

**Case No. PZ-25-00041 – Single Use Residential in Commercial Zones and Adaptive Reuse Incentives**

Provisions that are being deleted are shown in bold ~~strikethrough~~ text.

Provisions that are being added are shown in bold red text.

Section 1. Amend Title 10 Flagstaff Zoning Code, Chapter 10-30: General to All, Division 10-30.20: Affordable Housing Incentives, Section 10-30.20.040: Affordable Housing Incentives, as follows:

10-30.20.040 Affordable Housing Incentives

An applicant that meets the terms of this division may be eligible for certain incentives. Incentives can include reductions in resources protections, density bonuses, reduced parking and other modified Zoning Code requirements, including, but not limited to, a reduction in setback, square footage or landscaping requirements that result in identifiable, financially sufficient and actual cost reductions. Specific incentives can be found in subsection (B) of this section. Additional incentives, such as fee reductions, fee waivers, and expedited processing can also be found in the IPAH.

A. Number of Incentives. Based on the percentage of affordable units and the level of affordability (e.g., category 1 to 4), the City may grant the applicant incentives listed in subsection (B) of this section. The number of incentives increases as the percentage of affordable units increases as outlined in Table 10-30.20.040.A, Number of Incentives.

Table 10-30.20.040.A: Number of Incentives

Number of Incentives	Category 1 <sup>1</sup> Permanent Affordability (% of Affordable Units)	Category 2 <sup>1</sup> Permanent Affordability (% of Affordable Units)	Category 3 <sup>1</sup> Permanent Affordability and Sustainable Building – Division 10-30.70 (% of Affordable Units)	Category 4 <sup>1</sup> One-time Affordability (% of Affordable Units)
1	10%	10%	10%	10%
2	11%	12%	12%	
3	12%	14%	14%	
4	13%	16%	16%	

Table 10-30.20.040.A: Number of Incentives

Number of Incentives	Category 1 <sup>1</sup> Permanent Affordability (% of Affordable Units)	Category 2 <sup>1</sup> Permanent Affordability (% of Affordable Units)	Category 3 <sup>1</sup> Permanent Affordability and Sustainable Building – Division 10-30.70 (% of Affordable Units)	Category 4 <sup>1</sup> One-time Affordability (% of Affordable Units)
5 or more	14% or more	20% or more	20% or more	

End Notes

<sup>1</sup>The income ranges associated with Categories 1 through 4 shall be determined by the Council in the most recently adopted IPAH document (see Appendix 6 (Additional Information on Affordable Housing)).

B. Incentives Defined. For the purposes of this division, developer incentives for affordable housing development are defined below.

1. Resource Protection Standards.

a. Where forest resources on a site overlap with steep slope resources, the forest resources in the steep slope area may be counted toward the required amount of forest resources for the whole site. (See Division 10-50.90, Resource Protection Standards.)

b. In addition, the forest resources that must be retained on-site in the Resource Protection Overlay (RPO) zone may be reduced for affordable housing developments based on the percentage of affordable units provided and the category of affordability. (Forest resource protection requirements are provided in Table 10-50.90.060.A, Forest Resource Protection Thresholds as a Percentage of Site Area, in Division 10-50.90, Resource Protection Standards.

(1) The potential forest resource reductions for affordable housing are shown in Table 10-30.20.030.B, Reduction in Forest Resource Protection Thresholds for Affordable Housing Developments.

(2) For example, an affordable housing development in category 2 that provides 10 percent of the units as affordable could reduce the forest resource protection by 20 percent, so that 40 percent of the forest must be retained instead of 50 percent (i.e., the 50 percent requirement for forest resource protection [Table 10-50.90.060.A, Forest Resource Protection Thresholds as a Percentage of Site Area] is reduced by 20 percent).

(3) For categories 1 and 2, the forest resource reduction could be additive for a development, if the percentage of affordable units is met. Category 3 stands alone and cannot be combined with forest resource reductions in other categories. However, the maximum amount that forest resources may be reduced for an affordable housing development is 50 percent.

