

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: November 6, 2017

TO: Greg Sundstrom
City Manager

FROM: Suzanne Schulz
Managing Director of Design, Development and Community Engagement

SUBJECT: Housing Advisory Committee Recommendation #6 – Density Bonus

The Housing Advisory Committee recommended the City consider a Zoning Ordinance amendment that would modify or add to existing residential density bonuses so to incentivize residential developments with units priced at or below a determined Area Median Income (AMI).

The current residential density bonus within the zoning ordinance was written to incentive mixed-income housing projects. The ordinance does not have a housing bonus that incentives more traditional affordable housing projects such as that which is developed with Low Income Housing Tax Credits (LIHTC). In fact, the current requirement for the mixed-income housing bonus cannot be used for LIHTC funded projects because the percentages within the ordinance are at odds with the funding source. On November 6, 2017 planning staff met with housing providers to discuss changes to the ordinance. Attached is a proposed ordinance amendment that would implement their suggestions.

The proposed amendment would modify the requirements as follows:

1. Add an Affordable Housing Bonus within Articles 5 (Residential Zone Districts) and 6 (Mixed-Commercial Zone Districts) with requirements that a project must:
 - a. Be located within 300 feet of a transit line
 - b. At least 20 units are developed as part of the project
 - c. Rental units: not less than 30% of the total number of units are provided at or below 60% AMI
 - d. Owner units: not less than 30% of the total number of units are provided at or below 60% AMI

ARTICLE 5 RESIDENTIAL ZONE DISTRICTS

Sec. 5.5.06. Site Layout and Building Placement Requirements.

I. Residential Bonuses.

1. Purpose. The Master Plan calls for a range of housing types and price points within neighborhoods to accommodate all residents regardless of income, special need or place in life cycle. Developments can receive bonuses as outlined in this Section by providing additional accessibility and housing that is affordable to a wide range of residents.
2. Housing Bonuses. Bonuses are available for two-family and multiple family developments in accordance with the provisions of Table 5.5.06.I.2.

Table 5.5.06.I.2. Summary of Available Residential Bonuses				
Condition		Districts	Incentive/Bonus	Bonus
Accessible Housing	Two-family residential	LDR, MDR	5.5.06.I.3.a	Reduced minimum lot area/width
	Multiple-family residential		5.5.06.I.3.b	Reduced lot area per dwelling
<u>Affordable Housing</u>	<u>Multiple-family residential</u>	<u>LDR, MDR</u>	<u>5.5.06.I.4.a</u>	<u>Reduced lot area per dwelling</u>
Mixed-Income Residential	Two-family residential	LDR	5.5.06.I.45.a	Reduced minimum lot area/width
Mixed-Income Residential	Multiple-family residential	LDR, MDR	5.5.06.I.45.b	Reduced lot area per dwelling

3. Accessible Housing. Bonuses are available for two-family and multiple family developments when units are designed and constructed to meet the ANSI A117.1 standards for Type B accessible units when the following conditions are met.
 - a. Two-Family Developments. The minimum lot area for two-family residential developments may be reduced where the conditions of Section 5.5.06.B.3.b.iii. are met.
 - b. Multiple-Family Developments. The minimum lot area for a multiple family development may be reduced by up to five hundred (500) square feet per dwelling unit when at least twenty-five (25) percent of the units are accessible.
4. Affordable Housing Bonuses. Bonuses are available in accordance with the provisions of Table 5.5.06.I.2. when the following conditions are met.
 - a. Multiple-Family Developments. The minimum lot area for a multiple family development may be reduced by up to five hundred (500) square feet per dwelling unit for a project that satisfies the following criteria:
 - i. Project is located within three hundred (300) feet of a transit line;
 - ii. At least twenty (20) dwelling units are developed as part of the project;

- ~~iii.~~ iii. If rental units, not less than thirty (30) percent of the total number of units are priced for households at or below sixty (60) percent of Area Median Income, as adjusted for family size, with rental charges remaining affordable for at least fifteen (15) years.
- ~~iv.~~ iv. If owner units, not less than thirty (30) percent of the total number of units are priced for households at or below eighty (80) percent of Area Median Income, as adjusted for family size.
- ~~v.~~ v. The remaining units are priced at market rate.
- ~~vi.~~ vi. The affordable units shall be comparable in unit sizes, amenities and location with the market rate units.
- ~~vii.~~ vii. The property owner agrees to the submission of annual reports to the City regarding certification of eligible tenants and purchasers, annual certification of rental property and monitoring of affordable rental housing requirements.

~~4.5.~~ 4.5. Mixed-Income Housing. Bonuses are available in accordance with the provisions of Table 5.5.06.1.2. when the following conditions are met.

