

## STAFF REPORT

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**Date:** May 8, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Case No. TXT24-00001 (Title 18 – Affordable Housing Initiatives) Presentation, discussion, and direction to staff regarding changes to Title 18 of the Reno Municipal Code pertaining to housing and affordability initiatives.

**From:** Angela Fuss, Assistant Director of Development Services

**Department:** Development Services

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### **Summary:**

This is a request to review proposed changes to the Reno Municipal Code (RMC) Title 18 affordable housing initiatives and to provide feedback to staff. Housing supply and affordability continue to be a top priority for Council. Staff has been working on a number of different housing strategies tied to the Title 18 Zoning Code. This includes providing incentives for affordable housing developments, density bonuses for infill areas, flexibility for developing different housing products/types, and allowing for more residential projects to go straight to a building permit (by-right). During the February 7, 2024, Planning Commission meeting, Commissioners reviewed the staff recommendation and voted to intensify the housing initiatives even further by including some additional amendments. After the Planning Commission's proposed changes, staff held four additional stakeholder meetings to get community feedback. Staff is now bringing the information to Council for review and further feedback prior to moving forward with an ordinance.

### **Alignment with Strategic Plan:**

Economic Opportunity, Homelessness, and Affordable Housing

### **Previous Council Action:**

November 1, 2023 – Council directed staff to separate the Zoning Code Clean-Up housing initiatives from the rest of the clean-up items and bring the housing items back to Council for a discussion.

December 6, 2023 – Staff presented the proposed housing text amendments impacting Title 18.

Council provided feedback.

**Background:**

On June 8, 2022, Council initiated a series of text amendments related to the Title 18 Annexation and Land Development Code (i.e. Zoning Code). This included updates to address affordable housing and the creation of new ordinances on accessory dwelling units (ADUs) and short-term rentals (STRs). In addition to the housing initiatives, Assembly Bill (AB) 213, which passed in the 2023 legislative session, requires, among other items, that on or before July 1, 2024, the governing body of each jurisdiction shall enact by ordinance, an expedited process for affordable housing, and incentives that encourage affordable housing. The proposed changes to the zoning code include incentives and expedited review process improvements that address the requirements outlined in AB213, as well as initiatives to promote infill, increase density, encourage more “missing middle” housing products, and expedite market rate development review. Ordinances addressing ADUs and STRs are not part of this text amendment and will be brought forward separately. AB213 includes additional requirements that are being addressed administratively, including process, reporting, and timing requirements related to housing projects.

Public input on the proposed housing initiatives was gathered in the month of January through three virtual stakeholder meetings. Outreach for the stakeholder meetings was shared with stakeholders and Neighborhood Advisory Board (NAB) members through e-mail, shared through City of Reno social media, local news media, Nextdoor.com, and the meeting recordings were posted on the City of Reno website. The three stakeholder meetings generated approximately 150 participants. Feedback was generally in support of the proposed changes. Those opposed to the changes brought up concerns about approving too much development, changing the character of neighborhoods, and not allowing the public to have input on development projects. Many in favor of the proposed changes asked why staff was not proposing more aggressive changes.

The Planning Commission reviewed the proposed changes at the February 7, 2024 meeting. The Commission recommended approval of the draft changes and proposed additional regulations to increase flexibility and allow certain types of development by-right.

Four additional stakeholder meetings took place in the month of April, to gain community feedback on the proposed Planning Commission additions.

**Discussion:**

Details on each of the housing initiatives can be found in **Exhibit D – PC Staff Report for February 7, 2024 Meeting**. The proposed housing initiatives are broken down into four main categories consisting of:

- Affordable housing incentives and expedited review
- Density bonus for market-rate development
- By-right approvals
- “Missing middle” development

At the February 7, 2024, Planning Commission hearing, the Commission recommended that Council adopt the proposed text amendment. The draft Planning Commission meeting minutes are included in **Exhibit C**. Five of the seven Commissioners voted to intensify the recommendations even further by:

- Allowing buildings to increase by two stories if the project meets affordability requirements.
- Allowing for duplex, triplex, and fourplex development in all single-family zoning districts (SF-3, SF-5, SF-8 and SF-11) by-right.
- Removing the requirements for minor and major deviations to setbacks if the project meets affordability requirements.
- Removing minimum parking requirements if the project meets affordability requirements.

