

**PLANNING COMMISSION
STAFF REPORT**

Date: February 7, 2024

To: Reno City Planning Commission

Subject: Staff Report (For Possible Action - Recommendation to City Council): Case No. TXT24-00001 (Title 18 – Affordable Housing Initiatives) – A request has been made to amend Reno Municipal Code Title 18, “Annexation and Land Development,” specifically in Chapter 18.03 “Use Regulations” Section 18.03.206 “Table of Allowed Uses,” Section 18.03.302 “Residential Uses,” Chapter 18.04 “Development Standards, Section 18.04.905 “Additional Standards for Multi-Family District,” Section 18.04.1503 “Incentives for Affordable Housing,” and Section 18.04.1504” Density Bonus Incentives for Small Unit Sizes,” in order to expand which zoning districts duplex, triplex and fourplex units are allowed, expand which zoning districts live/work, multi-family and single-family attached uses are allowed, amend use standards for residential uses, amend triggers for entitlements for residential uses with less than 100 units, relocate the standards for density bonuses in multi-family districts to a different section of the zoning code, add exemptions from entitlement review for affordable housing projects, add expedited building permit processes for affordable housing projects, modify the density bonuses for affordable housing projects, and to increase the density bonuses for small unit sizes; together with matters which pertain to or are necessarily connected therewith.

From: Angela Fuss, Assistant Director of Development Services

Ward #: City-Wide

Case No.: TXT24-00001 (Title 18 - Affordable Housing Initiatives)

Applicant: City of Reno

APN: N/A

Request: Amending Reno Municipal Code Title 18 Annexation and Land Development in order to expand which zoning districts duplex, triplex and fourplex units are allowed, expand which zoning districts live/work, multi-family and single-family attached uses are allowed, amend use standards for residential uses, amend triggers for entitlements for

residential uses with less than 100 units, relocate the standards for density bonuses in multi-family districts to a different section of the zoning code, add exemptions from entitlement review for affordable housing projects, add expedited building permit processes for affordable housing projects, modify the density bonuses for affordable housing projects and to increase the density bonuses for small unit sizes.

Location: City-wide

Proposed Motion: Based upon compliance with the applicable findings, I move to recommend that City Council approve the text amendment by ordinance.

Summary: Housing and affordability continue to be a top priority for the Reno City Council and for the Nevada Legislature. As a part of that priority, staff has been directed to create housing strategies tied to the Title 18 Zoning Code. This text amendment is specific to housing and includes 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). The proposed changes address Assembly Bill 213, which requires local jurisdictions to create expedited approval processes for affordable housing and to create incentives to encourage affordable housing. The proposed changes also help to address the overall housing need in the community, regardless of income.

Background: On June 8, 2022, City 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 (ADU's) and short-term rentals. In addition to the housing initiatives, Assembly Bill 213, which passed in the 2023 legislative session, requires that on or before July 1, 2024 the governing body of each jurisdiction shall create an expedited process for affordable housing, and create 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 Assembly Bill 213, as well as initiatives to promote infill, increase density, encourage more "missing middle" housing products, and expedite market rate development review. Ordinances addressing ADU's and short-term rentals are not part of this text amendment and will be brought forward at a future time.

Discussion: The proposed housing initiatives are broken down into four main categories consisting of:

- Affordable housing incentives
- Density bonus for market rate development
- By-right approvals
- "Missing middle" development

The information provided in this staff report includes specific housing and permit data encompassing the past three years, aligning with the Zoning Code adoption from January of 2021. The data is intended to show how effective (or not effective) existing housing initiatives, such as density bonus incentives, have contributed to increasing housing supply. These are all tied to staff's recommendations for updates to the zoning code to help address housing and affordability.

Proposed Incentives for Affordable Housing

Assembly Bill 213 requires local jurisdictions to create processes for expediting affordable housing projects. Entitlement review adds cost, time, and uncertainty to any project. In an effort to reduce costs, speed up the review time and eliminate uncertainty associated with entitlement review, the proposed changes would be added to code. For background, over the last three years, five affordable housing projects have triggered some type of entitlement process, including:

- Copper Mesa Apartments
- Orovada Senior Apartments Phase I
- Orovada Senior Apartments Phase II
- Vintage at Redfield Apartments
- Carville Park Senior Apartments

The proposed code updates allow for affordable housing projects to be exempt from entitlement review and for an expedited building permit review to include:

(a) Exemption from Entitlement Review - Projects providing affordable housing with an average total gross income not exceeding 60 percent of the AMI shall be exempt from all minor conditional use permit, conditional use permit, site plan review, and major site plan review application requirements. Requests for entitlements listed under Article 8 “Flexibility and Relief” are not exempted.

