
City of Longmont Affordable Housing Incentives

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Longmont Affordable Housing Incentives

Introduction

This report complements the Inclusionary Housing Policy Review by providing additional analysis of the City's affordable housing incentive program, which offers developers land use and zoning incentives in exchange for including affordable units in their development. Longmont's program specifies some incentives to developers who provide on-site affordable units in compliance with the inclusionary housing ordinance and offers enhanced incentives for approved projects that provide more than the minimum affordability requirement.

Baseline incentives. The following incentives are available to developers who provide on-site affordable units in compliance with the Inclusionary Housing Ordinance:

- **Density Bonus:** Up to 20% of an increase in density over what is allowed within every residential zoning district for projects providing affordable housing on site.
- **Lot size and lot width reduction:** A 20% reduction to lot size and lot width for projects providing affordable housing on site (only relevant for single family detached).
- **Height Bonus:** one additional story allowed if affordable units are included in the project (restricted by residential compatibility standards).
- **Reduced and Flexible Parking Requirements:** Only one space per affordable housing unit is required. The City of Longmont will also consider alternative parking plans to accommodate innovative proposals.
- **Reduced development standards:** Reductions may apply to such standards as setback and landscaping, as allowed by the land development code.

Enhanced incentives. Approved projects that provide more than the minimum requirement for affordable unit provision are eligible for additional incentives, subject to available funding, including:

- **Fee Waivers:** A percentage of certain development fees may be waived for qualifying projects. Reductions can range from 50% to 100% for for-sale units and from 20% to 50% for rental units. Developers also have the option to request a 100% fee waiver from City Council in certain circumstances.
- **Fee Deferral:** As part of the Impact Fee Deferral Program, new residential developments in the City of Longmont are eligible to defer payment for several fees.

- **Subsidy for Water/Sewer System Developments Fees:** Projects that provide more than the minimum required affordability may qualify for a percentage of the fees to be subsidized.
- **Offsets for Cash-in-Lieu of Raw Water Deficits:** A project that provides a minimum of 25% of total units in a development as affordable may be eligible to receive an offset for a percentage of the raw water deficit cash-in-lieu owed to the City. This incentive is only available to projects that are being platted; redevelopment projects are ineligible.

How do incentives work?

In general, development incentives offer variation from entitlement zoning and therefore are most effective when existing zoning is misaligned with market demand—in other words, when developers want an exception to what they can build by right. Development incentives are usually tied directly to variations that result in cost reductions (e.g., lower parking requirements) or revenue boosters (e.g., density bonus to allow more units). Some incentive programs also include financial incentives, such as fee rebates/waivers which function as direct subsidies to projects, and/or process incentives to reduce project lead times and/or risk (e.g., fast-track review).

Financial benefits of common incentives are described below in general terms. An analysis of Longmont’s specific incentives is provided in the subsequent section.

- **Parking reduction**—Parking costs vary from about \$5,000 per space for surface lots to \$45,000 per space for structured parking (and more for underground garages). Reducing parking ratios by 0.5 spaces per unit (applied to all units in a development) would save \$22,500 per unit in development costs for structured parking and \$2,500 per unit for surface parking. This analysis assumes the parking reduction would apply across the entire development, not just to affordable units. In addition to the direct savings, reduced parking may also allow a developer to include additional residential units with the saved space.
- **Fee rebates**—typical fee rebates range from \$5,000 to \$15,000 per affordable unit and are often capped at a certain threshold. These incentives are usually extended only to the affordable units within a development. A \$5,000 per affordable unit fee rebate in association with a 10% affordability set-aside would effectively lower the per-unit cost of the entire development by \$500 per total unit.
- **Density/height bonus**—Both density bonuses and other modifications that impact site capacity (e.g., open space reductions, setback adjustments, etc.) serve to increase the number of units that can be constructed as part of an overall development. As long as the increase in unit capacity does not change the construction type (e.g., from lumber to steel) then the cost per unit does not change significantly. The developer may realize some overall cost savings in per unit land costs but the bigger benefit is in increased total revenue for the project.

If/when a density or height bonus does change the construction type (e.g., going from 4 stories to 6 stories results in a change from lumber to steel construction), then the incentive actually increases the per-unit cost of the development. However, it may still be an attractive option for developers because they are able to increase the total number of units and the nominal project value increases. A density bonus may also help attract new developers that specialize in taller buildings if they view the bonus as entitled when complying with the affordability requirements of the incentive.