Two of the Commissioners supported staff’s recommendations but felt the additional intensification proposed by the Planning Commission was too much. More specifically, Commissioner Munoz had concerns that the Ward 4 area may not have sufficient infrastructure and amenities to support more housing at this time. He stressed that the additional changes proposed would be good for the City but may not be right for Ward 4. Commissioner Villanueva also supported staff’s recommendations but had concerns that all the changes could be too much too quickly and could potentially create conflicts with maintaining the aesthetic nature that comes with living in the City of Reno. Commissioner Becerra asked if the proposed changes could be approved on a trial basis for 6 to 12 months or only allow the changes within a geographic boundary, such as within the McCarran loop, to better understand the impacts before approving the changes. Staff responded that the proposed changes would need to be in place for several years before we see the ultimate impacts on development.

Commissioner Velto stated that this is a good opportunity to make a difference in the zoning code and increase affordable housing for the community. He proposed intensifying the staff recommendations by allowing for taller buildings and greater flexibility in building setbacks for affordable housing projects and allowing for more development (i.e. duplex, triplex, fourplex) by-right. Commissioner Rohrmeier supported being more proactive and cited the fact that Reno has become a very desirable place to live, however, the housing supply is too few and too expensive. She emphasized the need to do everything we can now to address the housing crisis issue and also proposed removing parking requirements for affordable housing projects.

Staff also had one minor amendment that was shared during the Planning Commission meeting to revise how the density bonus was calculated. The Planning Commission approved staff’s recommendation.

Following the Planning Commission's recommendations, four community stakeholder meetings were held in the month of April to gather additional feedback. The meetings were all virtual and were scheduled at different times of the day/evening, to accommodate the public's scheduling needs. Attendee participation varied between 14 to 26 people at each of the four meetings. The table below provides some of the general questions and comments from the four community meetings:

<b>Summary of Questions/Comments from April Stakeholder Meetings</b>	
<b>Question/Comments</b>	<b>Staff Response</b>
Do any of these text amendments upzone or change the zoning on any properties?	No, the proposed changes will have no impact on anyone’s zoning designation, nor will these changes modify anyone’s zoning.
Will the proposed changes allow apartments to be built in any new zoning districts?	No, the proposed changes do not allow apartments to be built in any new locations or zoning districts. The proposed changes impact where duplex, triplex, and fourplex types of development would be allowed.
Not in support of removing parking requirements for apartments.	Staff’s recommendations did not include any changes to parking requirements. The Planning Commission’s recommendation was to allow affordable housing projects that meet the average 60% area median income (AMI) to move forward with no parking requirements.
How would the proposed changes impact existing developments with homeowner associations (HOAs) and covenants, conditions, and restrictions (CC&Rs)?	Any developments with CC&Rs/HOAs that restrict apartments or duplex, triplex, or fourplex development would not be allowed to construct such development. While the City of Reno does not enforce CC&Rs, those restrictions would still be applicable and would trump the proposed zoning changes.
What is the City’s definition of “affordable”?	The AMI is defined as the midpoint of a specific area’s income distribution. The Department of Housing and Urban Development (HUD) calculates the AMI on an annual basis. The City utilizes HUD’s definition of affordable.

