disadvantaged groups](#); and
- Such groups are [less likely to succeed in securing outside business financing](#).

## **Fairness**

In addition, I urge residents to join me in also explaining to councilmembers just how unfair it is to ask already vulnerable residents to pay that \$5,265 fee (an increase of over \$1,000) for the opportunity to wait 4-6+ months, endure a public hearing and request an *exception* to the very same unusually and inexplicably burdensome home occupation regulations that the city already *acknowledges* need reform—especially given how long it may take to *enact* that reform, since the city has given itself until 2029 just to “evaluate” potential reform options (see [LUP-A.11](#), 2040 General Plan).

## **Why reform of the current home occupation regulations is also needed**

What makes the current home occupation regulations so unusually and inexplicably burdensome? Why must we urge immediate reform? I explained why in a detailed [letter](#) sent to the city late last year, but here is the short version.

Most cities only regulate home businesses that could cause nuisances, such as discernible noise, odors or traffic. They do this by setting total daily visitor, commercial vehicle, parking, noise and other limits, to ensure that all of a dwelling’s home businesses that might cause nuisances, put together, will maintain total neighborhood effects that are indiscernible from normal and usual residential activity. And that is great, by the way. Of course we all want that.

However, Sacramento takes it to a whole new level, by *also* regulating mere home office and studio businesses, that by *definition* have *no* visitors or other discernible effects on neighbors—even though these kinds of home businesses actually *help* neighborhoods (as detailed in last year’s letter to the city), and are more common than ever since the advent of the internet, innovations in video conferencing and forced work-from-home during the Covid-19 pandemic.

This means that, in Sacramento, even mere desk job home businesses, which conduct all transactions, client meetings, customer sales, etc. online, via Zoom, phone, etc., need to obtain a so called “home occupation permit,” for \$154 currently—but that would go up by over 50% to \$234 under the *other* proposed fee hike—of course, that is assuming they are allowed to have their home office business at all.

Unfortunately, such home office businesses might *not* be allowed to pay and obtain a home occupation permit, because of whole additional set of unusually and inexplicably burdensome home occupation regulations that are entirely unnecessary for minimizing potential neighborhood effects.

That is, the city limits each household to at most two home businesses—even definitionally indiscernible home office businesses—with at most three involved residents, using at most one otherwise permitted, ordinary household vehicle between them, and occupying less than 10% of the home’s square footage all together, regardless of how small the home, which is, by the way, an especially big problem for larger, low-income, often minority families, living in smaller dwellings.

Compounding the problem, even now the fee for requesting exceptions to these unusual rules is too high. At present the city claims its exceptions-request fee is \$3,780 (see [“current fee” column at row #176](#)). However, one city official I spoke with said this may just be the “base fee,” which could increase under certain circumstances. Furthermore, during previous discussions with the city I was told the base fee was anywhere between \$4,263.84 and \$4,853.52. In any event, whether \$3,780, \$4263.84 or \$4853.52, the fee is too high even without the proposed fee hike to \$5,265.

### **Examples of negative impacts**

Real people would be as negatively impacted by the proposed fee increases as they are by the current unusually and inexplicably burdensome home occupation regulations. Some of these people I will discuss here. However, I will start with a couple of hypothetical examples.

Consider a married couple, in this case a husband and wife. Husband already works at home for his own indiscernible home office business, only occasionally using one of their family’s two otherwise permitted, ordinary household vehicles. Wife wants to do the same, occasionally using the other vehicle. Together they would generate far less traffic than if either one of them commuted to a full-time employment job-site. Still, they would need to apply for an exception to the single vehicle use rule in order to proceed legally.

What should they do?

- Should they throw a non-refundable \$5,265 at the problem and roll the dice, enduring a public hearing and a 4-6+ month wait?
- Should the wife lie to the city on her home occupation registration application and hope the couple doesn't get caught using both vehicles?
- Should she proceed without registering as a home occupation and thus operate illegally, and therefore be unable to secure a business license, and, without that, be unable to open a business bank account, segregate business and personal finances for tax purposes or have clients make payments in her business' name?
- Should the couple curtail their businesses by trying to share one vehicle, and hope they never need to use their other as a back-up while that one is in the shop?
- Should they wait until as late as 2029 or beyond for promised reform?
- Or should they just go their separate ways?

None of these are tenable options, of course, for either the couple or for the city, given its various related policy goals, as detailed in [my letter sent to the city late last year](#).

What about a situation in which a married couple already has two home occupations, but now their young adult daughter wants one too. Maybe she wants to work from home as an independent contractor, or start a "side hustle," or engage in "gig work," each of which would count as a "home occupation," incidentally, as also explained in last year's letter.

What should she do? Her options would be the same as in the previous hypothetical. However, it's also worth pointing out that:

- Waiting any length of time, let alone years, is an especially unrealistic option for a young adult. Many consequential life decisions are made during the young adult years—there's no time to wait.
- How many 18-20 somethings can afford to toss \$5,265 into the ring for the chance at being allowed to try to beat the odds against them even earning that amount back with their home business, assuming they are ever allowed to give it a go.
- Do we want to incentivize young adults to resort to moving out—assuming they could even afford to—when the family would otherwise prefer to stay together, and do this just as we are grappling with a housing crisis and trying to encourage extended family living with re-zoning measures?

The last hypothetical relates to one of the "real people" I mentioned—our youngest adult son, who would like to start an indiscernible, home-based computer programming, game development business, but has temporarily—and perhaps permanently—given up on this dream.

We have four adults living in our home, my husband, myself and our two young adult sons. All of us either have or would like to have at least one indiscernible home-office or studio business. However, we have already hit the max of two, with my indiscernible home-based law practice and our eldest son's indiscernible home electronic music production studio.

Therefore, my husband and our youngest son are out of luck, as am I when it comes to a couple of other indiscernible home occupations I am interested in starting, including a home-based non-profit organization and a home music studio.

My husband held back on registering his indiscernible consulting business as a home occupation years ago, in order to “save” that one for future potential home occupations (which did in fact materialize), given advice from city staff at that time that he could employ a “work around” by renting a so-called “virtual office.” Nearly \$15,000 in virtual office rent/fees later, and my husband would really just like to be allowed register his business as a “home occupation,” without either paying yet another \$5,265 for the chance at obtaining an exception, or waiting for years, or, certainly, moving out.

### **Conclusion**

For all of these reasons and more, we urge City of Sacramento residents to again stand up for equity, fairness and the smallest of small businesses by joining us in urging their councilmembers to reject those fee hikes and instead frontload promised reform of the city’s unusual and inexplicably burdensome home occupation regulations.