

Information Item

Date: February 13, 2018

To: The City Manager

From: A. Paul Norby, Director of Planning and Development Services

Subject: UDO-283

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Improve Character and Condition of Neighborhoods

Strategic Plan Action Item: No

Key Work Item: No



Planning and Development Services staff is scheduled to brief UDO-283 with the Community Development/Housing/General Government Committee at its February meeting. UDO-283, which proposes to allow multifamily residential uses in the HB (Highway Business) and GO (General Office) zoning districts, is intended to encourage mixed-use development along Winston-Salem's growth corridors and in activity centers. The attached staff report explains how this change will further this particular goal of *Legacy 2030* while also protecting single-family neighborhoods from encroaching development as the city grows.

As part of this memo, staff wanted to make Council aware of recent discussions on UDO-283. Over the past several months, several citizens have expressed concerns over this text amendment in meetings hosted by Planning and Development Services staff. During this process, Planning staff responded to the concern that multifamily development on smaller HB-zoned parcels that are closer to single-family neighborhoods could be disruptive by recommending limiting such development to tracts larger than one acre. During the Planning Board's December public hearing on this item, citizens expressed several other concerns. This memo responds to these concerns and expands on reasons for Council to approve this text amendment.

Business and Office Zoning Already Allow More Than Business and Office Uses

A central concern of citizens has been that UDO-283 will allow multifamily development "by right" in zoning districts that are reserved for business and office uses. At first glance, this text amendment appears to recommend that land zoned for business *and only business* would suddenly be given extra development rights. However, "business," "office," and "multifamily" zoning are all misnomers.

Zoning ordinances, including the UDO, are designed to allow increasingly intense collections of land uses in a sequence of intensifying zoning districts. More intense zoning districts allow larger and taller buildings, along with the traffic, light, and noise that accompany them. Less intense zoning districts allow smaller buildings and the less intense uses that occupy those buildings. As a land use, multifamily housing is comparatively less intense than the majority of uses in the GO and HB districts. A typical shopping center generates more traffic than even the most densely allowed (by UDO standards) multifamily development under this ordinance change.

A closer look at each zoning district in the UDO reveals that most business and office zoning districts allow for a mixture of businesses, offices, and housing types. Each of the UDO’s “office” districts allows for many business uses by right and each “business” district allows for many office uses by right. Multifamily housing is currently permitted by right in the NO (Neighborhood Office), LO (Limited Office), NB (Neighborhood Business), PB (Pedestrian Business), and GB (General Business) districts (**Table 1**).

Table 1. Allowed Multifamily Uses by Zoning District in Current UDO

Zoning District	Residential Permitted	Minimum Lot Size	Lot Width	Max Height	Setbacks
NO (Neighborhood Office)	4 units/acre	6,000 sf	65'	40'	7-25'
LO (Limited Office)	12 units/acre	10,000 sf	100'	40'	40' next to residential
GO (General Office)	No	10,000 sf	75'	60' next to residential/unlimited	40' next to residential
PB (Pedestrian Business)	Unlimited Density	None	None	40' next to residential/unlimited	40' next to residential
HB (Highway Business)	No	20,000 sf	100'	60'	40' next to residential
GB (General Business)	Unlimited Density	10,000 sf	75'	60' next to residential/unlimited	40' next to residential
RM-18 (Multifamily up to 18 units/acre)	18 units/acre	5,000 sf	70'	60'	15-30'
RM-U (Multifamily Unlimited Density)	Unlimited Density	5,000 sf	70'	None	10'

Property owners are allowed to change uses by right as long as the uses are permitted in their zoning district and follow the requirements of the UDO (building height and setback; buffers between uses; parking, lighting, and street standards; stormwater regulations; etc.). For example, the owner of a retail store that is zoned HB would, with staff approval, be permitted to convert that property to offices, a school, a hotel, or an animal shelter, even though these uses are not strictly businesses. Similarly, the owner of an office building that is zoned GO would, by right, be permitted to use that property for a funeral home, nursing care institution, police station, or fraternity, even though these uses are not strictly offices. (A list of uses currently permitted in the HB and GO districts is attached.) These new uses would all need to follow the requirements of the UDO and meet the applicable building codes.