(b) Expedited Building Permit Processing - For any project providing affordable housing with an average total gross income not exceeding 60 percent of the AMI, the Development Services Department shall prioritize the review permits and related plans.

Proposed Density Bonus Increases for Affordable Housing

Density bonuses for affordable housing projects currently exist in the zoning code. In an effort to encourage more affordable housing at different levels of affordability, changes are proposed to increase the amount of density bonus received and to add a density bonus for projects that meet the workforce housing income levels, categorized in the 60-120 percent of the adjusted median income (AMI). This is also more aligned with how Nevada Revised Statute (NRS) defines affordable housing, which breaks affordable housing into three categories with Tier one meeting 60 percent, Tier two meeting 60-80 percent, and Tier three meeting 80-120 percent AMI.

The current zoning code regulations limit the affordable housing density bonus to units that provide between 0-60 percent AMI, with a maximum density bonus cap at 45 percent. The proposed changes would allow:

- Projects meeting the 81-120 percent AMI to receive a 35 percent density bonus.
- Projects meeting the 61-80 percent AMI to receive a 45 percent density bonus.
- Projects meeting the 0-60 percent AMI to receive unlimited density bonus.

Proposed Density Bonus Increases for Market Rate Development

The current zoning code allows a density bonus for market rate infill projects. This bonus allows developers to build more units that would ordinarily be allowed on a site by the underlying zoning. Over the last three years, approximately 14 different projects have utilized the density bonus allowance. The total number of units added with the density bonus tool is 63 units. The majority of the 14 development projects only added 1-3 additional units. The greatest impact was on a conversion from a Motel 6 to an apartment project. The motel was able to get an additional 36 apartment units, using the same building footprint as the motel and converting motel rooms into residential housing.

Project Location	Number of Units Allowed by Zoning	Number of Units Added with Density Bonus
Building permit for 943 S. Wells	7	2
Building permit for 121 Vesta	34	6
Building permit for 1400 Stardust (Motel 6 conversion to housing)	88	36
Building permit for 518 Ridge	2	1
Building permit for 3200 Lakeside	92	6
Building permit for 643 La Rue	2	1
Building permit for 570 W Taylor	2	1
Building permit for 723 Lander	2	1
Building permit for 470 Claremont	2	1
Building permit for 1039 Wheeler Avenue	5	1
Tentative Map for Riviera	4	1
Tentative map for 1565 Plumas Townhomes	14	3
Orovada Senior Apartments	73	1
320 Grand Canyon Apartments	16	2

Density bonuses have been an effective tool in many communities across the country. The current zoning code caps the density bonus at 45 percent of what the underlying zoning would otherwise allow. The density bonus is currently offered for units with an average size of 1,800 square feet (15% density bonus), 1,400 square feet in size (30% density bonus) and 1,000 square feet in size (45% density bonus). In an effort to get more housing in these targeted infill areas, the proposed

changes would increase the amount of additional density that is permitted within those same unit sizes. The maximum density bonus cap is proposed to go from 45 percent up to 80 percent, and still requires the unit size to be under 1,000 square feet in size.

- 1,800 square feet unit (35% density bonus) – increase from existing 15% density bonus
- 1,400 square feet unit (45% density bonus) – increase from existing 30% density bonus
- 1,000 square feet unit (80% density bonus) – increase from existing 45% density bonus

Considering that the majority of projects that have utilized the density bonus in the past three years were only able to add an additional 1-3 units, the proposed changes are not anticipated to make a significant impact on increasing the housing supply, but will help to move the needle.

Proposal to Allow for More Development By-Right

The current zoning code requires approval of a minor conditional use permit for multifamily projects with more than 20 units and requires approval of a conditional use permit for projects with more than 100 units. In an effort to encourage density and help bring housing to market, proposed changes to the zoning could modify the triggers for an entitlement. Multifamily projects with more than 100 units would still require approval of a conditional use permit, but no entitlement would be triggered for less than 100 units. Since January 2021, the City has processed 7 entitlement cases for multifamily development that fell within the 20-100 unit threshold. This encompassed 175 residential units. Larger multifamily projects with more than 100 units would still trigger a conditional use permit. The proposed changes to the zoning code to allow these smaller multifamily developments by-right will not have a significant impact on the supply of housing, but will help to bring infill housing to market faster.

