

STAFF REPORT

To: HCD Committee,
PED Committee

Date: September 16, 2014

From: Jeff Staudinger, Assistant Director, Community and Economic Development
Blake Esselstyn, Urban Planner III

Subject: Changes to Residential Density in Commercial Zoning Districts

Summary Statement: An update on staff's efforts to refine the maximum allowances included in the continued wording amendment regarding residential density limits in commercial zoning districts.

Review: Staff originally brought forward the wording amendment in question, proposing changes to residential density limits in commercial zoning districts, primarily as an effort to better realize the goal of increased residential infill density along commercial corridors. However, with affordable housing as one of Council's focus areas, Council and staff recognized that the amendment could serve as an instrument to encourage the construction of more new affordable units.

In winter and spring of 2014, when the wording amendment was first being drafted, staff developed the proposed maximum densities based on a methodology assuming that residential building volumes would not exceed the theoretical largest building that could be developed as a wholly *commercial* development. The figures were also affected by suppositions about site design: landscape buffers, parking, building height, multiple buildings on a site, etc.

In June of this year, Council was scheduled to hear the wording amendment. The item was continued in order that staff might further discuss the figures with the HCD Committee, reconsider the numbers associated with those limits and whether they needed to be adjusted to better meet the aforementioned Council goals.

At the July HCD Committee meeting, the committee asked staff to reconsider, and do more analysis of, the proportion of units that would be required to be affordable in order to maximize density. Further, staff was asked to examine whether the maximums were sufficiently high to fully support the goal of encouraging infill density while still ensuring compatibility with surrounding areas.

Staff has devoted considerable time to refining the numbers, and has used interactive spreadsheets, as well as other tools, to investigate how the density numbers are affected when certain assumptions (e.g., number of parking spaces provided per unit) are adjusted. Staff also has given attention to the matter of the percentage of affordable units required to maximize density, and how that maximum density relates to the density allowed for purely market-rate housing. Recognizing that such incentives will appeal to developers only if the math truly represents an encouraging option, staff is scheduling conversations with developers to examine the key ratios and factors that would enable the amendment to have the desired impact.

The table below is meant to illustrate how differing approaches and assumptions affect the numbers, not only of maximum density, but also of affordable housing units provided, and additional market units provided. Though ten districts could be affected, three representative districts are shown here as examples. The middle group of columns (gray header) represents numbers similar to what was offered back in June; the right hand grouping provides an alternative approach that could yield more density, as well as more affordable units.

Staff is seeking guidance and direction from the Council committees regarding the desired approach to pursue.

Zoning District	Status Quo	Moderate Increase in Density (and bonus provided with 10% affordable housing)				Maximum Buildout Approach (and bonus provided with 20% affordable housing)			
	Maximum density (units/ac)	Maximum density (units/ac)		Additional units yielded by bonus		Maximum density (units/ac)		Additional units yielded by bonus	
		Market-rate	With affordable	Market-rate	Affordable	Market-rate	With affordable	Market-rate	Affordable
Office Business	12	16	20	2	2	20	40	12	8
River	16	32	40	4	4	30	60	18	12
Regional Business	32	40	50	5	5	35	70	21	14

Action required: NO Committee action is required. The discussion will inform staff's work to bring back a revised wording amendment for Council consideration.