



Provo City Planning Commission

Report of Action

July 26, 2017

ITEM 3* McKay Christensen requests an Ordinance Amendment to Section 14.21A.090 to reduce the average apartment square footage from 800 feet to 600 feet in the General Downtown (DT1) Zone. ***Downtown Neighborhood.*** 17-0013OA, Dustin Wright, 801-852-6414

The following action was taken by the Planning Commission on the above described item at its regular meeting of July 26, 2017:

RECOMMENDATION TO APPROVE

On a vote of 5:0, the Planning Commission recommended that the Municipal Council approve an amendment to Section 14.21A.090 to reduce the average apartment square footage from 800 feet to 600 feet in the DT1 and DT2 zones.

Motion By: Maria Winden

Second By: David Anderson

Votes in Favor of Motion: Maria Winden, David Anderson, Shannon Ellsworth, Deborah Jensen, Ed Jones

Deborah Jensen was present as Chair.

- Includes facts of the case, analysis, conclusions and recommendations outlined in the Staff Report, with any changes noted; Planning Commission determination is generally consistent with the Staff analysis and determination.

PLANNING COMMISSION RECOMMENDED TEXT AMENDMENT

DT1

14.21A.090. Minimum and Average Residential Unit Size.

(1) Each development that includes a residential use shall provide a minimum unit size of no less than five hundred (500) square feet and a minimum average unit size of no less than ~~eight hundred (800)~~ **six hundred (600)** square feet. This requirement shall not apply to institutional housing units (i.e., elderly housing, assisted living facilities, etc.).

DT2

14.21B.080. Minimum and Average Residential Unit Size.

(1) Each development that includes a residential use shall provide a minimum unit size of no less than five hundred (500) square feet and a minimum average unit size of no less than ~~eight hundred (800)~~ **six hundred (600)** square feet. This requirement shall not apply to institutional housing units (i.e., elderly housing, assisted living facilities, etc.).

STAFF PRESENTATION

The Staff Report to the Planning Commission provides details of the facts of the case and the Staff's analysis, conclusions, and recommendations. Key points addressed in the Staff's presentation to the Planning Commission included the following:

- The Downtown zones originally had a minimum average unit size of 800 square feet (SF) but not a minimum unit size. The minimum average was later removed from the requirements and there was a period of time that there was no minimum or average minimum.
- Earlier this year an amendment was passed that brought back an average unit size and added a minimum unit size for the ITOD Z and the Downtown Zones.
- The applicant is requesting that the current code requirement be reduced from an 800 SF minimum average to 600 SF minimum average to be more in-line with the market demand and the demographic for urban living.
- The applicant's request is that developments that are mixed-use with commercial on the main floor fronting Center Street in the DT1 zone would qualify for the reduction.
- Staff's recommendation is that the same reduction be applied to all of the DT1 and the DT2 zones.
- When the unit size discussion was last heard by the Planning Commission they made a recommendation for a 400 SF minimum and a 600 SF avg. for both downtown zones and the ITOD zone.

NEIGHBORHOOD MEETING DATE

- No information was received from the Neighborhood Chair.
- City-wide application; all Neighborhood Chairs received notification.

NEIGHBORHOOD AND PUBLIC COMMENT

- The Neighborhood Chair was not present or did not address the Planning Commission during the hearing.
- This item was City-wide or affected multiple neighborhoods.

CONCERNS RAISED BY PUBLIC

Any comments received prior to completion of the Staff Report are addressed in the Staff Report to the Planning Commission. Key issues raised in written comments received subsequent to the Staff Report or public comment during the public hearing included the following:

- No comments were made.

APPLICANT RESPONSE

Key points addressed in the applicant's presentation to the Planning Commission included the following:

- The Vision 2050 Plan talks about increasing market rate housing, encouraging infill developments around retail trade areas.
- The applicant's project will not promote low income housing and not be micro units.
- The target demographic in urban areas is millennials that want one bedroom apartments.
- The amenity spaces make up for having less square footage in the apartments.

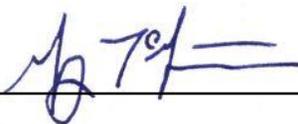
PLANNING COMMISSION DISCUSSION

Key points discussed by the Planning Commission included the following:

- Areas where the DT1 and DT2 are in relation to the ITOD zone.
- In larger residential developments the code doesn't have a requirement for a certain percentage of unit types.
- The market trend currently is for one bedroom units in an urban setting.
- Amenity space is required for developments over 20 units.



Planning Commission Chair



Director of Community Development

See Key Land Use Policies of the Provo City General Plan, applicable Titles of the Provo City Code, and the Staff Report to the Planning Commission for further detailed information. The Staff Report is a part of the record of the decision of this item. Where findings of the Planning Commission differ from findings of Staff, those will be noted in this Report of Action.

Legislative items are noted with an asterisk (*) and require legislative action by the Municipal Council following a public hearing; the Planning Commission provides an advisory recommendation to the Municipal Council following a public hearing.

