

Staff Report

**TEXT AMENDMENT FOR REDUCED
AFFORDABLE HOUSING PARKING RATE**

October 24, 2023

BACKGROUND:

On June 20, 2023, the City Council held a workshop to discuss the City's strategy to support development of additional affordable housing. **In defining affordable housing, and specifically rental housing, the City Council discussed focusing on households with incomes at or below 60% of the Area Median Income (AMI).** The 60% AMI threshold is the highest income level that would still be considered a low-income household consistent with state and federal programs. Incomes above 60% AMI can typically afford market-based rent levels. Income tables based upon household size are included within the Addendum.

Staff presented the City Council several strategies to increase housing for low- to moderate-income residents. One strategy was to consider the impact of regulations (e.g., building and zoning codes). Common code impediments include lot size requirements, limits on building size, architectural and design requirements, and minimum parking requirements. **The City Council directed staff to address parking requirements as the first initiative related to the affordable housing strategy.**

Minimum parking requirements can be an efficiency and cost impediment for multi-family housing, where a large surface parking lot is typically required due to multiple units. Parking adds costs to a development—typically \$3,000-\$4,00 per space for surface parking and more for structured parking. Parking also occupies space that may otherwise be used for a larger building area, landscaping, or amenities. **Therefore, right-sizing parking for affordable housing projects could be a valuable mechanism to support more housing.**

PARKING REQUIREMENTS:

Currently, the City of Ames allows for a reduced parking rate with City Council approval of a Planned Unit Development (PUD). The parking rate can be reduced to 1.5 parking spaces per unit for affordable housing use. **Outside of a PUD, the City requires 1.0 parking space per bedroom for 2-, 3-, 4-, and 5-bedroom units and 1.5 spaces for a studio or 1-bedroom unit.** There is no separate guest parking requirement. Downtown, Campustown, and the Downtown Gateway zoning districts have reduced parking requirements. Within the University Impacted areas, an extra 25% of parking requirements is required for residential dwellings.

To develop the proposed ordinance, staff performed sample counts at three affordable housing developments in Ames during peak usage hours to determine parking utilization. Staff observed between 35%-47% of provided parking was utilized. **Staff concluded that all the affordable housing developments underutilized the available parking** (Table 2 of the Addendum).

Staff also researched several peer communities and found the maximum rate required by a comparison city for a 3-bedroom affordable unit was under 1.5 spaces. For 1- and 2-bedroom units, the rates required were closer to 1.0 space per unit after reductions. The Addendum includes the full results of this research and additional housing information for Ames.

PROPOSED ORDINANCE LANGUAGE:

Staff has drafted the text changes shown in Attachment A with a two-tiered staff approval and a City Council approval option. The proposed changes would apply city-wide to new affordable housing developments, including within University-Impacted areas (East and West University Impacted Overlay Districts). The ordinance addresses the reduced rate, approval authority, and requirements for defined affordability levels and duration.

The proposed reductions would only apply to household living uses that are affordable housing. Household living is the category of use that applies to apartments and other dwellings (one- and two-family) where each unit houses one household and occupants have an average residency of 60 days or more. This differs from a group living use, including shelters, which may include a social service use providing shelter housing or other shared housing options. These uses utilize a 1.0-space-per-three-beds parking standard.

The proposed ordinance allows staff to approve a reduction to 1.0 space per unit for units with two or fewer bedrooms and a reduction to 1.5 spaces per unit for units with three to four bedrooms. This reduction would be permitted in developments where a minimum of 40% of the units are restricted to households with incomes below 60% of the AMI. Therefore, the proposed ordinance decreases parking from current requirements for 1-bedroom units by 33%, by 50% for 2- and 3-bedroom units, and by 62.5% for a 4-bedroom unit. These reductions are in line with staff's sampling of utilization at existing facilities in Ames. If a development has both affordable and market-rate units, only the affordable units are eligible for the reductions.

The proposed ordinance also allows the City Council to grant additional reductions as low as 1.0 space per unit for developments with access to public transit (within a quarter mile). Further reductions may be granted by the Council for developments that are permanently committed to serving households with incomes below 30% of the AMI. For developments serving households below 30% of the AMI, the ordinance prescribes no minimum or floor for parking.

