



Date: March 27, 2025
TO: Planning and Zoning Commission
FROM: Tiffany Antol, AICP, Zoning Code Manager
Through: Michelle McNulty, AICP, Planning Director
RE: **Single Use Residential & Adaptive Reuse Incentives Zoning Code Text Amendment**

I. Purpose of the Work Session:

Staff is requesting feedback from the Commission on a zoning code text amendment allowing Single-Use Residential development in commercial zones as an affordable housing incentive and providing additional incentives for Adaptive Reuse projects. Both Single Use Residential and Adaptive Reuse become new defined terms in the Zoning Code.

II. Overview of Proposed Amendments:

A. PZ-25-00041 – Single Use Residential & Adaptive Reuse Incentive Zoning Code Text Amendment

The Housing Section is currently preparing a policy/program for the provision of housing bond funds for eligible adaptive reuse projects. After consultation with the Housing Section about their proposal to create a program to encourage adaptive reuse, staff identified a potential zoning code amendment to make these projects easier to accomplish as an incentive for providing affordable housing resources in alignment with the new policy/program.

The Zoning Code currently requires that most single-use residential (100% residential) developments in commercial zoning districts obtain a Conditional Use Permit (CUP) prior to issuance of construction permits. As an incentive to bypass the conditional use permit process for both adaptive reuse and single-use residential projects, the developer must provide a minimum of 20% of all housing units within the development at an average of 80% Area Median Income (AMI), (with a maximum household income of 100% AMI) for a period of 30 years for rental projects. For ownership projects, the developer must provide 15% of all housing units at an average of 150% AMI for a period of 99 years. To incentivize developers to provide more than the usual 10% affordable housing contribution, the incentive of not having to obtain a conditional use permit requires a minimum affordable housing contribution of 20%. Increasing the affordable housing contribution from 10% to 20% will more swiftly address the declared affordable housing shortage in Flagstaff's 10-Year Housing Plan.

Staff is looking for feedback from the Commission on the following incentives:

- New Definitions
 - **Single-Use Residential: A development containing only residential uses.**
 - **Adaptive Reuse: The repurposing of an existing building from the use for which it was constructed to a new use by preserving the elements of the existing building rather than demolition.**

- **New Affordable Housing Incentives**
 - **Single Use Residential in Commercial Zones.** Projects providing a minimum of 20% of all housing units within the development at an average of 80% AMI (with a maximum household income of 100% AMI) for a period of 30 years for rental or a minimum of 15% of all housing units at a maximum of 150% AMI for a period of 99 years for ownership are not required to obtain a Conditional Use Permit.
 - **Adaptive Reuse Projects.** Projects providing a minimum of 20% of all housing units within the development at an average of 80% AMI (with a maximum household income of 100% AMI) for a period of 30 years for rental or a minimum of 15% of all housing units at a maximum of 150% AMI for a period of 99 years for ownership.
 - a. **Applicability.** To be eligible for the Adaptive Reuse Project incentives, the following criteria must be met:
 - (i) The building shall be a minimum of fifteen years of age; and
 - (ii) The project may not include additions that exceed 25% of the existing building.
 - b. **Adaptive Reuse Project Incentives.** Applicable projects are not required to do the following:
 - (i) Provide additional parking spaces or update the existing parking spaces in accordance with Division 10-50.80: Parking Standards or Division 10-30.60: Site Planning Design Standards. All Zoning Ordinance requirements for accessible parking shall apply. If the total parking required is less than the number of spaces that exist, then the number of parking spaces may be reduced to that number of required parking spaces, and
 - (ii) Provide additional or update the existing on-site landscaping in accordance with Division 10-50.60: Landscaping Standards, and
 - (iii) Provide Common Space as required by the zoning district, and
 - (iv) Comply with the provisions of Division 10-50.020: Architectural Design Standards.

III. Community Involvement:

Staff will pursue community involvement in the review of these amendments after staff has completed the draft text amendments. A formal work session with the Planning & Zoning Commission will be noticed to the public after the text amendments have been fully drafted based on feedback.

IV. Conclusion:

As indicated above, the purpose of the work session is for staff to present an overview of the Zoning Code's proposed amendments and allow interested individuals, residents, and business owners to provide comments. The work session also allows the Commission to ask questions, seek clarification, have discussions, and offer comments on the proposed amendments. No formal recommendation or action by the Commission to the City Council is to occur at the work session. Additional opportunities for discussion, public comment, and action by the Commission will occur at a future public hearing.

Attachments:

- PZ-25-00041 Draft Zoning Code Text Amendment