Administrative decisions of the Planning Commission (items not marked with an asterisk) **may be appealed** by submitting an application/notice of appeal, with the required application and noticing fees, to the Community Development Department, 330 West 100 South, Provo, Utah, **within fourteen (14) calendar days of the Planning Commission's decision** (Provo City office hours are Monday through Thursday, 7:00 a.m. to 6:00 p.m.).

BUILDING PERMITS MUST BE OBTAINED BEFORE CONSTRUCTION BEGINS



**Planning Commission
Staff Report
Ordinance Amendment
Hearing Date: July 26, 2017**

ITEM 3* McKay Christensen requests an Ordinance Amendment to Section 14.21A.090 to reduce the average apartment square footage from 800 feet to 600 feet in the General Downtown (DT1) Zone. **Downtown Neighborhood.** 17-0013OA, Dustin Wright, 801-852-6414

Applicant: McKay Christensen
Staff Coordinator: Dustin Wright

Current Zone: General Downtown (DT1)
Number of Properties: City Wide

*Council Action Required: Yes

Related Application(s):17-0016PPA

ALTERNATIVE ACTIONS

1. **Continue** to a future date to obtain additional information or to further consider information presented. *The next available meeting date is August 9, 2017, at 5:30 p.m.*
2. **Recommend Denial** of the proposed ordinance amendment. *This would be a change from the Staff recommendation; the Planning Commission should state new findings.*

Current Legal Use: N/A

Relevant History: Earlier this year an amendment was adopted that established a minimum unit size and an average unit size minimum for developments. This was for the Downtown zones (DT1 and DT2) and the Interim Transit Oriented Development (ITOD) zone.

Neighborhood Issues: No issues have been made know to staff at this time.

Summary of Key Issues:

- The previous ordinance amendment helped to resolve concerns of a disproportionate number of studio apartment units.

Staff Recommendation:
Staff recommends the Planning Commission forward a positive recommendation to approve the proposed amendment to reduce the required minimum average unit size, with the following changes from the applicant's request:

1. The amendment applies to both the DT1 and DT2 zones.
2. The amendment applies to all residential developments rather than only mixed-use developments with commercial fronting Center Street.

OVERVIEW

The applicant has submitted a project plan for a mixed-use project in the DT1 zone on Center Street. He is requesting to amend the DT1 zone to reduce the required minimum average unit size from 800 square feet to 600 square feet, but only for those properties that have ground floor commercial fronting Center Street.

When the Downtown Zones were created, they had an 800 SF minimum average unit size but did not include a minimum unit size. Although the minimum average size requirement had subsequently been eliminated from the code, an amendment was adopted earlier this year, bringing back minimum unit standards. The amendment established 500 SF as the smallest individual unit size, with an average minimum of 800 SF for all of the units. The proposed amendment would not change the minimum unit size.

FINDINGS OF FACT

1. The DT1 and DT2 zones were enacted in 2010.
2. The DT1 and DT2 zones originally had a minimum average unit size of 800 SF.
3. The DT1 and DT2 minimum average unit size was repealed in 2012.
4. In April 2017 the City Council adopted the current minimum average unit size of 800 SF.

STAFF ANALYSIS

1. Provo City Code Section 14.02.020(2) sets forth the following guidelines for consideration of ordinance text amendments:

Before recommending an amendment to this Title, the Planning Commission shall determine whether such amendment is in the interest of the public, and is consistent with the goals and policies of the Provo City General Plan. The following guidelines shall be used to determine consistency with the General Plan:

- (a) *Public purpose for the amendment in question. Urban infill projects will help to reduce pressure for greenfield development and surrounding lower density neighborhoods. When an urban infill project is able to generate sufficient yield to help offset higher construction and land costs, they become more financially feasible.*
- (b) *Confirmation that the public purpose is best served by the amendment in question. For the time being, having a minimum unit size allows the City to see how the Downtown grows residentially. The average unit size requirement will help ensure that a greater mix of unit sizes is integrated into each development, while providing flexibility for development to respond to market demand and trends.*
- (c) *Compatibility of the proposed amendment with General Plan policies, goals, and objectives. Minimum unit size and average unit sizes are not outlined in the General Plan policies for the Downtown.*
- (d) *Consistency of the proposed amendment with the General Plan's "timing and sequencing" provisions on changes of use, insofar as they are articulated. The proposed amendment would not create any conflicts with timing and sequencing.*
- (e) *Potential of the proposed amendment to hinder or obstruct attainment of the General Plan's articulated policies. The amendment would not hinder or obstruct General Plan policies for this area.*
- (f) *Adverse impacts on adjacent land owners. There are no anticipated adverse impacts to adjacent land owners.*
- (g) *Verification of correctness in the original zoning or General Plan for the area in question. Not Applicable.*
- (h) *In cases where a conflict arises between the General Plan Map and General Plan Policies, precedence shall be given to the Plan Policies. Not Applicable.*

CONCLUSIONS

While the proposed amendment would be acceptable as it applies to the DT1 Zone, staff would further recommend the DT2 zone also be included. Staff would also recommend the amendment not be limited to only mixed-use developments on Center Street, but instead apply to all residential uses within the zones. The proposed amendment from the applicant is in Attachment 1 and staff's version is in Attachment 2 of this report.

