Planning & Zoning Commission . 0.
Meeting Date: 01/22/2025
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Information

TITLE
Land Availability Suitability Study and Code Analysis Project - Code Concepts Report

STAFF RECOMMENDED ACTION:
Discussion item only

EXECUTIVE SUMMARY:
The Land Availability Suitability Study and Code Analysis Project is a multi-phased project to identify code barriers and recommend code revisions to remove these barriers to help achieve some goals and policies of the Flagstaff Carbon Neutrality Plan and Housing Plan goals and policies. The Project includes three deliverables, including a code diagnosis (complete), code concepts (current), and then a final report with recommendations. All phases of this project will be presented to supporting commissions (Planning & Zoning, Housing, Sustainability, and Transportation).

INFORMATION:
Overview
The purpose of this phase of the project is to develop conceptual alternatives for code updates that address some of the most significant barriers identified in the Land Availability Suitability Study and Code Diagnostic report. The report explores concepts for new code approaches that can address housing and climate goals. The report is organized in two sections:

1. **Scenarios for Core Standards and Incentives:** This section of the report lays out three alternative conceptual scenarios for how the City could amend the core interrelated use regulations and development standards that have the greatest influence on the housing and climate outcomes of new development and redevelopment in Flagstaff. These core regulations include:

- Use Regulations and Housing Types by Zone District
- Maximum Density and Floor Area Ratio (FAR) by Zone District
- Minimum Parking Requirements
- Affordable Housing Incentives
- Sustainable Building Incentives

2. **Code Concepts:** This section proposes conceptual code updates to address key barriers and issues associated with the following code sections/topics:

- Sustainability Requirements and Incentives
- Resource Protection Overlay Zone
- Reduced Street Widths
- Winter Parking Ordinance and Snow Removal

Summary of Findings

The Code Concept Document provides 3 scenarios for changing the City Code. These scenarios can be implemented independently or together:

- **Scenario 1 -- Optimize Incentives for Sustainable Design and Affordable Housing** seeks to encourage a higher share of future development projects to use incentive programs in order to improve housing and sustainability outcomes. Relatively minor changes to code standards are proposed for by-right development, while major changes are proposed to incentive programs to make them more attractive to use for private market developers.
- **Scenario 2 -- Elevate Sustainable Design and Increase Housing Production** seeks to elevate the sustainability performance of all developments by applying new requirements for sustainable design. The scenario balances this new requirement with allowances for higher maximum densities and lower minimum parking requirements for all development. This density increase would also support increasing overall housing production, which may slow housing cost increases over the long term. Incentives would continue to be available for exceptional sustainability performance and/or inclusion of affordable units.
- **Scenario 3 -- Support Sustainability Through Density and Maximize Housing Production** seeks to maximize the economic feasibility of housing development to increase overall housing supply, which may slow housing cost increases over the long term, by allowing for higher densities for all new development. In order to maximize economic feasibility, no new sustainable design requirements would be applied, but the increases in density associated with this approach would also support sustainability goals by allowing more people to live in places where it is easier to drive less and encouraging smaller unit sizes. Incentives would continue to be available for sustainable design and/or inclusion of affordable units.

Based on the prototype modeling and spatial analysis of these scenarios, the consultant team identified the following key findings and implications:

- On an absolute basis, the development environment is extremely challenging. The high cost of construction and land appear to be rendering residential development infeasible in many situations.
- Scenario 1 presents a viable opportunity for increasing the attractiveness of incentive programs, but it also is a higher risk strategy to achieve market rate housing goals. If the incentives are not calibrated appropriately, then most new developments will choose not to use the incentive. If projects are built under by-right standards, then there will be no improvement from the status quo of current housing and sustainability outcomes.
- Scenario 2 illustrates there is a viable opportunity to elevate sustainability standards for all new developments, so long as those increased costs are offset by the economic benefits of increased densities and reduced parking. A careful calibration of increasing sustainability performance while limiting cost premiums would be critical to the success of this approach.
- Scenario 3 achieved similar results as Scenario 2 in improving housing outcomes, but did not elevate sustainability outcomes relative to Scenario 2.
- Across all scenarios, parking reductions were critical to the market feasibility of higher density prototypes.
- If the City desires to concentrate density in areas where households are likely to drive less, then targeted rezoning, a new overlay zone, or proximity-based code regulation would be more effective than using existing base zones.
- If the policy goal is to broadly increase density throughout the community, then Scenarios 2 and 3 are a more effective approach for achieving this end. The increase in housing capacity under Scenario 1 is highly dependent on increased uptake of density bonuses under the incentive programs.

In addition to the code update scenarios addressing core development standards and incentives, this report includes concepts for updating key code provisions that have a significant impact on the City's housing and sustainability outcomes:

- **Sustainability and Transportation Demand Management Requirements.** These code concepts propose adopting a menu or points-based approach to require and incentivize a higher level of sustainable design in all projects, consistent with Scenario 2. Transportation Demand Management (TDM) should be conceived as a critical component of the menu or points-based system.
- **Resource Protection Overlay.** These code concepts propose 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.

- **Reduced Street Widths.** These code concepts propose 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.
- **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:
    - Designate specific streets for snow removal based on traffic volumes, transit, and necessity for emergency services.
    - 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.
    - Only prohibit on-street parking during a declared snow accumulation event based on a specific amount of snow and ice accumulation, so that on-street parking is available during non-accumulation.

Decision Points

Core Standards and Incentives (Scenarios): Generally, if you had to pick one, which of the code update scenarios (Section 2) do you think is the best fit for the City's policy goals?

- Are there certain zone districts where you think it would make more sense to apply a different scenario or approach than citywide?
- Should the density bonus for affordable housing be higher than sustainability (as is generally true under the current code), or should density bonuses be equal for both?
- Do you support moving forward with the substantial parking reductions?
- Do you want to pursue a code and map concept that would more narrowly target upzoning to areas that are Low VMT or some other similar geography, such as areas close to transit? As discussed in the Spatial Analysis section, this may require area-wide rezoning or a new overlay zone.

Sustainability and TDM: Do you support the concept of a new points-based sustainability requirement? Should a wider menu of TDM strategies be included as an option for meeting this requirement or should the standards focus more solely on reducing emissions from construction and energy use?

Resource Protection Overlay:

- In the longer term, do you support the concept that the City should replace the RPO with a more narrowly drawn overlay that is based on a citywide inventory of resources (Concepts 1 and 2)?
- In the short term, do you support concepts for providing more flexibility for development in current RPO (remove additional density restriction below base zone, allow slopes and trees to be double-counted)?

Street Width: Do you support developing a strategy and outlining a process for creating a narrower local street design option with the knowledge that it could impact emergency services?

Winter Parking Ordinance: Do you support developing a strategy and outlining a process for replacing the current Winter Parking Ordinance with the knowledge that it would either reduce the level of service provided to residents or cost increases for the city to provide a different level of service/enforcement?

Future Phases of Work

In the next phase of the LASS-CAP project, the team will refine scenarios and concepts into more detailed, actionable recommendations for either specific code amendments or further analysis. These recommendations will be reviewed by staff, presented to the public, and presented to City Council and other boards and commissions. Feedback from these stakeholders will be considered and integrated into a final set of recommendations. In addition, an on-going analysis to address specific barriers and recommendations for better transit accommodation with development will be incorporated into the final Code Recommendations Report.

A link to the draft report and appendices can be found here: https://www.flagstaff.az.gov/DocumentCenter/View/88019