

Staff Report

**DEVELOPER OUTREACH RELATED TO SMALL LOTS & INCREASING HOUSING TYPE DIVERSITY**

December 8, 2020

**BACKGROUND:**

The City Council adopted a goal during its annual goal setting session to “Increase the stock of diverse housing types for a variety of income levels through zoning,” including changes to minimum lot size. Staff presented a report to the City Council regarding “small lots and increasing the diversity of housing types” on June 23, 2020. The report provided background regarding a range of housing issues and comparisons to other cities, but ultimately the focus was how to support housing diversity in new developing areas, as the City grows. The Council showed interest in three of the described options in June:

- Reducing minimum lot area
- Adding lot size variation for 20% of lots in a subdivision
- Creating a Planned Unit Development (PUD) focused on small lots

Council directed staff to reach out and get input from developers regarding these options. **Council was interested in Developer input in order to determine if a full City Council workshop is needed or if proceeding with a zoning text amendment is desirable.**

Staff met with developers on October 28, 2020, to gauge interest and discuss concerns related to text amendments in support of small lot development in Ames. Staff notified a list of local developer interests and civil engineering professionals from central Iowa. Five people attended the discussion. Staff provided a summary of the report from June and included a draft description of the options for discussion by the participants (Meeting Invitation-Attachment A). A summary of the comments and discussion follows with individual issue bullets included within Attachment B.

**Allowing for smaller lots was desirable to all participants in order to add housing development flexibility.** The current Planned Residence District (PRD) zoning allows for flexibility, but does not allow land efficiency due to the open space expectations. Developers felt that something more is needed to effectively allow for smaller home options. The general opinion was that to some degree, changes in minimum lot area to 5,000 square feet may be beneficial, but reducing the lot width would be more beneficial. Reducing lot width to less than 50 feet would create greater efficiencies related to infrastructure costs. The example of the Genesis Smart Homes PRD was discussed where lots are on a private street and as narrow as 43 feet.

One issue highlighted regarding lot variability was a desire for variation of lots along arterials (for example GW Carver) to create a range of lots sizes and price points. One comment addressed a concern about mandating a mix of lot sizes and house sizes within individual developments compared to allowing developers to propose the mix.

The discussion of reduced lot width included opinions from staff regarding the design trade-offs and the process for approving reduced lot widths. This included comments concerning alley-loaded homes, shared driveways, zero lot line setbacks for yard space, and garage/parking appearance. Generally, developers are in favor of greater flexibility and fewer mandatory requirements related to smaller lots that allow them to address market preferences. Allowing zero lot line by right versus a PRD (for example the recent Domani PRD) was discussed.

Staff voiced interest in providing for public parking, streetscapes, and the front home façade appearance along public streets, while accommodating reduced lot widths. These were the same discussion points brought up during the June discussion with City Council about being intentional with design features with smaller lot widths. Generally, the process of having reduced lot size or widths was not the concern of those in attendance- just that there was an option to pursue the reduced lots sizes.

Developers were concerned about HOA fees built into private developments related to extra features for smaller lots such as alleys, amenities, or maintenance. These are often viewed as tradeoffs in a development to allow for more efficient density and less private space to enhance long term livability qualities. Concern over a negative buyer response was conveyed about the benefits vs. the costs for paying for alleys. Staff noted that alleys have only been developed in Somerset and are maintained by the HOA. No recent projects have included alleys- public or private. Encouraging alleys would likely require some kind of tradeoff for other development standards.

Staff identified options for non-traditional housing such as courtyard homes, shared access, or “pocket” neighborhoods as other options for small lots. Developers were not confident these would be viable in the Ames market given the market’s lack of familiarity with these concepts. An example of a Grinnell project with shared access was mentioned by one designer. Developer’s expressed their opinion that the combination of smaller lot sizes in Somerset in combination with mandated standards did not fit the developers’ or market interest. Staff also discussed how Prairie Trail in Ankeny includes many of the same features with alleys, mandatory design requirements, common area, yet is popular in a competitive market; however, Prairie Trail is not designed around small lots.

Staff originally proposed allowing for smaller lot areas while maintaining setback and lot coverage standards of the FS-RL zoning districts. Doing so would likely create smaller houses as a result of limitations in relationship to lot size. Developers and staff noted that very small lots, in the range of 40 feet or approximately 4,000 feet would likely need different standards to build a marketable home, but with minimal to no yard area. These

are issues that would still need to be explored when considering a new small lot development option.

The specific issue of a Planned Unit Development was discussed as being differentiated from the PRD. Questions arose on using it for infill versus new development areas. The focus of discussion was on new growth areas of the city. A PUD would be based on the allowed density range of the underlying zoning. It would allow for specific design variations to address specific layout issues of a project. Overall open space set-asides would not be the focus. Addressing open space and common areas would likely still be needed for larger projects. There was also some support for creating private street standards. Doing so would give predictability for developers and future buyers about the quality of the infrastructure. There was not an overall concern about using a PUD to design for small lots as it is a common tool in other communities.

### **NEXT STEPS**

**In summary, developers were extremely supportive of having added flexibility in the Code. There was no strong preference for a particular direction. Rather, they shared what they saw as being generally problematic.** Questions arose about infill, but staff said this is an issue to be taken up separately. The tools for achieving increased diversity of housing types in new growth areas is likely somewhat different from what will be required in infill areas. The focus at this time is on how to address new growth areas.