- **Fast-track or administrative approvals**—Process-oriented incentives are highly valued by developers but are not quantifiable in the same way as other incentives. Even so, these types of incentives are often a key driver in success of incentive programs.

Stakeholder Perceptions of Potential Incentives

Stakeholders and developers were interviewed as part of the overall inclusionary program review and provided some feedback on current and potential affordability incentives in Longmont.

- On the whole, most developers felt they were able to build projects that were well-aligned with the market—either because baseline zoning was sufficient or because they were negotiating terms of large development projects anyway. ***This is a key point and a high compliment to the City's existing land use code—however, it does make potential incentives somewhat less effective because developers don't have an expressed "need" for variances from the City.***
- Even so, some developers did suggest that lower parking ratios and moderate density increases could be effective tools to promote affordable unit construction. "Missing Middle" developers (townhome and small apartment projects) were the most likely cohort to indicate they needed higher density than was entitled.
- Regarding height bonuses, most developers did not believe that the Longmont rental market would support the high rents needed to justify steel construction of multifamily so bonuses above 4 or 5 stories are not likely to be utilized under current market conditions in most areas of Longmont.
- Process improvements, such as fast-track review or project liaisons, were the most consistently desired incentives, though financial incentives (e.g., fee rebates/waivers or direct subsidies) were also popular.
- Some developers also expressed a need for increased clarity and/or transparency on the affordability incentives and felt that a dedicated project liaison might be a good way to shepherd developments through the incentive options.

Feasibility Model

In order to quantify the value of Longmont's current incentive options, Root developed a financial feasibility model which tests various incentives on a variety of rental and for-sale development prototypes.

Financial feasibility models are based on development proformas typically used in the real estate industry to determine whether a project is financially feasible. A proforma is comprised of a development budget (construction and other costs associated with building development); an estimate of income as units are sold or rented; and an estimate of project value based on project income at stabilization and the estimated value of the entire development at sale.

The feasibility model starts with "base case" scenarios that reflect current development conditions in Longmont for developments paying the inclusionary fee in lieu (FIL). Root then models the same development but under a scenario where the project builds the inclusionary units (rather than paying the FIL) with and without development incentives.

The critical component of this analysis is not the individual line-item costs in the proforma, but how the project value and returns change with the incentives.

Scenarios tested. The analysis includes the following base case development prototypes:

- Single-family detached units with a 5,000 square foot lot size (in R-SF district);
- For-Sale townhomes with a 3,000 square foot lot size (in R-MN district);
- A 3-story apartment building with 40 units (18 dwelling units per acre, or dua) and surface parking (in R-MN district);
- A larger 3-story apartment building with 78 units (35 dua) and surface parking (in R-MF district); and
- A 4-story apartment building with 100 units and ground floor retail (80 dua) with structured parking in a mixed use district.

The prototypes all account for inclusionary zoning requirements either through FIL (\$5.93 per square foot on for-sale and \$13.5 per square foot on rental) or through building the units (12% at 80% AMI on for-sale or 12% at 50% AMI on rental). However, inclusionary requirements are not applied to the portion of developments that exceed 20 dua, in keeping with the City's current high density exemption. This exemption applies to both FIL calculations and on-site build for the larger 3-story apartment and the 4-story apartment prototypes.

For developments that build the affordable units on-site (rather than paying the FIL), Root modeled the proforma under multiple incentive scenarios:

1. No incentives applied (except the >20duf exemption discussed above and the standard parking requirement of 1 space per unit on affordable units); and
2. The following existing incentives applied:
 - 20% increase in duf for all rental and for-sale prototypes;
 - 1-story height bonus for rental prototypes in the R-MF and mixed used districts.
3. The following potential incentives applied to apartment prototypes, in addition to the incentives described above:
 - 33% parking reduction applied to market-rate units in the development (note this benefit is not relevant on the rental residential prototype in the mixed use district where there are no parking minimums);
 - An additional height bonus (2-stories) on the 4-story mixed use prototype.

Root then compared the returns to developers/investors on the base case (pay FIL) to returns on incentive case developments. Improved returns suggest the incentive package is favorable to developers and a viable option to incentivize creation of affordable units.