The proposed ordinance requires that any authorized parking reductions require an acceptable affordable housing agreement that dedicates the property to affordable housing for a minimum of 30 years. The 30-year affordability period is the same period required for the LIHTC program and the minimum time period recommended by staff. At the end of 30 years, the development may be converted to market-rate units without providing additional parking. The current parking requirements, staff-approved reduction option, and Council-approved reduction options are summarized in the below table.

Comparison of Current and Proposed Parking Requirements				
	Current Parking Rates	Staff Approved Reduction	Council Approved Reduction for Transit Access	Council Approved Reduction for Extremely Low-Income (30% AMI) Households
1-bedroom Units	1.5	1	1	At Council's Discretion
2-bedroom Units	2	1	1	At Council's Discretion
3-bedroom Units	3	1.5	1	At Council's Discretion
4-bedroom Units	4	1.5	1	At Council's Discretion
5-bedroom Units	5	5	5	At Council's Discretion

With staff approval, the discretion of evaluating and granting the reduction would be more ministerial. This would create a more efficient system for project reviews of housing at typical affordability levels (60% AMI) that are affiliated with state and federal affordable housing programs. City Council review would be required for more unique circumstances. City Council would have greater discretion in its review, and likely evaluate an organization's capacity and experience in building and operating affordable housing. **If the understanding of the affordable housing developer's operations or experience with projects is a concern, staff may instead recommend City Council approval for all types of projects.** The proposed standards are further discussed in the Addendum.

PLANNING AND ZONING COMMISSION:

The Planning and Zoning Commission reviewed the proposed amendment at its October 4, 2023, meeting. Staff described the Council's goal to increase the supply of affordable housing and how it is affected by parking requirements. Staff also presented the counts from peak usage hours at affordable housing developments in Ames and parking reductions for affordable housing offered by peer communities. Note that the original proposal to the Planning and Zoning Commission was for a uniform 1.5 spaces per unit; the current proposal is 1.0 space for 1- and 2-bedroom units and 1.5 for 3- and 4-bedroom units as a result of the Commission's review.

The Commission's discussion focused on two main issues: the 30-year affordability period prescribed by the ordinance (longer or shorter) and the parking rate allowed with staff approval. No public input was provided. Several Commissioners were concerned that the 30-year rate was too long as some federal affordable housing programs require a shorter affordability period. Staff noted as the City of Ames administers the HOME Investment

Partnerships Program (HOME) funds, a longer period may be required by the City for developments utilizing the program. In staff's recent experience soliciting proposals to develop "Creekside" in the Baker Subdivision, a 30-year affordability period was the minimum requested by the City. The reduction would be for larger projects that require substantial capital investment and are planned to be income-restricted for the long term rather than individual assistance programs.

Other Commissioners felt that the units should be required to be income-restricted for a longer period of time, as at the end of the affordability period, the development may be converted to market-rate units without providing additional parking. However, several were concerned this would discourage development.

The parking discussion touched upon whether the proposed rate was low enough to be an incentive and whether the reduced rate could result in overflow parking into neighborhoods. After review of the comparable rates and staff's survey, the Commission believed smaller units should also get a reduction compared to staff's original proposed rate (1.5 spaces per unit). However, there were also comments about the long-term concerns that after the affordability period expired there may not be enough parking if the rates are too low for non-low income household use and how that could impact neighborhoods.

Ultimately, the Commission voted (5-2) to recommend the City Council allow staff to reduce parking rates for affordable housing developments to 1.0 space per unit for units with two or fewer bedrooms and 1.5 spaces per unit for units with three to four bedrooms. They also supported the City Council-approvable reduction options, and the terms of the affordability agreement, including the 30-year affordability period, as proposed by staff.

OPTIONS:

Option 1—Direct staff to proceed with preparing a draft ordinance consistent with Attachment A for staff approval of a reduction to 1.0 parking spaces for two bedrooms or less and for 1.5 spaces per unit for 3- and 4-bedroom units and to allow City Council approval of additional reductions all subject to approval of minimum of a 30-year affordability agreement.

Given the City Council's desire to support additional affordable housing opportunities within the city, the City Council may determine that proceeding with public hearings for a zoning text amendment as proposed is the next step.

Option 2— Direct staff to proceed with preparing a draft ordinance that allows for staff to approve only a uniform affordable housing parking rate of 1.5 parking spaces per unit, with all other standards as proposed with Attachment A.