STAFF RECOMMENDATION

Staff recommends the Planning Commission forward a positive recommendation to approve the proposed amendment to reduce the required minimum average unit size, with the following changes from the applicant's request:

1. The amendment applies to both the DT1 and DT2 zones.
2. The amendment applies to all residential developments rather than only mixed-use developments with commercial fronting Center Street.

ATTACHMENTS

1. Applicant's Proposed Amendment.
2. Staff's Recommended Amendment.
3. Applicant's Justification for Amendment.

Attachment 1 – Applicant’s Proposed Amendment.

14.21A.090. Minimum and Average Residential Unit Size.

(1) **Except as provided in Subsection (2) of this Section,** Each development that includes a residential use shall provide a minimum unit size of no less than five hundred (500) square feet and a minimum average unit size of no less than eight hundred (800) square feet. This requirement shall not apply to institutional housing units (i.e., elderly housing, assisted living facilities, etc.).

(2) **Mixed-use developments with ground floor commercial fronting Center Street shall provide a minimum residential unit size of no less than five hundred (500) square feet and a minimum average unit size of no less than six hundred (600) square feet.**

Attachment 2 – Staff’s Recommend Amendment.

DT1

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14.21B.080. Minimum and Average Residential Unit Size.

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Attachment 3 – Applicant’s Justification for Amendment.

COMMERCIAL SPACE:

1. RedSky proposes to add approximately 10,000 sq. ft. of commercial space to Center Street. This constitutes 10,000 sq. ft. of buildable area not designated as residential sq. ft.

PLANNING COMMISSION AND STAFF RECOMMENDATION:

1. The Planning Commission and Staff recommended a 400 sq. ft. unit minimum and 600 sq. ft. average. (RedSky proposes a 500 and 600.)

LOW INCOME HOUSING:

1. 500 sq. ft. minimum and 600 sq. ft. average will not promote “low income” housing. (RedSky is willing to limit the amount of “low income” housing to minimum state and federal requirements.)

MICRO-UNITS:

1. 500 sq. ft. minimum and 600 sq. ft. average eliminates “micro-units.”

TRANSIENT RENTER:

1. There is no data to support that a renter in a 600 sq. ft. unit is more transient than a renter in an 800 sq. ft. unit.

PROVO MARKET IS YOUNG:

1. 60% of renter households in Provo are under the age of 35.
2. 70,000 students in the area, plus single working professionals and young married couples.

ONE & TWO PERSON HOUSEHOLDS MAKE UP 45% OF THE RENTER POPULATION

1. “One and two person households” are singles and young married couples.
2. One and two person households are the demographic attracted to downtown living.
3. One and two person renter households are price conscious.
4. One and two person households (i.e. “post graduate professionals and young married students” as defined in the Provo City Vision) are the demographic, which the City Council targeted as wanting to provide suitable housing options downtown.

ECONOMICS OF THE RENTER:

1. 600 sq. ft. = approx. \$960 rent
2. 800 sq. ft. = approx. \$1160 rent
3. Difference: approx. \$200 a month or \$2,400 a year
4. An “average” annual increase of \$2,400 in rent is A LOT for a young married couple or post-graduate professional.
5. An office – not an extra bedroom and bathroom is sufficient

THE “VISION” FOR THE DT-1 AND DT-2 ZONES WAS TO CATER TO SINGLE WORKING PROFESSIONALS AND YOUNG MARRIED COUPLES:

1. “Encourage development of market rate housing...”

2. “Encourage infill development redevelopment and dense housing stock around retail to increase demographic figures and provide larger consumer base for current and future retailers...”
3. “Find suitable housing options for young married students and post graduate professionals...”

THE CITY VISION IS TO ALSO “ENCOURAGE URBAN INFILL DEVELOPMENT.”

1. Infill development is more expensive than rural developments – hence the units are smaller on average to provide more income and off-set higher construction costs.
2. Land is more expensive in urban infill areas
3. Cost of construction is more expensive in urban infill areas
4. Economies of scale are difficult to achieve on smaller infill projects: as the overall size of the project goes down (smaller building footprint), the overall cost per square foot goes up).
5. Ratio of parking structure costs to sticks and bricks costs are higher in urban infill developments driving cost per square foot up.

DEVELOPER FRIENDLY PUBLIC POLICY IS CHEAPER THAN RDA FUNDS, BLOCK GRANTS, ETC...

1. Provo City spent almost \$4,000,000 in “block grants” on redevelopment projects last year.
2. The RedSky property is in serious need of redevelopment (see photos below).
3. Public policy can help redevelopment in the downtown core.