Table 10-30.20.040.B: Reduction in Forest Resource Protection Thresholds for Affordable Housing Developments

Category 1 <sup>1</sup> (Permanent Affordability)		Category 2 <sup>1</sup> (Permanent Affordability)		Category 3 <sup>1</sup> (Permanent Affordability and Sustainable Building – Division 10-30.70)	
Percentage of Affordable Units	Resource Reductions	Percentage of Affordable Units	Resource Reductions	Percentage of Affordable Units	Resource Reductions
10%	25%	10%	20%	10%	25%
11%	30%	12%	25%	12%	30%
12%	35%	14%	30%	14%	35%
13%	40%	16%	35%	16%	40%
14%	45%	18%	40%	18%	45%
15%	50%	20%	45%	20%	50%

End Notes

1. The income ranges associated with Categories 1 through 3 shall be determined by the Council in the most recently adopted IPAH document (see Appendix 6 (Additional Information on Affordable Housing)).

2. Density Bonus. Affordable housing developments may be eligible for a density bonus if at least 10 percent of the proposed units are affordable in compliance with Section 10-30.20.050, Density Bonus.

3. Parking Incentives.

a. The number of required parking spaces for affordable housing is reduced as specified in Table 10-50.80.040.A, Number of Motor Vehicle Parking Spaces Required; and

b. Modifications to parking requirements for affordable housing developments within one-quarter mile of a transit stop may be reduced up to 15 percent.

4. Adjustment of Property Development Standards.

a. Affordable housing can utilize Planned Residential Development (Section 10-40.60.280) in any zone to provide flexibility in the application of building form requirements and to increase the potential building types.

b. Minor modifications to property development standards for affordable housing developments may be modified up to 15 percent.

c. Additional modifications to the property development standards may be approved by the City Council for a Category 1 affordable housing development that provides 100 percent of the dwelling units to persons or families with a household income equal to 80 percent or less of the area median income as published annually by the U.S. Department of Housing and Urban Development for the City of Flagstaff.

(i) To approve a request to modify the property development standards, the City Council shall find that the following criteria have been met:

(a) The modifications are consistent with and conform to the goals of the General Plan and any applicable specific plans;

(b) The modifications will not be detrimental to the public interest, health, safety, convenience, or welfare of the City and will add to the public good as described in the General Plan;

(c) The requested modifications will not endanger, jeopardize, or otherwise constitute a hazard to the property or improvements in the vicinity in which the property is located;

(d) The proposed development is consistent with the character of the area; and

(e) The type, quality, and amenities of the development are consistent with those found in similar developments that are available to the public at market rate.

(ii) Additional findings to approve a request to modify the number of motor vehicle parking spaces required (Section 10-50.80.040). To approve a request to modify the motor vehicle parking requirements, the City Council shall also find that:

(a) Adequate transit service is available to the development site. Adequate transit service from a development site to a permanent transit stop is:

(1) Less than or equal to 1,320 feet; or

(2) A distance greater than 1,320 feet when the City Council finds that the route to the permanent transit stop has adequate nighttime lighting and does not have a significant grade change, and the distance does not impede reasonable access to transit.

The distance between the permanent transit stop to the development site shall be measured following a continuously improved sidewalk and/or public paved trail.