Option 3—Direct staff to modify certain requirements of the draft regulations for a reduced parking rate for affordable housing and proceed with drafting an ordinance for public hearings as described in Option 1.

Given the options for the reduced rate, staff versus City Council approval, targeted income levels, and the affordability term required, the City Council may find amendments to the proposed ordinance better support the Council's goal to create additional affordable housing opportunities within the city or better conform to Council's perspective on the parking needs of the community.

If the Council finds certain requirements too restrictive, it could modify the affordability period, modify the income restriction levels or the percentage of income-restricted units required under the staff-approved reduction option, further reduce the parking rates allowed through staff or Council approval, or modify the City Council-approved rate reductions to also be approved by staff.

If the Council finds the proposed regulations do not satisfy concerns about providing sufficient parking at affordable housing developments in the short-term, or at the end of the 30-year affordability period, it could modify the proposed rates under the staff-approved option to 1.5 spaces per unit regardless of bedroom count, or another rate.

Option 4— Direct staff to engage in further analysis of the parking needs of affordable housing developments or peer-community best practices for affordable housing parking rates.

Staff researched several Iowa communities and other Midwestern college towns. Few had provisions to reduce parking rates for any use, and fewer for affordable housing uses. Staff performed counts at all Ames affordable housing developments to supplement information from peer communities. Staff believes this research is sufficient to inform the proposed ordinance, given that it conforms to observed parking usage at actual affordable housing developments in the community. However, the City Council may desire more information on best practices nationwide. If so, the City Council should direct staff as to what additional information is desired prior to proceeding with text amendments.

Option 5— Do not proceed with an Amendment to the Zoning Ordinance at this time.

Given the uniqueness of the proposed amendment and lack of examples from peer communities of parking demand at previous affordable housing developments at the end of an affordability period when they are converted to market-rate units or another use, the City Council may determine that they do not wish to proceed with public hearings for a zoning text amendment at this time.

STAFF COMMENTS:

The parking standards currently apply equally to market-rate and affordable housing developments. Based on staff's observations, the current parking requirements exceed the parking demand generated by income-restricted units. **Staff believes the draft**

regulations will result in a reasonable reduction in parking requirements which may reduce the cost of affordable housing developments and will provide more flexibility in site design and thus meet the City Council's goal to support the development of more affordable housing.

ADDENDUM

Rates

Typically, the City requires 1.0 parking space per bedroom in an apartment building. Units with one bedroom require 1.5 spaces. This includes affordable housing developments unless otherwise approved for those within a PUD. Within a PUD, the parking rate for affordable housing developments may be reduced to 1.5 spaces per unit. One parking space is required per unit for independent and Senior Living Facilities, including those that are income restricted. Developments in Campustown and Downtown have lower parking requirements.

Staff compared Ames' rates to the general multifamily rates of other cities in Table 1. These cities offer reduced parking rates for affordable housing, which is discussed further under the section *Parking Reductions for Affordable Housing Offered by Comparison Cities*. Staff would note that Fort Collins, Bloomington, and Iowa City require less parking prior to reductions.

Table 1 Comparison City Multifamily Parking Requirements

Number of Bedrooms/Unit	Parking Spaces Required			
	<u>Ames, IA</u>	<u>Fort Collins, CO</u>	<u>Iowa City, IA</u>	<u>Bloomington, IN</u>
<u>One or fewer</u>	1.5 spaces	1.5 spaces	1 space	1 space for 1 bedroom, .5 spaces for efficiency
<u>Two</u>	2 spaces	1.75 spaces	2 spaces	1.5 spaces
<u>Three</u>	3 spaces	2 spaces	2 spaces	2 spaces
<u>Four and above</u>	4 spaces + one additional per bedroom	3 spaces	3 spaces + one additional per bedroom	N/A

Ames' rates are influenced by the demand generated by Iowa State University students, who live in the community's apartment complexes. Figure 1 shows Census data (2021 5-year ACS estimates) that breaks down the percentage of rental units in Ames by the number of bedrooms. Ames has a higher percentage of larger apartments than is observed nationally. This shows the influence of the University on apartment design and construction. However, the breakdown is similar to that of the other comparison cities (Fort Collins, Bloomington, Iowa City), which also have universities.

