

STAFF REPORT

Date: November 1, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Presentation and discussion by Shane Phillips on Local Strategies for Improving Housing Affordability.

From: Angela Fuss, Assistant Director of Development Services

Department: Development Services

Summary:

Housing and affordability remains a top priority for Council. To help analyze the supply and affordability crisis and provide recommendations, the City hired Shane Phillips to review the existing policies, regulations, incentives and housing programs. Mr. Phillips is considered an expert in housing affordability throughout the country and is the author of *The Affordable City*, published in 2020, an affordable housing policy “handbook” for non-expert audiences. In addition to his book, he is the manager of the Housing Initiative the UCLA Lewis Center for Regional Policy Studies. Mr. Phillips has experience advising government agencies, policymakers, elected officials, and advocates on effective policy design. His recommendations are discussed in the attached report.

Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

Mr. Phillips reviewed the City’s zoning, development standards, impact fees, planning documents, and other housing policies and programs to find areas where the City can improve when it comes to housing supply and affordability. He also interviewed City staff, toured Reno’s neighborhoods, and spoke with private sector stakeholders from the development community. Through this extensive review, Shane discovered five priority areas that could be improved upon:

- Infrastructure planning and development fees

- Approval streamlining and interagency coordination
- Incremental and “missing middle” infill housing production
- Zoning, development, and code standards
- Displacement protections and housing preservation

Discussion:

The analysis provides a detailed and comprehensive analysis of the challenges and barriers to housing, including strengths, goals, and recommendations. The table below summarizes the recommendations and provides information on what the City is already doing in relation to each recommendation.

Shane Phillips Report Recommendations	Details of Recommendation	Initiatives Currently in Process to Address the Housing Needs
Infrastructure planning and development fees	<ul style="list-style-type: none"> • Update the CIP with more comprehensive infrastructure repair, replacement, and upgrade schedule, and use this to compensate developers for off-site infrastructure requirements on a pro rata basis. • Adjust impact fees to reflect lifecycle costs and revenues from new housing. 	<ul style="list-style-type: none"> • TMRPA is currently creating a public infrastructure plan to help the region understand existing infrastructure and capacity needs. • City staff is exploring alternative funding opportunities for infrastructure located within infill areas. This includes grants, reimbursement agreements, impact fees, etc.
Approval streamlining and interagency coordination	<ul style="list-style-type: none"> • Increase the use of simple, objective standards and by-right approvals. • Take steps to improve regional and interagency coordination and direct non-City agencies’ attention toward housing costs. 	<ul style="list-style-type: none"> • The zoning code “clean-up” proposes unlimited density bonus for affordable housing projects meeting the 60% AMI. • The zoning code “clean-up” proposes allowing affordable housing projects to go straight to a by-right building permit

		<p>and eliminate the entitlement review process.</p> <ul style="list-style-type: none"> • The zoning code “clean-up” proposes allowing additional density bonuses for affordable housing projects that are in the 80%-120% AMI, as opposed to only the 60% AMI. • The zoning code “clean-up” proposes assigning a City staff person to serve as a project coordinator for affordable housing projects during the building permit review process to streamline and expedite the review. • The zoning code “clean-up” proposes to allow multi-family development with 100 or fewer units to be allowed by-right (in specific zoning districts), as opposed to requiring an entitlement review process. • The zoning code “clean-up” proposes additional density bonus for market rate infill projects. The proposed language modifies the maximum density bonuses from 45% to now 80%. • City staff is working internally with Development Services,
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		<p>Utility Services and Public Works to create checklists and procedure manuals to create a more consistent process for development review.</p> <ul style="list-style-type: none"> • City staff is participating in regular meetings with the development community and partnering agencies including District Health, NV Energy, TMWA, Washoe County, etc. to identify ways we can improve process and development review.
Incremental and “Missing Middle” infill housing production	<ul style="list-style-type: none"> • Increase the supply of low-cost attached and detached homes in neighborhoods across Reno, including legalizing accessory dwelling units. • Revise development standards including density and floor area limits to encourage small- and medium-scale entry-level infill housing. • Substantially increase the amount of land zoned for “missing middle” density. 	<ul style="list-style-type: none"> • At the November 1st Council meeting, staff is asking Council to initiate an ADU ordinance. • The zoning code “clean-up” proposes to allow duplex, triplex and four plex units in additional residential zoning districts. • The zoning code “clean-up” proposes additional density bonuses for market rate infill projects. The proposed language modifies the maximum density bonus from 45% to now 80%.
Zoning, development, and code standards	<ul style="list-style-type: none"> • Reduce or eliminate minimum parking mandates (with complementary parking reforms). • Reform the building code to allow single stair “point access block” buildings. 	<ul style="list-style-type: none"> • The zoning code currently allows for no minimum parking standards within the Downtown area. • No changes are proposed to reform the building code related to access.

Displacement protections and housing preservation	<ul style="list-style-type: none"> • Proactively regulate short-term rentals. • Explore state reform to allow limited “anti-gouging” rent stabilization. • Implement just cause eviction protections. 	<ul style="list-style-type: none"> • Creation of a short-term rental ordinance is anticipated in the next 2-3 year timeframe.
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Financial Implications:

The report has been prepared to provide the City of Reno with recommendations to address the housing supply and affordability. There is no financial impact at this time.

Legal Implications:

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

Recommendation:

Staff recommends Council review the report and provide feedback as to any additional work they would like staff to move forward with in response to the recommendations.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Local Strategies for Improving Housing Affordability