

DATE: February 27, 2025

TO: Housing Commission

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RE: LASS + CAP Code Concepts Report Follow-Up

I. Purpose of the Work Session:

Staff seeks direction on the Land Availability and Suitability Study and Code Analysis Project (LASS+CAP) draft [Code Concepts Reports](#) to identify the focus of the next phase, which includes refining the core development standards, incentives, and concepts into more detailed, actionable recommendations for either specific code amendments or further analysis.

II. Project Purpose:

The purpose of the CAP is to analyze and evaluate the City's development codes and processes to understand and identify ways to overcome barriers to the City's 10-Year Housing Plan and Carbon Neutrality Plan. Through these plans, the City has committed to achieving the following goals:

The 10-Year Housing Plan aims to reduce the affordable housing need in our community by half over the next ten years through two elements:

1. Impact at least 6,000 low-to-moderate income Flagstaff residents through a combination of unit creation or subsidy provision.
2. Create or preserve 7,976 housing units by 2031 with a minimum of 10% of them being affordable. This will increase the overall supply of market rate, workforce, and affordable housing occupied by local residents.

The Carbon Neutrality Plan has three primary goals:

1. Achieve **carbon neutrality** by 2030 through a 44% reduction in greenhouse gas emissions.
2. Prepare Flagstaff's communities, systems, and resources to be more **resilient** to climate change impacts.
3. Address climate change in a manner that **prioritizes those most impacted** and ensures the costs and benefits of climate adaptation and mitigation are equitably distributed.

III. Project Overview:

The CAP already produced a [Code Diagnostic Report](#), which identified and analyzed barriers to key outcomes in the 10-Year Housing Plan and the Carbon Neutrality Plan. The current phase explores options for code updates to address the most significant barriers. The report is organized into:

1. **Code Concepts** focus on conceptual updates to address key barriers associated with the following code sections/topics:
 1. Sustainable Development Standards and Incentives, including Transportation Demand Management (TDM)
 2. Resource Protection Overlay Zone
 3. Reduced Street Widths
 4. Winter Parking Ordinance and Snow Removal

The Code Concepts are independent of, and intended to complement and inform, the three scenarios for core development standards and incentives.

2. **Scenarios for Core Development Standards and Incentives** focus on how different combinations and calibrations of interrelated core development standards and incentives impact housing and climate outcomes associated with new development and redevelopment. They are packaged into three conceptual scenarios, each of which explores variations on:

1. Use Regulations and Housing Types by Zone District
2. Maximum Density
3. Floor Area Ratio (FAR)
4. Minimum Parking Requirements
5. Affordable Housing Incentives
6. Sustainable Building Incentives
7. Menu of Sustainable Development Standards

IV. Summary of Findings: Code Concepts

The report proposes concepts for updating key code provisions that may have a significant impact on the City's desired housing and sustainability outcomes:

1. **Menu of Sustainability and Transportation Demand Management (TDM) Standards.** This code concept proposes adopting a menu or points-based approach to require and incentivize a sustainable design in all projects, consistent with Scenario 2. TDM should be conceived as a critical component of the menu or points-based system.
2. **Resource Protection Overlay.** This code concept proposes migrating from a broad overlay zone that requires site-specific inventories to a more focused overlay that focuses on resources that were inventoried as part of a citywide study. This concept could apply to both forest and slope resources. Resource Protection standards should not restrict density more than base zoning and should allow overlapping slope and forest resources to count towards meeting both requirements.
3. **Reduced Street Widths.** This code concept proposes new options for narrower street designs that would allow slightly higher density for some development types, reduce street construction costs for all developments, and calm traffic speeds.
4. **Winter Parking Ordinance and Snow Removal.** Based on a review of snow removal and parking management programs in comparison cities, alternative code concepts to the existing Winter Parking Ordinance include:
 - a. Designate specific streets for snow removal based on traffic volumes and necessity for emergency services.
 - b. Implement a form of alternate/odd-even parking limitations so that at least one side of a public street is available for overnight, on-street parking during snow removal operations.
 - c. Only prohibit on-street parking during a declared snow accumulation event based on a specific amount of snow and ice accumulations so that on-street parking is available during non-accumulation.

V. Summary of Findings: Scenarios - Calibrating Core Development Standards and Incentives

Each of the following scenarios represents a different calibration of the core development standards and incentives, showing how different sets of changes can advance the City's housing and climate goals to varying degrees. Each scenario is analyzed below against the key housing and climate outcomes identified in the CAP Code Diagnostic Report.

In addition, the consultant team identified the following key findings and implications:

1. On an absolute basis, the existing development environment is extremely challenging. The high cost of construction and land appear to be rendering residential development infeasible in many situations.
2. Across all scenarios, parking reductions were critical to the market feasibility of higher density prototypes.
3. Scenario 1 shows that increasing the attractiveness of incentives presents a viable opportunity to incentivize affordable housing and elevated sustainable design but is unlikely to increase the overall housing stock on its own. It is also the lowest risk option for Proposition 207 claims.
4. Scenario 2 shows that it is viable to elevate sustainability standards for all new development and increase market-rate housing production by pairing these standards with increased density and reduced parking, but is unlikely to increase the affordable housing stock on its own. Scenario 2 also shows that FAR caps can regulate development intensity and promote smaller housing units.
5. Scenario 3 shows that increasing density and reducing parking can increase market-rate housing production, but achieves fewer sustainability outcomes than Scenario 2 and is unlikely to increase the affordable housing stock on its own.
6. **Ultimately, City Council may provide direction on a final scenario based on the code concepts, core development standards, and incentives. It may include a combination of elements from each of the three scenarios that best advance housing and climate goals.**

A summary of each scenario and its anticipated housing and climate outcomes are described below. These outcomes were first explored in the Code Diagnostic Report, which evaluated the extent to which the City’s development codes and processes are a barrier (or not) to these desired outcomes.