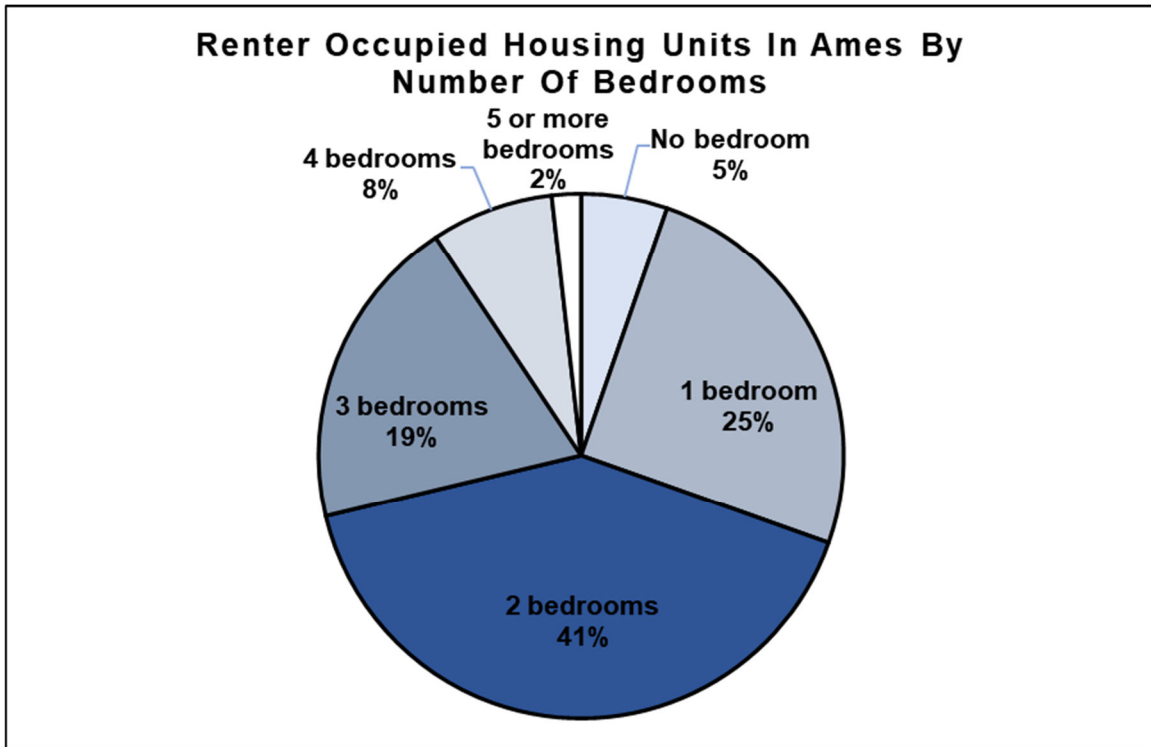


Figure 1 Renter Occupied Housing Units in Ames by Number of Bedrooms, US Census American Communities Survey 2021 Five-Year Estimates

Regarding car ownership of these households, Census data (2021 5-year ACS estimates) shows that **56.9%** of renter-occupied housing units in Ames have access to one or no vehicles. This vehicle access level aligns with the majority of apartments in Ames (71%) having two or fewer bedrooms. **Only 29%** of units in the observed affordable housing developments in Ames are 3-bedroom units. The remainder are 1- and 2-bedroom units. The City’s planned new project “Creekside” in the Baker Subdivision will have 58% of 3- and 4-bedroom units to increase the number of family-sized affordable units. Staff believes the lower bedroom counts are one factor influencing the observed parking utilization of income-restricted units to be less than is typical of other apartments in Ames.

Ames Affordable Housing Parking Utilization

To determine the appropriateness of the current apartment rates for affordable housing developments in Ames and their utilization of parking, staff performed select counts at peak usage hours (5-6 a.m.). The results of the counts are shown in Table 2. (Note: staff also performed counts at 9 p.m., however, they were less than the morning peak counts and are not presented below).

Staff found that a rate closer to 1.0 space per unit would be sufficient to meet the parking demand generated by an affordable housing development. The rates in Table 3 account for current vacancy rates identified by property management or assume a reasonable 8% rate if the vacancy rate is unknown. Staff also added a 10% buffer.

During the counts, staff observed pedestrian activity (residents walking to work or walking children to school bus stops). Anecdotally, staff observed in two situations that parking lots adjacent to the developments for market-rate housing had much higher utilization rates and appeared full.

