

CITY COUNCIL STUDY SESSION

Council initiation of amendments to the Land Use Code (LUC) to allow higher floor area ratio (FAR) or density for certain residential uses to incentivize residential over commercial developments.

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DIRECTION NEEDED FROM COUNCIL

DIRECTION

Initiate amendments to the LUC to allow higher FAR or density for certain residential uses to incentivize residential over commercial developments and direct the Planning Commission to process the LUCA.

RECOMMENDATION

Move to initiate amendments to the LUC to allow higher FAR or density for certain residential uses to incentivize residential over commercial developments and direct the Planning Commission to process the LUCA.

BACKGROUND & ANALYSIS

Next Right Work Background

Since the adoption of the Affordable Housing Strategy (AHS) in June 2017, the City has made significant progress towards achieving the target of 2,500 affordable housing units over 10 years. On July 5, in building upon the AHS, Council prioritized three “Next Right Work” actions to further increase housing production and affordable housing opportunities in the City. The three actions are:

1. Remove barriers to micro-apartments (Council initiated on October 10);
2. Allow higher FAR or density for certain residential uses to incentivize residential over commercial developments; and
3. Reduce permit fees for affordable housing projects

This agenda item provides information and requests Council initiation of the second action—allow higher FAR or density for residential uses. The third action is covered separately with its own memo.

LUCA Objectives

This LUCA is intended to increase housing production and affordable housing opportunities in the City by incentivizing residential over commercial developments. In the past decade of the City’s growth, developers have shown a preference to develop commercial (office) uses because, in part, commercial developments are more economically competitive than residential developments. During stakeholder engagement for the Next Right Work, developers identified some difficulties related to density—the allowed maximum, its utilization and unit of measurement (dwelling units (DU) per acre)—that have potentially discouraged residential projects in the City.

Density, measured as FAR or DU per acre, is the amount of development allowed on any particular project site. When measured as FAR, it is the total building floor area in relation to the total project site area, i.e., building floor area/site area, irrespective of the number of units. When measured in DU per acre, it is the number of dwelling units per acre, irrespective of the floor area. In many of the City's growth areas (BelRed, Downtown, Eastgate, and East Main), density—in combination with development standards such as height, stepbacks, floor plate size, lot coverage, and other design requirements—is used to control a project's development intensity and shape of the building.

During the July 5 Next Right Work discussion, the proposed action to allow higher FAR or density included consideration of the current height and form standards. Thus, this LUCA will respond to these identified issues related to FAR and density in order to encourage residential developments, while carefully reviewing the height and form standards, and any changes thereto.

Proposed LUCA Components

The LUCA includes amendments to the Land Use Code (LUC) related to density, specifically the allowed maximum, its utilization and unit of measurement (dwelling units (DU) per acre). The LUCA is proposed to apply to certain mixed-use Land Use Districts so that developers have a choice of whether to build commercial or residential uses, including Downtown, Office, Office and Limited Business, Neighborhood Business, Community Business, and Factoria (F2, & F3), so that developers will choose to construct residential uses in these Districts.

This LUCA is planned in two phases. Phase 1 focuses on increasing residential FAR and adding flexibility for how to utilize FAR across a project located on multiple overlays and Land Use Districts in Downtown. Phase 2 focuses on increasing the residential FAR and converting the DU per acre measurement to FAR in certain other mixed-use Land Use Districts within the City's growth areas.

Phase 1 – Interim LUC amendments to Downtown:

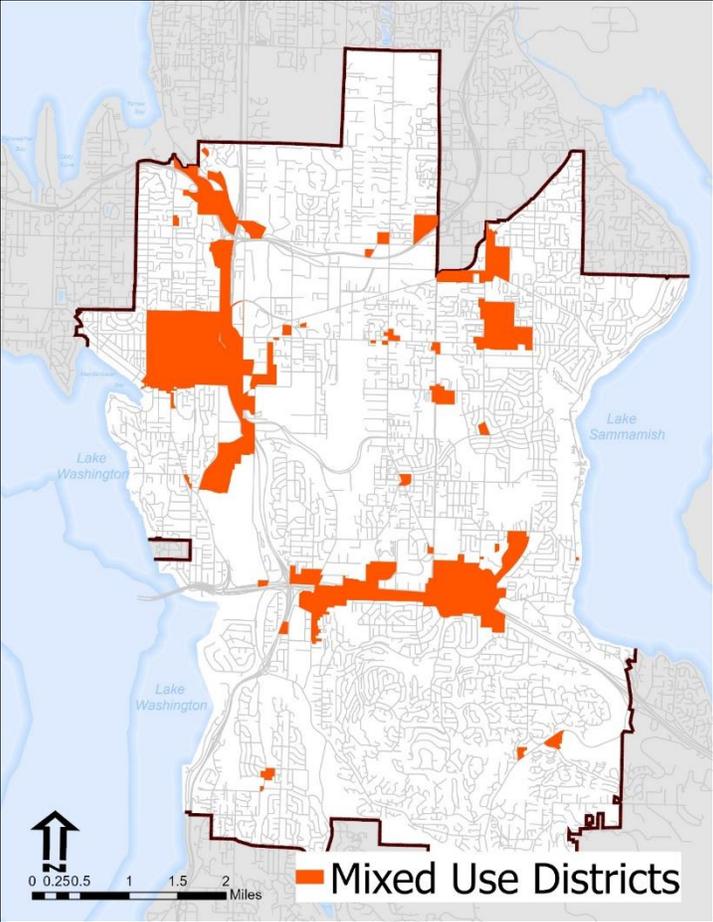
- Utilize Interim Official Control (IOC)
- Increase residential FAR
- Add flexibility for how FAR may be used between multiple land use districts within a single project limit
- Adjust the affordable housing FAR exemption, as appropriate
- Intend to quickly encourage residential development
- Responsive to application-ready residential projects to move towards permitting
- Provide a chance to study whether the FAR adjustments achieve the desired outcomes
- Council process with anticipated adoption in the second quarter of 2023