Abundant Housing Supply is the Most Effective Anti-Displacement Strategy

Another concern of citizens who opposed UDO-283 was that this text amendment could lead to the redevelopment of currently affordable housing, displacement of low-income citizens, and gentrification. However, evidence points to the opposite occurring. UDO-283 would add potential locations for multifamily housing, and since land cost is a significant factor in determining the cost of housing, an increased supply of available land for multifamily housing will have a beneficial effect on housing cost. Without this change, developers are more likely to pursue redevelopment of affordable housing that is already zoned for multifamily (this has recently been seen with the Ardmore Terrace and Cloverdale Apartments), or pursue zoning changes for land that is currently zoned for single-family residential. Additionally, since there are currently no multifamily uses permitted in either the HB or GO zoning districts, no people will be displaced and no low-income housing will be demolished and redeveloped. Instead, this change would lead to more choices for people who want multifamily housing options convenient to retail, transit, and jobs.

Given that the price of new housing closely hews to new construction costs, new housing developed as a result of UDO-283 is not likely to be considered affordable without being subsidized. However, it is likely that the creation of a new wave of multifamily housing will make slightly older units more affordable as the relative place of these units in the market changes. In fast-growing Seattle, WA, and Portland, OR, where gentrification is a problem, rental housing prices have recently declined or leveled out after the production of new housing caught up with demand. Residential uses are permitted in all of Seattle's and Portland's commercial zoning districts. Closer to home, a survey of all our peer cities in NC shows that Charlotte, Raleigh, Greensboro, and Durham all allow multifamily residential in their commercial zoning districts. Even Chapel Hill, one of the most restrictive jurisdictions in the state, allows multifamily in commercial districts.

Demographic Changes and Market Trends Mean More Demand for Multifamily

Legacy 2030 described many of the changes that are occurring with our household makeup. Baby Boomer households are aging and many are choosing to move from single-family neighborhoods to some type of multifamily housing. There are also more single-parent households who desire housing options other than single-family residential. Additionally, there is a growing trend of single-person households, many of which do not want to have the burden of owning and maintaining a single-family home.

A 2012 study of the Piedmont Triad housing market, performed by a consultant as part of the Piedmont Together regional planning effort, found that the Winston-Salem MSA will have demand for 41,000 more housing units between 2010 and 2025, a 19 percent increase over the 2010 housing supply. The report projects an increase of 20,000 renters in that time period, exceeding the 17,000 increase in homeowners over the same period. While these figures do not translate to a single-family/multifamily mix, it does indicate a shift in trends to rental housing, a significant portion of which is multifamily.

The study also made observations about non-residential patterns in the region, noting that much of non-residential development is low-intensity and in varying conditions. Because of depreciation, the study predicts that the commercial corridors will become redevelopment candidates for a variety of higher intensity uses and mixed uses. In Forsyth County, the study projects that up to 40 percent of the non-residential parcels in these corridors could be redevelopment candidates. These corridors are ideally located outside single-family neighborhoods, not within them.

The Alternative is Suburban Development and a Loss of Tax Base

A central goal of *Legacy 2030* is to adopt policies that allow Winston-Salem to grow in population without causing development to sprawl beyond municipal service limits. By not adopting UDO-283, our zoning code and patterns may incentivize development of cheaper land on the periphery of the city. Developers will be attracted to locations where rezoning is not required or locations where there are few residents to oppose a rezoning request. Such locations are often beyond the City limits and will result in increased traffic coming into the city.

UDO-283, by allowing denser development along growth corridors and in activity centers, would further the goals of *Legacy 2030* and reduce the pressure for denser development within established city neighborhoods. Allowing multifamily development in HB and GO districts would incentivize mixed-use development in places where it will not disturb single-family neighborhoods. Denser development along these corridors will also help increase ridership in our transit system. UDO-283 will help create more affordable housing options in areas along corridors dispersed throughout the city, and will not displace any existing residents. Staff recommends adoption and will be available to answer questions.