(iii) Notice of the City Council Meeting. A minimum of 15 days prior to the City Council meeting, the applicant shall:

(a) Notify by first-class mail all property owners of record within 300 feet of the subject property of the purpose of the request, and the time, date, and place of the City Council meeting;

(b) Notify by first-class mail all homeowners' associations (HOAs) that govern land within 1,000 feet of the subject property as well as all persons or groups whose names are on the registry of persons and groups described in Section 10-20.30.080.C who are interested in receiving such notice, of the purpose of the request, and the time, date, and place of the City Council meeting;

(c) Notify by first-class mail all affordable housing advocacy agencies on file with the City of Flagstaff's Housing Section of the purpose of the request, and the time, date, and place of the City Council meeting; and

(d) Install a minimum of one sign that is at least four feet by four feet on the development site in a location clearly visible from a public right-of-way and adjacent residents setting forth the purpose, time, date, and place of the City Council meeting, with an attached information tube containing copies of the meeting notice. All print on the sign shall be visible from a distance of 100 feet.

d. For the purposes of this section, the "property development standards" means building form, building placement, building types, encroachments and frontage types, fences and screening, landscape standards, lot requirements, common space, parking standards and required parking, private frontage types, and any other amount, area, dimension, quantity, size, or design requirement of the Zoning Code as determined by the Zoning Administrator. Property development standards that may be modified pursuant to this section do not include building height, density, the number of units per building type, outdoor lighting standards, signs, and the standards or guidelines of the overlay zones specified in Section 10-40.50.030.A.1. (Airport Overlay (AO)), A.2. (Downtown Overlay (DO)), A.3. (Landmarks Overlay (LO)) and A.5 (Townsite Overlay (TO)), and any historic overlay zone adopted after April 22, 2021.

5. Landscaping Standards Reductions. Minor modifications to landscaping standards for affordable housing developments may be reduced by no more than 10 percent.

**6. High Occupancy Housing. Housing developments, either for rental or purchase, in which all dwelling units are permanently affordable and offered at 60 percent or less of the Area Median Income (AMI) in compliance with the Department of Housing and Urban Development**

regulations shall not be categorized as High Occupancy Housing Development, regardless of the number units, bedrooms, or zoning.

**7. 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.

**8. 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.

Section 2. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-Transsect Zones, Section 10-40.30.040: Commercial Zones, Table 10-40.30.030.C.: Residential Zones – Building Form and Property Development Standards, as follows:

Table 10-40.30.040.B. Commercial Zones – Allowed Uses							
Primary Land Use <sup>1</sup>	Specific Use Regulations	Commercial Zones					
		SC	CC	NCC	HC	CS	CB
Residential <sup>5</sup>							
Co-Housing	10-40.60.120	UP <sup>9</sup>	UP <sup>9</sup>	UP <sup>9</sup>	UP <sup>9</sup>	UP <sup>9</sup>	UP <sup>9</sup>
Co-Housing as Part of a Mixed-Use Development	10-40.60.120	P	P	P	P	P	P
Congregate Care Facilities		UP	P	P	P	P	UP
Day Care, Centers	10-40.60.150.B	P	P	P	P	UP	UP
Day Care, Home	10-40.60.150.A	P	P	P	P	P	P
Dwelling, Duplex		UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>
Dwelling, Duplex as Part of a Mixed-Use Development		P	P	P	P	P	P
Dwelling, Multiple-Family		UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>	UP <sup>5,9</sup>
Dwelling, Multiple-Family as Part of a Mixed-Use Development		P	P	P	P	P	P
Dwelling, Single-Family Attached			p <sup>5,7</sup>	p <sup>5,7</sup>			
Dwelling, Single-Family Detached		--	p <sup>5,7</sup>	p <sup>5,7</sup>	--	--	--
Dwelling, Single-Family as Part of a Mixed-Use Development		P	P	P	P	P	P
Dormitories		UP	UP	UP	UP	UP	UP