Table 2 Parking Requirements and Observed Utilization for Affordable Housing Developments in Ames

Development	# of Units	# of Required Spaces Under Current Code	# of Provided Parking Spaces	# of Cars Observed (utilization %)	Car/Unit Rate*
<u>Eastwood</u> (7 th Street)	60 total <ul style="list-style-type: none"> • 16 1-bedroom • 32 2-bedroom • 12 3-bedroom 	124	88	42 (47.7%)	.84
<u>Windsor Pointe</u> (Tripp Street)	145 total <ul style="list-style-type: none"> • 29 1-bedroom • 80 2-bedroom • 36 3-bedroom 	312-(reduced to 276 under PUD)	276	97 (35.1%)	.75
<u>Laverne</u> (S. 16 th)	62 total <ul style="list-style-type: none"> • 32 2-bedroom • 30 3-bedroom 	154	155	58** (37.4%)	1.13

* Rate are increased to account for estimated vacancies and 10% buffer

**Eighteen cars observed in surface lot. Manager noted most tenants park in an interior garage, and it is a little over half full at peak. Assumed 60% utilization rate of sixty-seven indoor spaces.

Parking Reductions for Affordable Housing Offered by Comparison Cities

Staff researched parking reductions for affordable housing offered by comparison cities, as summarized in Table 3. **The rate reductions offered by these other cities align with the utilization rates staff observed at the affordable housing developments in Ames. The maximum rate required by a comparison city for 3-bedroom units is under 1.5 spaces per unit. For 1- and 2-bedroom units, the rates required are closer to 1.0 space per unit after reductions.**

Table 3 Comparison of Requirements/Definitions of Affordable Housing

City	Parking Reduction/Rate
<u>Fort Collins, CO</u>	One or fewer bedrooms—.75 spaces Two bedrooms—1 space Three bedrooms—1.25 spaces Four or more bedrooms—1.5 spaces Additional 50% reduction in transit-oriented developments
<u>Bloomington, IN</u>	35% reduction
<u>Iowa City, IA</u>	No minimum requirement for affordable housing in Riverfront Crossing, Eastside Mixed Use zones; 30% reduction in Central Business Zones

Proposed Rate

Based on utilization rates at Ames’ affordable housing developments, the percentage of 1- and 2-bedroom units, vehicle ownership information, and comparison cities’ provisions for reduced parking for affordable housing, Ames’ current multifamily parking rates are too high when applied to income-restricted affordable housing developments.

The proposed amendment includes a reduction to 1.0 space per unit for 1- and 2-bedroom units and to 1.5 spaces per unit for 3- and 4-bedroom units that may be approved by staff. The highest parking utilization rate observed was at a development with only two and 3-bedroom units at approximately 1.13 spaces per unit. Otherwise, the observed utilization rates were less than 1.0 space per unit. The proposed reduction most closely aligns with observed utilization rates and peer communities’ rates.

Staff alternatively considered a rate of 1.5 spaces per unit regardless of number of bedrooms. This rate matches the recently approved allowance for affordable housing within a PUD. This parking rate also aligns with the most recent minimum standards of the LIHTC program administered by the state.

Reducing the current rates by a percentage for each bedroom type did not align with observed utilization rates at affordable housing developments in the community. A 50% reduction yielded too few spaces based on observed parking rates at Ames affordable housing developments. A 25% or 30% reduction would yield a higher parking requirement than the 1.5 per space rate, given the typical number of 3-bedroom units in affordable housing developments.

As the proposed rate still exceeds the utilization rates observed at affordable housing developments in the community, staff developed the option for the City Council to approve a lower rate. Staff believes a lower rate is appropriate, especially when there is access to public transit or deeper levels of affordability provided. However,

these situations would likely require a case-by-case review due to the greater reductions in parking and a contextual review of the project.

Under the proposed amendment, the City Council could approve a 1.0 parking-space-per-unit rate for development with access to public transit (within a quarter mile). The quarter-mile distance would be measured based on a walking route, not a straight-line distance, and would be approximate. All observed affordable housing developments fell within a quarter-mile walking distance of a CyRide stop. Staff prepared a map, Figure 2, showing the areas in the City of Ames within a quarter mile of a CyRide stop. Approximately 42% of the city is within this distance.