- a. Two-Family Developments. The minimum lot area for two-family residential developments may be reduced where the conditions of Section 5.5.06.B.3.b.ii. are met.
- b. Multiple-Family Developments. The minimum lot area for a multiple family development may be reduced by up to five hundred (500) square feet per dwelling unit for a project that satisfies the following criteria:
 - ~~i.~~ i. ~~viii.~~ viii. Project is located within three hundred (300) feet of a transit line;
 - ~~ii.~~ ii. ~~ix.~~ ix. At least twenty (20) dwelling units are developed as part of the project;
 - ~~iii.~~ iii. ~~x.~~ x. If rental units, not less than fifteen (15) percent nor more than thirty (30) percent of the total number of units are priced for households at or below sixty (60) percent of Area Median Income, as adjusted for family size, with rental charges remaining affordable for at least fifteen (15) years.
 - ~~iv.~~ iv. ~~xi.~~ xi. If owner units, not less than fifteen (15) percent nor more than thirty (30) percent of the total number of units are priced for households at or below eighty (80) percent of Area Median Income, as adjusted for family size.
 - ~~v.~~ v. ~~xii.~~ xii. The remaining units are priced at market rate.
 - ~~vi.~~ vi. ~~xiii.~~ xiii. The affordable units shall be comparable in unit sizes, amenities and location with the market rate units.
 - ~~vii.~~ vii. ~~xiv.~~ xiv. The property owner agrees to the submission of annual reports to the City regarding certification of eligible tenants and purchasers, annual certification of rental property and monitoring of affordable rental housing requirements.

ARTICLE 6 MIXED-USE COMMERCIAL ZONE DISTRICTS

B. Building Height.

1. Height Limitations.

- a. Height requirements, including bonus height provisions, are subject to the provisions of Section 5.8.02. OD-DH Downtown Height Overlay Districts.
- b. Building heights in all other Mixed-Use Commercial Districts shall not exceed the maximum number of stories as listed in Table 5.6.08.A Building Elements.

2. Bonus Allowances. Buildings may qualify for a bonus height and other allowances based upon the Gross Floor Area (GFA) of the development devoted to the features and the activity established in Table 5.6.08.B.3 Bonus Table. Bonus height allowances may be used in combination provided that building heights shall not exceed the maximum number of stories in Table 5.6.08.A. Building Elements.

Table 5.6.08.B.3. Bonus Table				
Activity/Facility Provided	District	Activity Bonus		Bonus
Urban Open Space (5.6.08.B.2.a.)	TCC, TBA, TOD, C	Minimum site area	25%	1 story
			50%	2 stories
Mixed-Income Housing (5.6.08.B.2.d.)	TCC, TBA, TOD, C	Minimum lot area/dwelling unit may be reduced by up to 500 sq. ft. per unit for providing a mix of affordable and market rate		# of units
		Mix of affordable and market rate dwelling units		1 story
Transit Station (5.6.08.B.2.e.)	TOD, PRD	Transit station along the assigned Bus Rapid Transit (BRT) route as approved by The Rapid		3 stories
Micro-Unit (5.6.08.B.2.f)	TCC, TBA, TOD, C	Minimum lot area per dwelling unit waived		<u># of units</u>
<u>Affordable Housing</u>	<u>TCC, TBA, TOD, C</u>	<u>Minimum lot area/dwelling unit may be reduced by up to 500 sq. ft. per unit for affordable units</u>		<u># of units</u>

Bonus heights for the TN-CC Zone District are described in Section 5.8.02.C. under the OD-DH Overlay District.

- a. Urban Open Space Bonus. To qualify for this bonus provision, at least the minimum noted urban open space shall be provided on the site, with public access directly from the sidewalk at ground level. The façade along the RBL requirement of Section 5.6.08.D. may be reduced to twenty (20) percent (e.g. a 90% requirement may be reduced to 70%) by the Director if deemed necessary to accommodate the installation of qualifying urban open space. The Director shall grant only that reduction necessary to accommodate the urban open space.
- b. Ground Floor Retail Bonus. Development projects may qualify for this bonus provision where retail uses have access directly from the sidewalk at ground level. For purposes of this Section, retail use shall include the use groups as defined in Section 5.16.02.U. under Commercial Retail Sales and Restaurants.