<b>Question/Comments</b>	<b>Staff Response</b>
<p>How does the City ensure that the affordable housing projects will stay affordable and not revert to charging market-rate rents?</p>	<p>All projects that receive some form of subsidized funding for affordable housing are required to go through an annual reporting process through the state/fed/HUD to confirm rents are consistent with the approved AMI rates. In addition, any affordable housing projects that receive funding or incentives through Reno are required to record a deed restriction that requires the project to maintain the approved affordability for at least 20 years. The deed restriction runs with the project and property so even if a property is sold, the deed is still tied to the project.</p>
<p>Would these changes allow for apartments to be built in single-family neighborhoods?</p>	<p>The City has four single-family zoning districts. Apartments are currently allowed in the SF-8 and SF-11 zoning districts, with the approval of a Conditional Use Permit (Planning Commission approval). The other two single-family zoning districts, SF-3 and SF-5, do not allow apartments to be built. No changes are proposed to modify any of these existing regulations.</p>
<p>How does this fit in with the ADU ordinance?</p>	<p>The ADU ordinance is moving forward as a separate text amendment. Council is scheduled to review and discuss draft language at the May 8 meeting. Following feedback from Council, a series of community meetings will take place for public input. Additional Planning Commission and Council meetings will take place later this summer specific to ADUs.</p>
<p>How do these changes impact master-planned communities?</p>	<p>Master-planned communities, such as Somerset, Caughlin Ranch, South Meadows, Double Diamond, etc. are zoned with a Planned Unit Development (PUD) designation and have their own zoning regulations. They are not impacted by the proposed changes.</p>

<b>Question/Comments</b>	<b>Staff Response</b>
<p>Is the City proposing to do anything about rent control?</p>	<p>The proposed changes are specific to the Title 18 Zoning Code. Rent control is not something that the Zoning Code or Zoning Administrator has authority over. The City of Reno has a number of different initiatives that will help with housing and affordability, but nothing specifically tied to rent control.</p>
<p>Why are so many apartments being built in south Reno?</p>	<p>The majority of south Reno is zoned with either PUD or Mixed-Use zoning. Many of these communities, such as the South Meadows PUD, Damonte PUD, and Double Diamond PUD, were approved back in the late 1990s or early 2000s. All of those developments allow apartments by-right and don't require any additional public review. In addition, much of the South Virginia corridor is zoned with a Mixed-Use designation that allows for unlimited density and allows apartments to be built without requiring a public review process. The proposed zoning code changes will have no impact on the areas zoned with a PUD designation or with a Mixed-Use zoning designation. The majority of areas that would be impacted are located in the infill areas or areas that have multi-family or commercial zoning.</p>
<p>In regards to the affordable housing incentives, how do you determine the "average AMI"?</p>	<p>When a project is proposed to be affordable, the applicant is required to show how the total number of units averages 60% AMI. Often times an affordable housing project will provide a mix of affordability ranges, such as 80% AMI for some units and 45% AMI for other units. In order to use the affordable housing incentives, the overall project would need to show the total number of units averages 60% AMI.</p>

Question/Comments	Staff Response
With these changes, would a duplex be allowed in single-family neighborhoods?	<p>The zoning code currently allows duplex, triplex, and fourplex development in two single-family zoning districts, SF-8 and SF-11, but only after approval of a Conditional Use Permit. Staff's recommendation was to allow duplex, triplex, and fourplex development to be allowed in two additional single-family zoning districts, SF-3 and SF-5, but only after approval of a Conditional Use Permit, which requires a public hearing process.</p> <p>The Planning Commission's recommendation was to allow duplex, triplex, and fourplex development to be allowed in all four of the single-family zoning districts by-right, meaning without any public review process.</p>

**Financial Implications:**

None at this time.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law.

**Recommendation:**

Staff recommends Council provide feedback and direction regarding the proposed changes to TXT24-00001 (Title 18 – Affordable Housing Initiatives).

**Proposed Motion:**

I move to direct staff to move forward with the text amendment based on feedback from Council.

**Attachments:**

- Exhibit A – Draft Redline Ordinance
- Exhibit B - TXT24-00001 Housing Initiatives Public Comment (3 7 2024)
- Exhibit C - Draft February 7, 2024 PC Minutes
- Exhibit D - PC Staff Report for February 7, 2024 Meeting