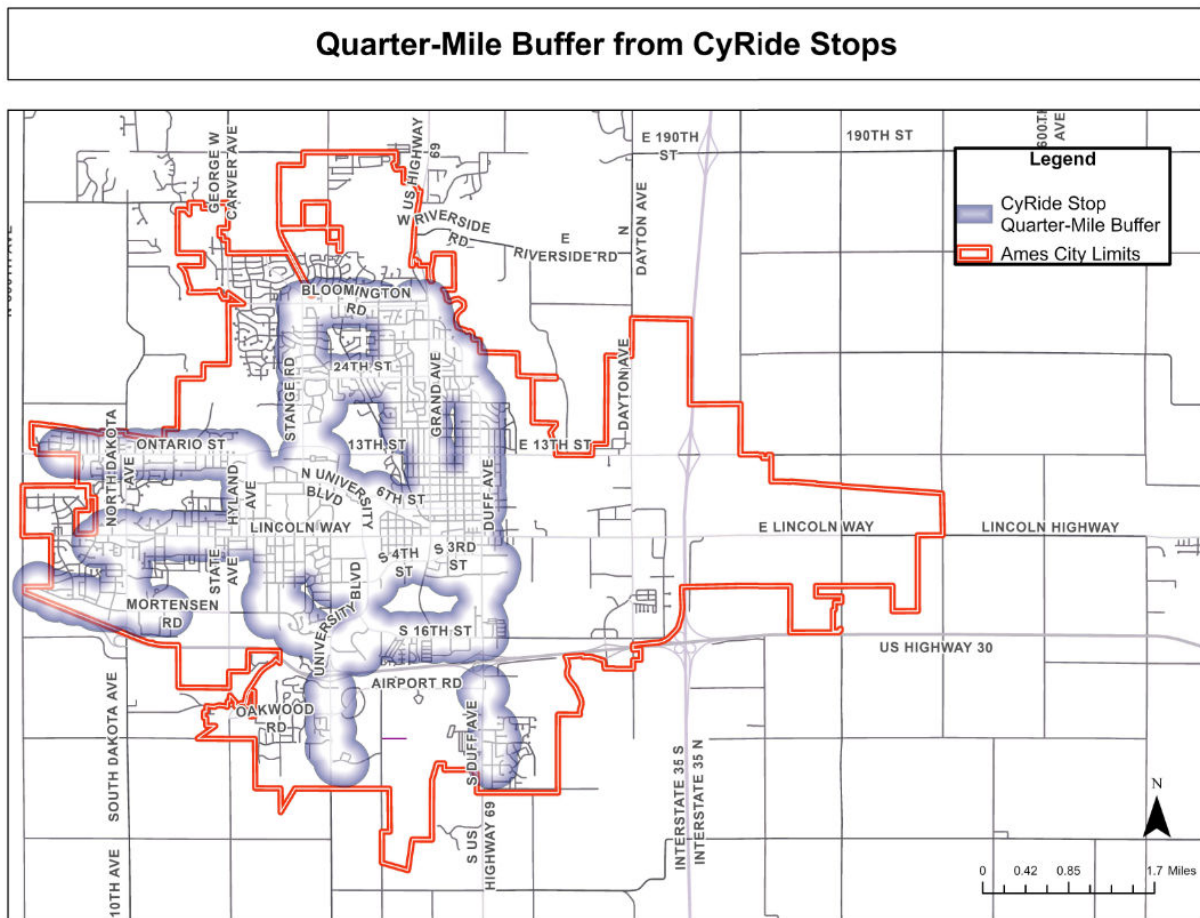


Figure 2 Areas in the City of Ames within a Quarter Mile of a CyRide Stop

The Council may also approve further reductions for developments that are permanently committed to serving households with incomes below 30% AMI. Based on the observed parking rates at Eastwood (where a minimum of 75% of households must be at or below 30% AMI) there is lower utilization of parking spaces. No minimum is proposed for this reduction as an appropriate amount of parking will depend on the populations served and staffing presence at the site.

Income Levels

Table 4 shows low- to moderate-income levels, as set by the U.S. Department of Housing and Urban Development (HUD) for Ames.

