

## STAFF REPORT

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**Date:** June 12, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Ordinance Introduction – Bill No. \_\_\_\_\_ (For Possible Action): 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 is the first reading of an ordinance amending Reno Municipal Code (RMC) Title 18, specific to the affordable housing initiatives. During the May 8 Reno City Council meeting, Council Members provided feedback on the draft language, including the changes proposed by the Planning Commission. Key changes that came out of the Council discussion focus on keeping entitlement review as part of the process, not making changes to current Code that would expand where duplex, triplex, and fourplex units are allowed, expanding the affordable housing density bonus for the 0-60% Area Medium Income (AMI) affordability categories, but not expanding density bonus allowances beyond the 60% AMI affordability category. Staff recommends Council review the proposed changes and refer the text amendment for a second reading and adoption.

**Alignment with Strategic Plan:**

Economic Opportunity, Homelessness, and Affordable Housing

**Previous Council Action:**

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.

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

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.

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

**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 AB 213, as well as initiatives to promote infill. Ordinances addressing ADUs and STRs are not part of this text amendment and will be brought forward separately. AB 213 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 January through three virtual stakeholder meetings. Outreach for the stakeholder meetings was shared with stakeholders and Neighborhood Advisory Board (NAB) members through e-mail, posted through the City of Reno's social media, shared through local news media, shared on 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

in 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.

Following the Planning Commission’s recommendations, four additional community stakeholder meetings were held in 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 draft redlines and Planning Commission recommendations were discussed at the May 8, 2024, Reno City Council meeting. Based on Council feedback, significant changes were made to the draft ordinance with a focus on keeping existing public review processes in place and making no changes to the existing Title 18 related to duplex, triplex, and fourplex development, nor to allow more by-right development.

**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</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.

		affordable housing projects	
<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 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.	Council supported the staff recommendation.
Expand the affordable housing density bonus to allow unlimited density bonus for projects in the 0-60% AMI category.	Current Code caps the affordable density bonus at 45%. Staff recommended expanding this to allow unlimited density on projects that provide 0-60% AMI category.	Planning Commission supported the staff recommendation.	Affordable housing density bonus allocations were modified to maintain what's currently in the Code today. Additional density bonus was added to projects meeting the 0-60% 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 80-120% AMI category.	Staff recommended allowing for density bonuses for projects in the 80-120% AMI category.	Planning Commission supported the staff recommendation.	Council was generally not in support of providing additional density bonuses to projects that meet the 80-120% AMI. What is in Code today is being maintained and no additional incentives were added to this affordability category.

Topic	Initial Staff Recommendation	Planning Commission Recommendation	Updated Changes to Reflect Council Comments
Allow increases to the existing density bonus for market-rate apartments.	The Code currently allows anywhere from a 15-45% density bonus for market-rate units that range in size from 1,000-1,800 square feet. Staff recommended expanding the density bonuses to allow for 35-80% 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 35-80% for units ranging in size from 800-1,200 square feet.
Allow for more development by-right.	Staff recommended allowing multi-family developments with less 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.

**Financial Implications:**

None at this time.

**Legal Implications:**

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

**Recommendation:**

Staff recommends Council move to refer Bill No. \_\_\_\_\_ for a second reading and adoption.

**Proposed Motion:**

I move to refer to refer Bill No. \_\_\_\_\_ for a second reading and adoption.

**Attachments:**

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

Exhibit B - February 7, 2024 Planning Commission Minutes

Exhibit C – RGJ Public Notice Publication

Title 18 - Affordable Housing Initiatives Legal Notice