Feasibility results. Figures 1 and 2 (on the following pages) show the results of the feasibility analysis. On paper, the current density bonuses do have a meaningful positive impact on development outcomes, as long as the site can absorb additional units to take advantage of the density. Height bonuses from 3 to 4 stories can also improve outcomes, assuming the height bonus overrides density caps.

While the density and height bonuses do work on paper, they will only be attractive in reality if developers 1) have clarity about the incentives and understand them as effectively entitling the additional density; and 2) perceive market demand to be at a density/height above their current entitlement. The stakeholder feedback discussed earlier in this memo highlights that some developers are satisfied with existing entitlements while others may be more likely to opt into the bonus incentives.

The potential parking incentive (modeled below at 33% reduction across market rate units) also adds meaningful value to a project. The model shows parking incentive values strictly as a reduction in cost, which may actually undercount the benefit since in reality land area that would have been dedicated for parking could be reallocated to unit production.

Broadly the result of the feasibility analysis show that existing incentives are meaningful, but that the City may want to consider an additional parking-related incentive that could apply to market-rate units, rather than just affordable units. (If the City decides to institute a parking incentive, additional feasibility testing could help refine the potential reduction).

Figure 1.
Proforma Analysis:
For-Sale Prototypes

Note:
Market prices and home size are based on data from ZONDA. Income restricted home prices assume a 4-person household in a single family home and a 3-person household in a townhome. The model assumes consistent home prices across variations in lot size.

Source:
Root Policy Research.

	Single Family Detached (R-SF)			Row-House (R-MN)		
	Pay FIL	On-Site Units; No Incentive	On-Site Units; With Incentive	Pay FIL	On-Site Units; No Incentive	On-Site Units; With Incentive
Site and Prototype Characteristics						
Parcel Size (acres)	2.55	2.55	2.55	1.53	1.53	1.53
lot size per unit	5,000	5,000	4,630	3,000	3,000	2,778
Total Units	20	20	24	20	20	24
Affordable Units Built	0.00	2.40	2.88	0.00	2.40	2.88
Avg SF per unit	2,167	2,167	2,167	1,701	1,701	1,701
Dwelling Units per Acre (dua)	7.84	7.84	9.41	13.07	13.07	15.68
Development Costs						
Land Costs	\$2,100,000	\$2,100,000	\$2,100,000	\$1,560,000	\$1,560,000	\$1,560,000
Land cost per unit	\$105,000	\$105,000	\$87,500	\$78,000	\$78,000	\$65,000
Hard Costs	\$7,324,027	\$7,324,027	\$8,788,832	\$6,760,000	\$6,760,000	\$8,112,000
Hard cost per unit	\$366,201	\$366,201	\$366,201	\$338,000	\$338,000	\$338,000
Soft Costs	\$1,391,565	\$1,391,565	\$1,669,878	\$1,284,400	\$1,284,400	\$1,541,280
Soft costs per unit	\$69,578	\$69,578	\$69,578	\$64,220	\$64,220	\$64,220
Inclusionary Fee in Lieu	\$257,006	\$0	\$0	\$201,739	\$0	\$0
Construction Financing	\$366,201	\$366,201	\$439,442	\$338,000	\$338,000	\$405,600
Total Development Cost	\$11,438,799	\$11,181,793	\$12,998,152	\$10,144,139	\$9,942,400	\$11,618,880
Total Development Cost per Unit	\$571,940	\$559,090	\$541,590	\$507,207	\$497,120	\$484,120
Revenues and Operating Expenses						
Sales Revenue	\$14,049,900	\$13,346,477	\$16,015,772	\$11,049,240	\$10,632,203	\$12,758,643
Sale Price Market Rate (per unit)	\$702,495	\$702,495	\$702,495	\$552,462	\$552,462	\$552,462
Income Restricted Sale Price (per unit)	\$409,402	\$409,402	\$409,402	\$378,697	\$378,697	\$378,697
Operating/Sales Expenses						
Cost of sale (3% realtor fee)	\$421,497	\$400,394	\$480,473	\$331,477	\$318,966	\$382,759
Valuation Detail						
Net Sale Value (NSV)	\$13,628,403	\$12,946,082	\$15,535,299	\$10,717,763	\$10,313,237	\$12,375,884
Return on Cost (ROC)	19.1%	15.8%	19.5%	5.7%	3.7%	6.5%
% Difference in NSV from FIL option		-5.01%	13.99%		-3.77%	15.47%
Percentage Point Change in ROC from FIL		-3.36%	0.38%		-1.92%	0.86%

Figure 2.
Proforma
Analysis:
Rental Prototypes

Note:

The proforma models a 1.5 bedroom average (e.g., a mix of 1 and 2 bedrooms) with a parking ratio of 1.875 on average (2-bedroom units require 2 spaces and 1 bedroom units require 1.75 spaces). Market-rate and affordable rents also model a 1.5 bedroom on average.

