

## STAFF REPORT

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**Date:** July 24, 2024

**To:** Mayor and City Council

**Through:** Jackie Bryant, Interim City Manager

**Subject:** **Staff Report (For Possible Action): Ordinance Adoption – Bill No. 7273 Case No. TXT24-00001 (Title 18 – Affordable Housing Initiatives) Ordinance amending the 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 multi-family and single-family attached uses are allowed, amend use standards for residential uses, relocate the standards for density bonuses in Multi-Family districts and certain Mixed-Use Districts to a different section of the zoning code, add an expedited building permit processes for affordable housing projects, increase the density bonuses for affordable housing projects and to increase the density bonuses for small units ranging in size from 800 square feet up to 1,200 square feet; together with matters which pertain to or are necessarily connected therewith.**

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

**Department:** Development Services

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**Summary:**

This report summarizes the Title 18 affordable housing initiatives encompassed in Bill No. 7273, as introduced at the June 12, 2024, Reno City Council meeting. This includes providing density bonus incentives for affordable housing developments serving 0 to 60% area median income (AMI), process improvements to expedite building permit review for affordable housing developments, and increasing density bonus incentives targeted towards market rate infill developments. Staff recommends adoption of the Title 18 text amendment.

**Alignment with Strategic Plan:**

Economic Opportunity, Homelessness, and Affordable Housing

**Previous Council Action:**

June 8, 2022 – Council initiated a text amendment to address affordable housing.

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.

May 8, 2024 – Staff presented the proposed housing initiatives, including recommendations from the Reno Planning Commission. Council provided feedback that was used to create a first reading.

June 12, 2024 – Council approved the first reading.

Ayes: Schieve, Taylor, Reese, Ebert, Martinez, Brekhus

Nays: None

Abstain: None

Absent: Duerr

**Background:**

During the June 12, 2024, Council meeting, Council Members asked how the proposed changes specifically address Assembly Bill (AB) 213 and how the proposed changes pertain to the 12 Master Plan Elements listed in the Nevada Revised Statutes (NRS), on the topic of affordable housing.

Ms. Fuss, Assistant Director of Development Services, explained that AB213, 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 density bonus incentives for affordable housing projects that provide 0 to 60% AMI and expedited building permit review process improvements that include assigning a staff liaison to all affordable housing projects during the building permit review.

The reference to the 12 affordable housing requirements is included in NRS 278.235, which was passed during the 2007 legislative session and requires local jurisdictions with a housing element in their master plan to adopt 6 out of the 12 items listed. The subject text amendment is not impacted by this existing legislation, as it has been in state law since 2007 and has already been addressed. The City of Reno provides annual reports to the state to verify compliance with that portion of NRS.

Councilmember Brekhus asked about Reno Municipal Code (RMC) Section 18.04.1503(c)(1)(d), inquiring what the term “total gross income” meant. Ms. Fuss explained this language exists in NRS today and was added to RMC to better clarify how density bonus units were calculated, for instance, when an existing apartment complex has new units proposed.

**Discussion:**

The table below provides a summary of the initial staff recommendations, plus the additional Planning Commission recommendations, and finally, the draft redlines that are based on Council feedback from the May 8 meeting.

<b>Summary of Affordable Housing Text Amendment Changes Over Time</b>			
<b>Topic</b>	<b>Initial Staff Recommendation</b>	<b>Planning Commission Recommendation</b>	<b>Updated Changes to Reflect Council Comments</b>
Expedite affordable housing projects through entitlement review.	Staff recommended allowing affordable housing projects that meet a 60% AMI to go straight to building permit (by-right), so long as they can meet the zoning code requirements.	Planning Commission recommended the following changes: <ul style="list-style-type: none"> <li>• Allow affordable housing projects to build two stories higher</li> <li>• Allow affordable housing projects to deviate from building setbacks</li> <li>• Remove parking requirements for affordable housing projects</li> </ul>	Affordable housing projects will maintain the same entitlement review process that exists in Code today and no special allowances will be given to expedite or modify the public review process. Planning Commission recommendations have not been included.
Expedite affordable housing projects through the building permit review process.	Assign a staff liaison to all affordable housing projects during building permit review. Existing staff resources will be used.	Planning Commission supported the staff recommendation.	City Council supported the staff recommendation.

<b>Topic</b>	<b>Initial Staff Recommendation</b>	<b>Planning Commission Recommendation</b>	<b>Updated Changes to Reflect Council Comments</b>
Expand the affordable housing density bonus to allow unlimited density bonus for projects in the 0 to 60% AMI.	Current Code caps the affordable density bonus at 45%. Staff recommended expanding this to allow unlimited density on projects that provide 0 to 60% AMI.	Planning Commission supported the staff recommendation.	Affordable housing density bonus allocations were modified to maintain what's currently in the Code today. An additional density bonus was added to projects meeting the 0 to 60% AMI, but the overall cap on density bonus is limited to 80% (rather than unlimited) and greater than the current Code cap of 45%.
Allow new density bonus for projects in the 80 to 120% AMI category.	Staff recommended allowing for density bonuses if the project provided 80 to 120% AMI.	Planning Commission supported the staff recommendation.	Council was generally not in support of providing additional density bonuses to projects that meet the 80 to 120% AMI. What is in Code today is being maintained and no additional incentives were added to this affordability category.
Allow increases to the existing density bonus for market-rate apartments.	The Code currently allows anywhere from 15 to 45% density bonus for market-rate units that range in size from 1,000 to 1,800 square feet. Staff recommended expanding the density bonuses to allow for 35 to 80% density bonuses.	Planning Commission supported the staff recommendation.	The market rate density bonus categories have been expanded as originally proposed, but the square footage sizes have been reduced. Proposed density bonuses for market-rate apartments range from 35 to 80% for units ranging in size from 800 to 1,200 square feet.

Topic	Initial Staff Recommendation	Planning Commission Recommendation	Updated Changes to Reflect Council Comments
Allow for more development by-right.	Staff recommended allowing multi-family developments with fewer than 100 units to be permitted by-right in certain zoning districts.	Planning Commission supported the staff recommendation.	This change was generally not supported by Council and has been removed. What is in Code today is maintained and no changes are being made.
Expand where duplex, triplex, and fourplex units are allowed in single-family (SF) zoning districts.	Staff recommended allowing duplex, triplex, and fourplex units in the SF-3 and SF-5 zoning districts, with the approval of a Conditional Use Permit.	Planning Commission recommended allowing duplex, triplex, and fourplex units by-right in all single-family zoning districts.	This change was generally not supported by Council and has been removed. What is in Code today is maintained and no changes are being made.

Based on input from staff at the Regional Transportation Commission (RTC), one additional change was made to RMC 18.04.1503 (c)(1)(a)(2) between the first reading and second reading related to requirements for affordable housing projects requesting the density bonus incentive:

***Current Code Language:***

Public transportation must be located within one-quarter mile of the project boundaries.

***Updated Code Language:***

The project must be located within one-quarter mile of an existing fixed route transit service or within an established flex route zone.

**Financial Implications:**

None at this time.

**Legal Implications:**

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

**Recommendation:**

Staff recommends Council adopt Ordinance No. \_\_\_\_\_.

**Proposed Motion:**

I move to adopt Ordinance No. \_\_\_\_\_.

**Attachments:**

Exhibit A – Title 18 (TXT24-00001) Redline Ordinance

Exhibit B – Title 18 (TXT24-00001) Final Ordinance