Table 10-40.30.040.B.  
Commercial Zones – Allowed Uses

Primary Land Use <sup>1</sup>	Specific Use Regulations	Commercial Zones					
		SC	CC	NCC	HC	CS	CB
Fraternities and Sororities		UP	UP	UP	UP	UP	UP
Group Homes		p <sup>5,8</sup>	p <sup>5</sup>	p <sup>5</sup>	p <sup>5,8</sup>	p <sup>5,8</sup>	p <sup>5,8</sup>
High Occupancy Housing Development, Single-Family	10-40.60.170	--	UP	UP	--	--	--
High Occupancy Housing Development, Two Units	10-40.60.170	UP	UP	UP	UP	UP	UP
High Occupancy Housing Development, Three Units	10-40.60.170	UP	UP	UP	UP	UP	UP
High Occupancy Housing Development, Four Units and Greater	10-40.60.170	UP	UP	UP	UP	UP	UP
Home Occupation	10-40.60.180	P	P	P	P	P	P
Institutional Residential							
	Custodial Care Facilities		p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>
	Homeless Shelters						
	Emergency Shelters	10-40.60.190	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>
	Short Term Housing		p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>	p <sup>6</sup>
	Transitional Housing		P	P	P	P	P
	Sheltered Care Homes		P	P	P	P	P
	Nursing Homes		UP	UP	UP	UP	UP
Live/Work	10-40.60.200	P	P	P	P	P	P
Residence for Owner, Caretaker or Manager		P	P	P	P	P	P
Single Room Occupancy		UP	--	--	P	--	P

Table 10-40.30.040.B.  
Commercial Zones – Allowed Uses

Primary Land Use <sup>1</sup>	Specific Use Regulations	Commercial Zones					
		SC	CC	NCC	HC	CS	CB
<b>Retail Trade</b>							
Bars/Taverns		P	P	P	P	P	P
Crematorium		P	P	P	P	P	--
Drive-through Retail	10-40.60.160	P	P	P	P	--	--
Drive-through Service		P	P	P	P	--	--
Farmers Markets and Flea Markets		--	P	P	P	P	P
General Retail Business		P	P	P	P	P	P
Mixed Use	10-40.60.260	P	P	P	P	P	P
Mixed-Use High Occupancy Housing Development	10-40.60.170 and 10-40.60.260	UP	UP	UP	UP	UP	UP
Restaurant or Cafe		P	P	P	P	P	P
<b>End Notes</b>							
1. A definition of each listed use type is in Chapter 10-80, Definitions.							
2. Only allowed on lots that do not have highway frontage or behind existing/new commercial uses.							
3. Only permitted when incidental to permitted use.							
4. This use shall be screened. See Division 10-50.50, Fences and Screening, for fencing and screening requirements.							
5. Residential uses in the SC, CC, HC, CS and CB zones existing prior to the effective date of this Zoning Code are considered legal, conforming uses. Residential uses in the HC, CS and CB zones							

Table 10-40.30.040.B. Commercial Zones – Allowed Uses						
Primary Land Use <sup>1</sup>	Specific Use Regulations	Commercial Zones				
		SC	CC	NCC	HC	CS
shall be subject to the development standards established in the HR zone. Residential uses in the SC, CC and NCC zones shall be subject to the development standards established in the MR zone.						
6.	Conditional use permit is required if proximity between shelter facilities is less than one-quarter mile.					
7.	Single-family and duplex dwellings are permitted by right on existing lots 9,000 square feet or less subject to the building placement and building form requirements of the MR zone.					
8.	Only permitted in legal nonconforming single-family dwellings (attached or detached).					
9.	<b>Permitted without a Conditional Use Permit as a Single-Use Residential development per the provisions of Division 10-30.20: Affordable Housing Incentives.</b>					
Key						
P = Permitted Use						
UP = Conditional Use Permit Required						
-- = Use Not Allowed						

Section 3. Amend Title 10 Flagstaff Zoning Code, Chapter 10-80: Definitions, Division 10-80.20: Definition of Specialized Terms, Phrases, and Building Functions, Section 10-80.10: Definitions “A”, as follows:

**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.**

Section 4. Amend Title 10 Flagstaff Zoning Code, Chapter 10-80: Definitions, Division 10-80.20: Definition of Specialized Terms, Phrases, and Building Functions, Section 10-80.190: Definitions “S”, as follows:

**Single-Use Residential: A development containing only residential uses.**