The analysis models parking reductions as a cost savings benefit but does not replace the “saved space” with additional units. In reality parking reductions may also allow for more units.

The exemption for IZ above 20 duas is NOT applies in this analysis (a full 12% requirement is applied to all units regardless of dua). For further discussion of this exemption see the next section of the report.

Rental Revenue assumes 4% vacancy rate; structured parking is assumed to yield \$50/month in revenue.

Source:

Root Policy Research.

	3-Story Small Apartment (R-MN)				3-Story Large Apartment (R-MF)				4-Story Mixed Use			
	Pay FIL	On-Site Units; No Incentive	On-Site Units; With Density Bonus	On-Site Units; With Density Bonus + 33% Parking Reduction	Pay FIL	On-Site Units; No Incentive	On-Site Units; With Density & 1-story Height Bonus	On-Site Units; With Density & Height Bonus + 33% Parking Reduction	Pay FIL	On-Site Units; No Incentive	On-Site Units; With Density & 1-Story Height Bonus	On-Site Units; With Density & 2-Story Height Bonus
Site and Prototype Characteristics												
Parcel Size (acres)	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	1.25	1.25	1.25	1.25
lot size per unit	2,450	2,450	2,042	2,042	1,257	1,257	942	942	545	545	436	344
Total Units	40	40	48	48	78	78	104	104	100	100	125	158
Affordable Units Built	0.00	4.80	5.40	5.40	0.00	5.40	5.40	5.40	0.00	3.00	3.00	3.00
Avg SF per unit	1,100	1,100	1,100	1,100	1,100	1,100	1,000	1,000	950	950	950	950
Dwelling Units per Acre (dua)	17.78	17.78	21.33	21.33	34.67	34.67	46.22	46.22	80.00	80.00	100.00	126.67
Parking type	surface	surface	surface	surface	surface	surface	surface	surface	structure	structure	structure	structure
Parking ratio (on market-rate units)	1.875	1.875	1.875	1.256	1.875	1.875	1.875	1.256	1.000	1.000	1.000	1.000
# parking spots	75	71	85	59	146	142	190	129	100	100	125	158
Development Costs												
Land Costs	\$2,293,434	\$2,293,434	\$2,293,434	\$2,293,434	\$2,964,000	\$2,964,000	\$2,964,000	\$2,964,000	\$2,722,500	\$2,722,500	\$2,722,500	\$2,722,500
Land cost per unit	\$57,336	\$57,336		\$47,780	\$38,000	\$38,000		\$28,500	\$27,225	\$27,225		\$17,195
Hard Costs	\$10,695,000	\$10,674,000	\$12,872,295	\$12,740,501	\$20,855,250	\$20,855,250	\$29,148,600	\$28,826,850	\$31,590,000	\$31,590,000	\$41,180,625	\$52,162,125
Hard cost per unit (incl. parking)	\$267,375	\$266,850	\$268,173	\$265,427	\$267,375	\$267,375	\$280,275	\$277,181	\$315,900	\$315,900	\$329,445	\$329,445
Soft Costs	\$1,925,100	\$1,925,100	\$2,310,120	\$2,310,120	\$3,753,945	\$3,753,945	\$5,005,260	\$5,005,260	\$5,686,200	\$5,686,200	\$7,107,750	\$9,003,150
Soft costs per unit	\$48,128	\$48,128		\$48,128	\$48,128	\$48,128		\$48,128	\$56,862	\$56,862		\$56,862
Inclusionary Fee in Lieu	\$594,000	\$0	\$0	\$0	\$668,250	\$0	\$0	\$0	\$320,625	\$0	\$0	\$0
Construction Financing	\$534,750	\$533,700	\$643,615	\$637,025	\$1,042,763	\$1,042,763	\$1,457,430	\$1,441,343	\$1,579,500	\$1,579,500	\$2,059,031	\$2,608,106
Total Development Cost	\$16,042,284	\$15,426,234	\$18,119,464	\$17,981,080	\$29,284,208	\$28,615,958	\$38,575,290	\$38,237,453	\$41,898,825	\$41,578,200	\$53,069,906	\$66,495,881
Total Development Cost per Unit	\$401,057	\$385,656	\$377,489	\$374,606	\$375,439	\$366,871	\$370,916	\$367,668	\$418,988	\$415,782	\$424,559	\$419,974
Revenues and Operating Expenses												
Annual Rental Revenue	\$897,638	\$861,447	\$1,036,451	\$1,036,451	\$1,750,395	\$1,709,680	\$2,388,692	\$2,388,692	\$2,397,600	\$2,374,038	\$2,977,668	\$3,776,868
Market-Rate Rent (per unit /mo)	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948	\$1,948
Income Restricted Rent (per unit /mo)	\$1,294	\$1,294	\$1,294	\$1,294	\$1,294	\$1,294	\$1,294	\$1,294	\$1,294	\$1,294	\$1,411	\$1,411
Operating/Sales Expenses												
Annual operating cost per unit	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600
Annual Debt Costs	\$320,846	\$308,525	\$362,389	\$359,622	\$585,684	\$572,319	\$771,506	\$764,749	\$837,977	\$831,564	\$1,061,398	\$1,329,918
Valuation Detail												
Net Operating Income	\$336,793	\$312,922	\$386,062	\$388,829	\$696,711	\$669,361	\$930,787	\$937,543	\$899,623	\$882,474	\$1,091,270	\$1,401,950
Return on Cost	2.10%	2.03%	2.13%	2.16%	2.38%	2.34%	2.41%	2.45%	2.15%	2.12%	2.06%	2.11%
% Difference in NOI from FIL option		-7.09%	14.63%	15.45%		-3.93%	33.60%	34.57%		-1.91%	21.30%	55.84%
Percentage Point Change in ROC from FIL		-0.07%	0.03%	0.06%		-0.04%	0.03%	0.07%		-0.02%	-0.09%	-0.04%