- c. Residential Use Bonus.
 - i. Height Bonus. Development projects shall receive a bonus height allowance if residential use is included in the project. To qualify for this bonus, the development shall include one (1) or more floors devoted to dwelling units, as defined in Section 5.16.02.H. Household Living. This shall not include a dwelling unit for a caretaker or other employee of the development.
 - ii. Density Bonus. Qualifying development projects may reduce the minimum lot area per dwelling by up to one hundred and seventy (170) square feet per unit provided that the off-street parking requirements of Section 5.10.04.C are satisfied, unless otherwise reduced by the Director or the Planning Commission in accordance with Section 5.10.05.
 - iii. Parking Reductions. For density bonus requests, the Director may reduce off-street parking requirements by a maximum of twenty (20) percent in accordance with Section 5.10.05. Parking reductions of greater than twenty (20) percent shall require Special Land Use approval.
- d. Mixed-Income Housing Bonus. Two (2) bonus options are available for development projects that satisfy the criteria below. The minimum lot area per dwelling unit in a multiple family development may be reduced by up to five hundred (500) square feet per unit; and/or one (1) additional story above the maximum permitted by the Zone District.
 - i. Project is located within three hundred (300) feet of a transit line, as measured from the nearest lot line to the right-of-way of the street along which the transit line runs;
 - ii. The development includes at least twenty (20) dwelling units;
 - iii. Not less than fifteen (15) percent nor more than thirty (30) percent of the total number of rental units are priced for households at or below sixty (60) percent of Area Median Income, as adjusted for family size, with rental charges priced by the same method for at least fifteen (15) years.
 - iv. Not less than fifteen (15) percent nor more than thirty (30) percent of the total number of ownership units are priced for households at or below eighty (80) percent of Area Median Income, as adjusted for family size.
 - v. The remaining units are priced at market rate.
 - vi. The affordable units shall be comparable in unit sizes and amenities to the market rate units, and shall be evenly distributed throughout the development.
 - vii. Provisions shall be made for the annual certification of eligible tenants and purchasers, certification of rental property and monitoring of affordable housing requirements. A density agreement shall be approved by the City Commission.
- e. Transit Station Bonus. The transit station bonus shall only be approved as part of a submittal for a large development project at a location recognized by The Rapid as a desirable transit station for bus rapid transit (BRT) or trolley. A notarized statement from the Rapid verifying that the proposed transit station location and design is

acceptable is required. The minimum dollar amount dedicated for this purpose shall be commensurate with the median cost of land per buildable square foot in the general vicinity. Transit station development shall reflect the intent of urban open space requirements in Section 5.11.14. Development of the station shall be accomplished using one (1) of the following methods.

- i. Construction by the developer shall require the submittal of appropriate drawings, detailed construction commitments, a construction schedule, and a performance guarantee meeting the requirements of Section 5.14.04 for completion of the improvements, to be approved by the City Engineer and the transit authority.
 - ii. Cash contribution for transit station improvements that are to be undertaken by agencies such as The Rapid, shall enter into an agreement with the City of Grand Rapids and the agency undertaking the improvement. All agreements shall be in a form approved by the City Attorney.
- f. **Micro-Unit Density Bonus.** The minimum lot area per dwelling unit in a multiple family development may be waived when all of the following conditions are met.
- i. The unit has a GFA of no more than four hundred seventy-five (475) square feet;
 - ii. The primary entrance of the building containing the unit(s) is located no more than three hundred (300) feet from a transit station or stop;
 - iii. In addition to required vehicle parking per Section 5.10.04.C., two (2) bike spaces per unit are provided, and;
 - iv. The unit shall be subject to the occupancy limitations of the International Property Maintenance Code, as amended.

g. Affordable Housing Bonuses. Bonuses are available in accordance with the provisions of Table 5.6.08.B.3. when the following conditions are met.

i. Multiple-Family Developments. The minimum lot area for a multiple family development may be reduced by up to five hundred (500) square feet per dwelling unit for a project that satisfies the following criteria:

- 1. Project is located within three hundred (300) feet of a transit line;
- 2. At least twenty (20) dwelling units are developed as part of the project;
- 3. If rental units, not less than thirty (30) percent of the total number of units are priced for households at or below sixty (60) percent of Area Median Income, as adjusted for family size, with rental charges remaining affordable for at least fifteen (15) years.
- 4. If owner units, not less than thirty (30) percent of the total number of units are priced for households at or below eighty (80) percent of Area Median Income, as adjusted for family size.
- 5. The remaining units are priced at market rate.

6. The affordable units shall be comparable in unit sizes, amenities and location with the market rate units.

7. The property owner agrees to the submission of annual reports to the City regarding certification of eligible tenants and purchasers, annual certification of rental property and monitoring of affordable rental housing requirements.

~~c. Affordable Housing Bonus.~~

4.3. Administrative Departures. An Administrative Departure from building height requirements may be permitted for:

- a. A reduction in the minimum height requirement for auto-oriented uses and for buildings in those Zone Districts where seventy (70) percent or more of existing buildings and structures located on the same block are single story.
- b. Reconstruction to the former building height (that exceeds the maximum permitted height in Table 5.6.08.A.) where a building is partially destroyed by an Act of God. The determination shall consider factors such as the extent of destruction, character of the building and its surroundings and cost of reconstruction.