Phase 2 – Permanent LUCA:

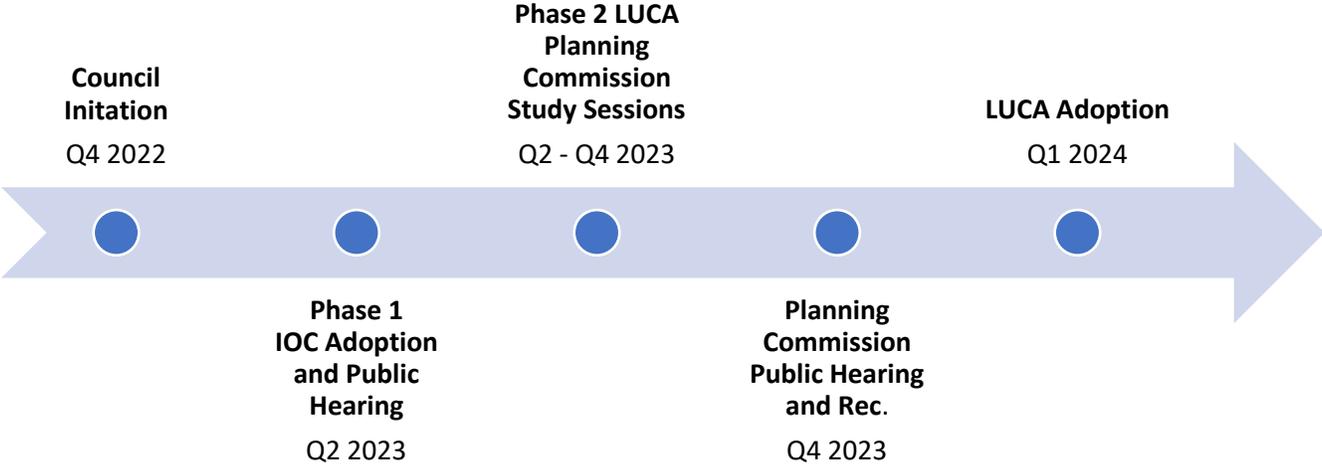
- Apply to certain mixed-use Land Use Districts (Downtown, Office, Office and Limited Business, Neighborhood Business, Community Business, and Factoria (F2 & F3)), see Map below
- Does not apply to Wilburton and BelRed (changes would be considered as part of their subarea planning efforts)
- Does not apply to East Main (LUCA was recently completed)
- Increase residential density
- Convert DU per acre to FAR

- Review current height and form standards
- Adjust the affordable housing exemptions, incentives and/or in-lieu-fees, as appropriate

Land Use Districts included in Phase 2



Project Timeline



Public Engagement

Staff is proposing a public engagement plan with three modes of outreach to ensure the public, stakeholders, and interested parties have the opportunity to be informed and to provide comments.

Phase 1 – Interim LUC amendments to Downtown:

- Council Study Session prior to adoption
- Council Regular Session for adoption
- Public hearing within 60 days of adoption
- Direct engagement and feedback with developers, affordable housing providers and advocates, residents and other stakeholders
- City webpage to provide opportunities for the public to stay informed and to request additional information

Phase 2 – Permanent LUCA:

- Direct engagement and feedback with developers, affordable housing providers and advocates, residents and other stakeholders
- City webpage to provide opportunities for the public to stay informed and to request additional information
- Process IV Requirements (Chapter 20.35 LUC) for procedural requirements to provide opportunities for public comment

POLICY & FISCAL IMPACTS

Policy Impact

This LUCA is intended to advance the AHS, Action D-3. *Change the City's approach to density calculation in multi-family zones to allow more flexibility in unit size and type.*

Additionally, the LUCA will advance the following Comprehensive Plan policies:

- **HO-11.** Encourage housing opportunities in mixed residential/ commercial settings throughout the City.
- **HO-12.** Provide incentives to encourage residential development for a range of household types and income levels in multifamily and mixed use commercial zones.
- **HO-17.** Evaluate the housing cost and supply implications of proposed regulations and procedures.

Fiscal Impact

There is no fiscal impact anticipated as a result of the IOC and LUCA.

OPTIONS

1. Initiate amendments to the LUC to allow higher FAR or density for certain residential uses to incentivize residential over commercial developments and direct the Planning Commission to process the LUCA.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A