Incentive Discussion and Recommendations

The feasibility analysis helps illustrate the value of existing incentives and establishes the benefit of additional incentives. However, there are also opportunities to improve land use efficiency and affordability incentives through administrative improvements and regulatory variances that are not as easily modeled in the proforma analysis. The following incentive discussion includes an evaluation of such opportunities—including, but not limited to, the incentives modeled in the preceding feasibility analysis.

Administrative improvements. Process-oriented incentives are highly valued by developers but are not quantifiable in the same way as other incentives. They mitigate risk and save time, but do not reflect tangible cost reductions. Even so, they are often key drivers in the success of delivering affordable units.

- **Fast track review.** The City is currently working to streamline affordable developments in compliance with State Proposition 123, which requires a 90-day approval on affordable projects in order to remain eligible for state funding from the Proposition. In developing this process, the City should consider projects that include inclusionary units on site and should make sure developers are aware of this benefit if they build units rather than pay the fee in lieu.
- **Public process requirements.** A subdivision plat of 4 lots requires a public process. The public process adds cost, risk, and time—up to 3-4 months above an administrative process. The discrepancy between the plat and site plan process places an inequitable burden on small plat processes and should be evaluated for a higher lot threshold, particularly if affordable units are included. Specifically, Root recommends an administrative review process (eliminating the preliminary plat step to go directly to subdivision plat process) if affordable units are included in the project.
- **Streamline ADU approval.** ADUs currently require site-plan approval, which adds about a month to review. In order to encourage production of this naturally affordable housing type, Root recommends the City consider administrative approval of ADUs.

Regulatory variances. Incentives related to regulatory variances create opportunities for developers to maximize the efficiency and affordability of their projects. They are most successful when clearly conveyed to developers as a change in entitlement when including affordable units on site.

- **Open space variance.** The City currently requires buffer space between uses, even if the adjacent use is a park/open space. A potential affordability incentive could be a reduction in open space requirements—or administrative approval for the reduction or elimination of the buffer—when projects are adjacent to (or within a quarter mile) from open space or parks and include affordable units.