Table 4 2023 HUD Income Limits for Ames

<u>Percent AMI</u>	<u>Family Size</u>					
	1	2	3	4	5	6
30%	\$22,350	\$25,550	\$28,750	\$31,900	\$34,500	\$37,050
50%	\$37,250	\$42,600	\$47,900	\$53,200	\$57,500	\$61,750
60%	\$44,700	\$51,120	\$57,480	\$63,840	\$69,000	\$74,100
80%	\$59,600	\$68,100	\$76,600	\$85,100	\$91,950	\$98,750

For the staff-approved parking reduction option, a unit must be restricted to a household with an income equal to or less than 60% AMI. These income-restricted units must make up 40% or more of the total units in a development. In addition to matching the percentage of AMI commonly considered to be low- to moderate-income for renters, most developments that utilize the LIHTC program target income levels averaging less than or equal to 60% AMI and are required to have 40% or more of all units restricted to this income level.

The greatest needs for low-income housing are at the 50% AMI and lower income levels. An alternative to the proposed 60% or less of AMI could be to target deeper levels of affordability to benefit from a parking reduction. A threshold utilizing a requirement for 50% AMI or less could be applied. This approach would incent greater affordability levels but does not completely align with the most common affordability assistance program of LIHTC.

Affordability Period

An agreement that dedicates the property to affordable housing for a minimum of 30 years is proposed to be required. This affordability period guarantees that affordable housing is provided for the long term, in exchange for the parking reduction. The 30-year affordability period is the same period required for the LIHTC program. Other federal programs, such as HOME, have shorter affordability periods required. However, as the City of Ames administers the HOME funds, a longer period may be required. At the end of 30 years, the development may be converted to market-rate units without providing additional parking.

For the parking reduction approved by the City Council for 30% AMI or less households, the units must permanently be restricted to these levels. This restriction better fits developments using project-based vouchers or private developments not using LIHTC.

While an alternative could be to reduce these affordability periods, staff finds the periods match the program requirements and/or goals of these types of affordable housing developments.

ATTACHMENT A

Staff proposes the following changes to the Zoning Ordinance. The text to be added is underlined and in red.

Sec. 29.406. OFF-STREET PARKING.

(19) **Reductions of Minimum Off-Street Parking Requirements for Affordable Housing Developments.**

- (a) The minimum off-street parking requirement may be reduced as set forth in this section for a proposed affordable housing development upon approval of Site Development Plan and an agreement by the Planning and Housing Director.
 - (i) The units for which the reduction is approved shall be restricted to households with a median family income less than or equal to 60% of the Area Median Income of Ames, as adjusted for family size and determined annually by HUD.
 - (ii) At a minimum to qualify for the reduction, 40% of the units shall be income-restricted to the 60% AMI level or less.
 - (iii) The Planning and Housing Director may approve the agreement when they find it satisfactory in terms of the number or percentage of affordable units; configuration of units and bedrooms as family housing units; operations plan feasibility for proposed affordability levels, household income verification; and rent restrictions; and period of affordability provided. The Director may forward any proposed agreement to the City Council for approval.
- (b) If approved, the agreement shall:
 - (i) Be executed by the property owner or owners and the City.
 - (ii) Be recorded and be binding on all successors and assigns of the property or properties involved.
 - (iii) Require that the use of the property be dedicated to the affordable housing use for a period not less than 30 years.
- (c) Affordable housing developments with an approved agreement may have parking reduced as follows:
 - (i) 1.0 parking space per unit for units with two or fewer bedrooms.
 - (ii) 1.5 parking spaces per unit for units with three to four bedrooms.
 - (iii) If the affordable housing units are located in a development with other units, such as market-rate units, or with other land use components, the reduced parking requirements shall only apply to the affordable housing units. The total required parking shall be determined as the sum of parking requirements of the individual use components.
 - (iv) At the end of the affordability period, the development may be converted to market-rate units without providing additional parking.
- (d) The City Council may approve additional reductions in parking for affordable housing developments in the following cases. The requirements of Section 29.406(19)(a-b) still apply to Council approvals, except for the parking rate.
 - (i) Additional reductions may be approved by the City Council for developments that are permanently committed to serving households with incomes below

30% of AMI. Permanently committed includes projects that require City Council approval for a change of use.

- (ii) A reduction to 1.0 parking space per unit, regardless of bedroom count, may be approved by the City Council when a development is within approximately a quarter-mile walking distance of a public transit stop. The measurement shall begin at the intersection of the development's property line with the sidewalk, access, or other public pedestrian path on the property nearest to the transit stop.