Scenario 1 – Optimize Incentives for Sustainable Design and Affordable Housing

This scenario optimizes the benefits that developers would receive from taking either the Affordable Housing or the Sustainable Residential Building Incentives by significantly increasing the density bonuses and parking reductions from taking these incentives. No other code changes are proposed.

Scenario 1: Anticipated Impacts on Housing and Climate Outcomes			
10-Year Housing Plan: Moderate Impact		Carbon Neutrality Plan: Low Impact	
Abundant Housing Supply	Low	Community Resilience, Health & Safety	Moderate
Diversity of Housing Types	Moderate	Sustainable Transportation Networks and Neighborhoods	Low
Lower Cost Market Rate Housing Production	Low	Electric Mobility	Low
Income-Restricted Affordable Housing Production	High	Energy	Low
Mixed-Use Development and Neighborhoods	Low	Waste and Water	Low
Infill Development and Compact Land Use Patterns	Moderate	Healthy Forests and Carbon Dioxide Removal	Moderate
Equity and Fair Housing	Moderate		

Scenario 2 – Elevate Sustainable Design and Increase Market Rate Housing Production

This scenario focuses on substantial updates to the core development standards (base code) along with smaller updates to the incentives, including:

1. A menu of sustainable design standards for developers to choose from
2. Substantial increases in maximum allowed density
3. Substantial decreases in minimum parking standards
4. Floor Area Ratio (FAR) caps in most zones
5. Single-use residential buildings in commercial zones
6. A small increase in the density bonus and a large decrease in minimum parking for projects that use either Affordable Housing or Sustainability Residential Building Incentives
7. Additional sustainable design features for projects that use the Sustainability Residential Building Incentives

Scenario 2: Anticipated Impacts on Housing and Climate Outcomes			
10-Year Housing Plan: High Impact		Carbon Neutrality Plan: High Impact	
Abundant Housing Supply	Moderate	Community Resilience, Health & Safety	Moderate
Diversity of Housing Types	High	Sustainable Transportation Networks and Neighborhoods	High
Lower Cost Market Rate Housing Production	High	Electric Mobility	High
Income-Restricted Affordable Housing Production	Low	Energy	High
Mixed-Use Development & Neighborhoods	High	Waste and Water	High
Infill Development and Compact Land Use Patterns	High	Healthy Forests & Carbon Dioxide Removal	Moderate
Equity and Fair Housing	High		

Scenario 3 – Increase Density to Support Market Rate Housing Production and Indirectly Support Sustainability *

This scenario proposes the same updates as Scenario 2, but it includes higher density increases in commercial zones and does not include FAR caps and the menu of sustainable design standards.

** Note: the Scenario 3 title was revised for clarity. Former title: 'Support Sustainability Through Density and Maximize Housing Production.'*

Scenario 3: Anticipated Impacts on Housing and Climate Outcomes			
10-Year Housing Plan: High Impact		Carbon Neutrality Plan: Moderate Impact	
Abundant Housing Supply	High	Community Resilience, Health & Safety	Moderate
Diversity of Housing Types	High	Sustainable Transportation Networks and Neighborhoods	High
Lower Cost Market Rate Housing Production	Moderate	Electric Mobility	Moderate
Income-Restricted Affordable Housing Production	Low	Energy	Moderate
Mixed-Use Development & Neighborhoods	High	Waste and Water	Moderate
Infill Development and Compact Land Use Patterns	High	Healthy Forests & Carbon Dioxide Removal	Moderate
Equity and Fair Housing	High		

VI. Decision Points:

City staff are seeking direction on the questions below. Decisions will inform LASS+CAP Task Five to prepare final recommendations for code, incentive, and policy changes.

1. **Which outcomes are preferred to address housing and climate outcomes together?**
 - a. Are there any zoning districts that should be excluded or treated differently?
2. **Should by right density increases be limited to areas that have Low Vehicles Miles Traveled or some similar geography?** This may require area-wide rezoning, a new overlay zone, or new zoning standards that incentivize transit-oriented projects.
 - a. Do we want to increase density allowances for affordable housing projects (those that serve a certain Area Median Income—AMI) or all Market Rate Housing?
3. **Floor Area Ratio (FAR) caps**
 - a. Do you support managing the intensity of residential land uses with a tool like FAR caps? Density increases will impact the current High Occupancy Housing (HOH) standards, which are intended to address the intensity of residential land uses.
4. **Do you support moving forward with substantial reductions in parking minimums?**
 - a. Should parking be left to the developer or market to decide? (No minimum standards). Or should there still be standards?
 - b. Should on-street parking be addressed in conjunction with reducing parking requirements?
5. **Sustainability and Transportation Demand Management (TDM)**
 - a. Do you support creating a menu of sustainable design standards for developers to choose from? This would provide flexibility while raising standards. These standards would be accompanied by an increase in density and reduction in parking.
 - b. Should a wider menu of TDM strategies (such as carpooling, transit-oriented design, bicycle facilities, transit passes, site design, etc.) be included as part of this menu, in addition to standards focused reductions in energy, water, waste, and greenhouse gas emissions?
6. **Reduced Street Width:**
 - a. Do you support developing a strategy and outlining a process for creating a narrower local street design option?
7. **Winter Parking Ordinance:**
 - b. Do you support developing a strategy and outlining a process for replacing the current Winter Parking Ordinance?