



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: DON REIMER, COMMUNITY DEVELOPMENT DIRECTOR
RE: UPDATE ON PROPOSED AMENDMENTS TO THE UNIFIED DEVELOPMENT CODE FOR AFFORDABLE HOUSING INCENTIVES
DATE: FEBRUARY 28, 2023

Summary and Background: Affordable housing is one of Town Council's Strategic Plan High Priorities. For several months Town Council has been discussing with staff potential amendments to the Town Code that could facilitate development of affordable housing, including a potential workforce housing overlay, and additions to the density bonus provisions already in the Code.

Since that time, a developer of a potential affordable housing project submitted a request for specific code amendments which could provide incentives to facilitate the project. Staff considered the modifications requested and other potential changes to create a series of proposed amendments to the Unified Development Code (UDC), Chapter 180 of Town Code. Town Council most recently discussed potential Code amendments to facilitate housing at their January 17, 2023 meeting, and directed staff to review with the Planning Commission to gather their input. The Planning Commission discussed the proposed amendments at their February 2, 2023 meeting.

The purpose of this Town Council work session is to review Planning Commission comments, potential adjustments to the draft code amendments to reflect those comments, and discuss next steps in the Code amendment process.

Analysis: Town Code incentives currently available to developers of affordable housing are located in Section 180-5.5.1. 'Affordable Housing - Incentives', and include provisions for Accessory Dwelling Units and Density Bonus. The Code amendments proposed and included in Attachment 1 would add a Density Bonus option for Low Income Housing Tax Credit (LIHTC) projects. LIHTC projects require that the units are deed-restricted to average 60% AMI, but do not allow restrictions on where the occupants work.

The proposed Code amendments would also add a new Section 180-5.5.1 C "Affordable Housing Development Incentive Program". This code section would create a set of incentives in the form of modifications to underlying zoning regulations for projects that meet specific deed-restricted housing thresholds. The program would be available for use for all properties in the Gateway, Central Core, Mixed-Use, and Residential -High, -Medium and -Low zone districts. The

amendments include modifications to the following Code sections, as further detailed in Attachment 1:

- Density – allows increased density in the RH, RM, and RL zone districts where the density bonus provision is not currently permitted.
- Lot coverage – allows increased lot coverage
- Setback – allows reduced setbacks
- Building height – allow up to a 10% increase in building height
- Landscape – allows modifications to the landscape requirements
- Mixed Use – in the MU zone district, allows for a lower ratio of commercial to residential uses
- Bulk Plane – allows an increased volume of bulk plane envelope encroachments
- Parking – allows reductions in the amount of parking required by allowing some on-street parking or off-site parking under certain conditions, and encouraging use of transit and car-sharing services

At their January 17, 2023 work session, Town Council asked that the Planning Commission review and discuss the proposed amendments based on their experience in reviewing development applications and what could make sense. The Planning Commission discussed the proposed Code amendments at their February 2, 2023 meeting.

While the Planning Commission was not fully supportive of all of the proposed amendments, there was recognition that there could be some code amendments that could facilitate the right housing project, while balancing other community goals, particularly with regards to use and appearance of the built environment on Main Street. There were a few key themes that emerged:

- Main Street is a key component of the community, and the Planning Commission was not comfortable with including reductions in mixed-use commercial percentage or allowances in design requirements written into the Code. The Mixed-Use zone allows for a conditional use process to consider reduced commercial based on specifics of a project, and the Planning Commission felt it was appropriate to keep that way.
- If a developer of a particular parcel wants deviations from the Code for a specific project, the PUD process is still an option, so the entire project could be considered as a whole.
- The Planning Commission expressed concerns that there was not enough of a differentiation between the 50% affordable and 100% affordable code allowances to provide incentives to a developer to go the 100% route.
- Bulk plane – the Planning Commission did not want to completely eliminate restrictions due to concerns with “blocky” building designs, but felt there could be an opportunity to increase the bulk plane encroachment allowance, as long as the code language is clear that bulk plane encroachment allowances are an “up to” consideration, not guaranteed, and remain subject to Planning Commission review and approval.
- Building articulation and design – could allow for a more simple building for a 100% affordable project on Main Street.
- A more simple design and a reduction of mix of uses could be acceptable off of Main Street, even for a 50% affordable project.
- Landscaping reductions should be more clearly defined; do not want the result of a “bald” property. This comment continued the general theme of ensuring enough

similarity to other projects so that it is not an easily discernable difference between an affordable housing project and other development.

- Planning Commission felt that an affordable rental project could receive greater incentives than a for-sale project.
- Parking. There was concern that current transit is not robust enough to facilitate living without cars. But there was recognition that there may be improved transit options during the life of the building, so if there is a reduction in parking, a solution on how to bridge that gap is needed, otherwise a problem may be created at the very beginning of the building's life. Planning Commission liked the car share idea to reduce parking, as long as an agreement is in place in perpetuity.
- Fees. Any fee waivers or reductions should continue to be at Council's discretion as it would have to be paid back out of housing fund, and could be considered a part of Town contribution to a project.

Financial Impact: Providing Code incentives for affordable housing projects should result in development of additional affordable housing units. For Town housing development projects, an increased number of affordable housing units could be constructed on each development property, resulting in a cost per unit savings compared to what could be achieved under the current Code.

Alignment with Strategic Plan: In the 2020/21 Strategic Plan, Town Council identifies increasing full-time resident occupancy to 50% as a top priority, as a method to create an inclusive community. Additionally, Frisco Town Council aspires to double the amount of deed restricted workforce housing units within the next 5 years. The proposed Code Amendments provide incentives to developers, which also could be applied to Town projects, which will assist in achieving these goals.

Staff Recommendation: Staff recommends that Town Council consider Planning Commission's comments on the proposed Code amendments and provide direction regarding next steps in the Code amendment process.

Approved By:

Tom Fisher, Town Manager
Leslie Edwards, Finance Director

Attachments:

Attachment 1: Proposed Code Amendments