- **Utility and access easements.** The stringent separation of utilities and access requirements (e.g., fire) can be a barrier to efficient development, particularly on smaller sites or lots with unique layout constraints. The City may want to consider either administrative adjustments or creative opportunities to reduce this barrier, particularly for affordable development.
- **Parking standards.** The City has already relaxed parking requirements in mixed use districts, though minimum standards in other districts remain high. In many cases single family parking requirements are actually *lower* than multifamily parking requirements. This discrepancy presents a clear opportunity to incentive affordable development with lower parking in multifamily projects in residential districts. The feasibility analysis shows that a 33% parking reduction creates a meaningful financial benefit for developers; however a minimum incentive could simply be reducing the multifamily requirement to match the single family requirement.
- **Density bonus.** The City currently offers 20% density bonuses across districts and lots size reductions in single family districts when affordable units are included in the project. The feasibility analysis illustrates the financial benefit of this incentive and Root recommends maintaining this option and making sure developers are aware of its benefits. If politically viable, an increase to the density bonus could help make it even more attractive.
- **Height bonus.** A 1-story height bonus is currently offered in addition to the density bonuses discussed above. However, the height bonus competes with other height incentives for vertical mixed use and proximity transit and is restricted by residential compatibility standards. In addition, stakeholders do not consider medium height (6+ story) projects to be viable in the current Longmont market, given the higher construction costs of steel framing and the prevailing rents in Longmont's suburban context. The combination of these factors make the height bonus a relatively weak tool in the City's incentive toolbox. That said, Root does recommend keeping the height bonus in place, as higher buildings may become more attractive in the future if/as construction technologies evolve and rents continue an upward trajectory. The City should also ensure that maximum densities scale up proportionally with height bonuses (such that duas do not limit the ability to maximize a height bonus).
- **High density exemption.** In order to encourage higher density development, the City only applies inclusionary housing requirements to the first 20 dua in residential projects. In other words, if a development reaches a density of 40 dua, the inclusionary requirement only applies to half the units. This incentive was likely a needed catalyst to spark higher density development in years past; however, current market conditions support this level of density even without a deep incentive and the City's affordability goals would be better served by removing or reducing the exemption.

Figure 3 shows a sample of projects that have exceeded 20 duas and calculates the affordable housing requirement with the 20 dua exemption in place compared to no exemption or a higher threshold for exemption (35 dua). Based on these sample projects, the current density exemption reduces the inclusionary requirement from 158 affordable units to 68 units.

Figure 3.
Affordable Unit
Production
under Density
Exemption
Options

Source:
City of Longmont and Root
Policy Research.

	Dwelling Units	Site Acres	DUA	Inclusionary Units Required		
				>20 dua exempt	>35 dua exempt	no exemption
Project 1	314	6.8	46.18	16	29	38
Project 2	175	1.78	98.31	4	7	21
Project 3	6	0.29	20.69	1	1	1
Project 4	115	1.75	65.71	4	7	14
Project 5	260	4.8	54.17	12	20	31
Project 6	72	1	72.00	2	4	9
Project 7	371	11.85	31.31	28	50	45
Total	1,313			68	119	158

If the City desires to keep an exemption in place, Root recommends the threshold be raised to 35 or 40 dua. Such an exemption would not likely discourage development between 20 and 35 or 40 dua and would help bolster affordable unit production (and/or fee in lieu revenue generation).

- **Primary use in mixed use districts.** Mixed use districts currently require residential to be the “secondary” use, which means residential cannot constitute more than 49% of the contiguous zone district. This regulation limits mixed use residential in MU districts, including along arterials that would otherwise be well-suited to residential over ground floor commercial. Root recommends the City consider adjustments to the primary and secondary use requirements in mixed use developments to allow for multifamily residential—either by right or as a condition of including on-site affordable units in the project. While allowing for additional multifamily development in mixed use areas, the city may want to include performance standards on multifamily in such zones to ensure ground floor activation/commercial and/or to ensure the residential meets minimum density/height requirements.

Summary of Recommendations

- Maintain current incentives and if politically feasible, consider opportunities to strengthen incentives, especially for developments that exceed inclusionary requirements (i.e., set aside more than 12% of units as affordable on site).

- Evaluate opportunities to improve land use efficiency related to buffer requirements (when adjacent to parks) as well as utility and access requirements for affordable projects.
- Consider a parking incentive that would apply to market-rate units in a development when inclusionary units are included on site.
- Consider eliminating or raising the threshold for the high-density exemption on inclusionary housing.
- Allow residential as a primary use in mixed use districts if affordable units are included on site.