The proposed changes are consistent with many other jurisdictions in Nevada and across the country. The table below provides examples from other jurisdictions that allow multifamily development by-right and do not trigger an entitlement review.

Jurisdiction	Threshold for Triggering an Entitlement
City of Sparks	Conditional use permit required for more than 110 units
City of Henderson	No entitlements required for apartments in multifamily zoning districts
City of Fernley	Conditional use permit required for more than 100 units
City of North Las Vegas	No entitlements required in multifamily zoning districts
Spokane, WA	No entitlements required for apartments in multifamily zoning districts
Salem, OR	No entitlements required for apartments in multifamily zoning districts

Proposal to Allow for More “Missing Middle” Development

The term “missing middle housing” refers to housing types that fall somewhere in between a single-family home and mid-rise apartment buildings, such as townhomes, duplexes, triplexes, and courtyard clusters. The current zoning code allows for duplex, triplex, and fourplex development by-right within the multifamily zoning districts. The current zoning code also allows for duplex, triplex, and fourplex developments with approval of a conditional use permit in SF5 and SF8 zoning districts. The proposed changes would expand duplex, triplex, and fourplex to also be allowed, with the approval of a conditional use permit, in the remaining single-family zoning districts of SF3 and SF5. This is a minor change that is not anticipated to have significant impacts on the housing supply and still allows for the public review process within the two additional single-family zoning districts. Over the course of the last three years, the City has processed approximately:

- 26 duplex units
- 14 triplex units
- 10 fourplex units

Findings:

General Review Criteria: The decision-making body shall review all development applications for compliance with the applicable general review criteria stated below.

- 1) Consistency with the Reno Master Plan: The proposed development shall be consistent with the Reno Master Plan. The decision-making authority:
 - a. Shall weigh competing plan goals, policies, and strategies; and
 - b. May approve an application that provides a public benefit even if the development is contrary to some of the goals, policies, or strategies in the Reno Master Plan.
- 2) Compliance with Title 18: The proposed development shall comply with all applicable standards in this Title, unless the standard is lawfully modified or varied. Compliance with these standards is applied at the level of detail required for the subject submittal.
- 3) Mitigates Traffic Impacts: The project mitigates traffic impacts based on applicable standards of the City of Reno and the Regional Transportation Commission.
- 4) Provides Safe Environment: The project provides a safe environment for pedestrians and people on bicycles.
- 5) Rational Phasing Plan. If the application involves phases, each phase of the proposed development contains all of the required streets, utilities, landscaping, open space, and other improvements that are required to serve or otherwise accompany the completed portion of the project, and shall not depend on subsequent phases for those improvements.

Amendments to Text of Title 18: Text amendments shall be in substantial conformance with the statement of purpose and intent for this Title, as set forth in Chapter 18.01 Article 2, *Purpose*, and the Master Plan:

- The general purpose of this Title is to promote the public health, safety, and welfare by providing appropriate and reasonable controls for the development and use of lands in Reno, while also protecting the rights of property owners. This Title also is intended to:
 - (a) Implement the policies, goals, and strategies adopted by the City of Reno, including those set forth in the Reno Master Plan and other adopted plans;
 - (b) Promote, preserve, and protect environmental quality as a critical element in Reno's quality of life and encourage the wise use of natural resources;
 - (c) Conserve and enhance the architecture, history, pedestrian-orientation, mixed-use, and urban character of Downtown Reno, and promote its role as regional government, civic, entertainment, and tourist center;
 - (d) Promote economic development and the improvement of property, with priority given to adaptive reuse and redevelopment projects in Downtown Reno and urban mixed-use areas;
 - (e) Conserve and enhance the character of Reno's established residential neighborhoods through mitigation of adverse factors, promotion of a balanced mix of housing types, and through appropriately scaled and planned infill development;
 - (f) Encourage innovative, affordable, and quality residential development so that growing demand for housing may be met by greater variety in type, design, and layout of dwellings, and by conservation and more efficient use of open space ancillary to such dwellings;
 - (g) Encourage quality, nonresidential development that preserves and protects the character of the community, including its natural landscape, and that minimizes objectionable noise, glare, odor, traffic, and other impacts of such development, especially when adjacent to residential uses;
 - (h) Facilitate adequate provision of transportation, water, wastewater, electricity, gas, communications, schools, parks, trails, stormwater management, and other public requirements; and
 - (i) Provide the economic and social advantages gained from a comprehensively planned use of land resources.

Attachments:

Exhibit A - Ordinance

Exhibit B - TXT24-00001 Housing Initiatives Public Comment (1-29-2024)