#### **Option 1: Add PUD Overlay Zone as a New Zoning Tool**

**Based upon staff's research and the developer comments, staff believes this option is preferred.** This method of reviewing small lots would afford the most flexibility for the developer and would require less time to develop a new ordinance. The PUD would be applied as a combining district or overlay to an existing base zone so as not to change the range of permissible density on a site the way a F-PRD allows for changes in density. Some basic expectations or guidelines for open space and design would be part of draft ordinance. Staff would include defining private street expectations as part of this option as well.

As with the current F-PRD zoning, in exchange for PUD flexibility, the approval process is lengthier and there is less certainty of the outcome. However, developers did not express any concern about the uncertainty or lengthier approval process required of a PUD. Staff believes the F-PRD process would likely be modified along with creating a PUD so as to make them distinct options, or potentially replace the F-PRD if it is found to be duplicative.

#### **Option 2: Modify Base Zoning Standards for Lot Size**

Based upon the previous report and discussion amongst City Council along with the developer input, we could proceed with drafting zoning text amendment changes.

Modifying the base zoning standards allows for greater predictability and certainty in what the outcome will produce. The primary questions would be the degree of reduced lot area and or lot widths. Staff does not believe wholesale changes to all setback and lot development standards would be appropriate within a base zone as it would apply to many other areas within the City. Creating new lots with frontage on public streets less than 50' may require corresponding standards for more intentional placement of structures and driveways.

### **Option 3: Modify Base Zoning Standards for Lot Size Variability of 20%**

This option was discussed in June as a hybrid allowing for lot size variation throughout a subdivision compared to a PUD or base zone changes. This option would defer lot design issue until the Subdivision stage rather than zoning. The degree of allowed change would need to be defined through the text amendment process. Based upon the developer comments, staff believes this option has a lower value for encouraging housing diversity compared to the other options.

### **Option 4: Modify Base Zoning Standards for Lot Area and Add a PUD Overlay Zone**

Minor changes could be accommodated with amendments to the base zoning and also creating a new PUD tool. Staff does not feel it is necessary to create more than one path to accomplish the goal of greater housing diversity in new growth areas of the city. While some increase in options and flexibility is needed, increasing options by modifying base zoning and adding a PUD would likely not increase the total amount of diversity in housing product.

### **Option 5: Hold A City Council Workshop**

The City Council could choose to schedule a formal workshop and invite the public to comment on conceptual options before proceeding with changes related to small lots. However, based on the developers' comments supporting proceeding with changes in general, such a workshop may not be needed at this time.

### **STAFF COMMENTS:**

Staff is in support of creating additional means for detached small lot homes by providing more flexibility within the zoning ordinance. The first four options presented above have a distinct approach to increasing housing diversity and allowing for smaller lot development and have merit. **Staff believes Option 1 (creating a PUD) is preferred since it would address the widest range of interests and issues related to small lot home development.**

If City Council chooses an option and directs staff to proceed with a creating a zoning text amendment, staff will develop draft language that could then be site-tested and available for comment as part of the review process with the Planning and Zoning Commission and City Council.

## Attachment A

### Eloise Sahlstrom

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**From:** Eloise Sahlstrom  
**Sent:** Wednesday, October 28, 2020 9:02 AM  
**To:** Eloise Sahlstrom  
**Subject:** Developer Workshop TODAY! 1:30-3:00 pm

As a reminder today we are holding a developer input session on small-lot zoning options at the Ames Water Plant. *If you have not done so already, please let us know if you will be attending, so we can appropriately accommodate required social distancing.*

- **Developer & Planning Workshop – Small Lots & Increasing the Diversity of Housing**
- **Wednesday, October 28, 2020; 1:30-3:00 pm *[new time]***
- **Ames' Water Treatment Plant Conference Room; 1800 E 13<sup>th</sup> Street; Ames, IA 50010**

The Ames' City Council has a goal of supporting production of additional housing and a greater variety of housing in the City. City Council held a [workshop on June 23<sup>rd</sup>](#) (Link to Staff Report) to review the City's zoning standards and comparison of other cities' small lot single-family residential standards. City Council asked staff to seek developer input on the following three specific concepts from the June meeting:

1. Reduce base zoning minimum lot size from 6,000 sq. ft. to 5,000 sq. ft.
  - a. Goal to provide slightly smaller lot size with the same current building envelope on a site. Assume minimum lot width and other standards remain the same.
  - b. Process: Approved as a subdivision, no addition zoning or site plan reviews needed.
  - c. **Is this desirable in the market? What other changes or ideas should be considered within a base zoning district?**
2. Variation of up to 20% of lots within a subdivision from minimum standards, e.g. lot size and width.
  - a. Goal to provide flexibility for integrating housing choices within a development.
  - b. Process: Approved as a subdivision, use master plan with initial zoning, no other specific zoning or site plan reviews.
  - c. **Is this desirable in the market? What other changes or ideas should be considered within a base zoning district?**
3. Create Planned Unit Development (PUD) tool.
  - a. Goal to provide maximum flexibility for a specific development plan with a focus on housing variety and design compared to the current F-PRD standard focus on open space. Also, would allow for private streets. Potentially an infill development tool with minimum size less than 2 acres.
  - b. Process: Apply as a zoning overlay that does not change the underlying maximum density. Requires master plan or site plan along with a subdivision.
  - c. **Is this desirable in the market? What issues or processes would need to be addressed to balance design, timing, predictability?**
    - i. **E.g. Housing orientation, parking, private streets, usable space/yard area, house size/proportions.**

The Wednesday meeting is intended to be an open forum on ideas related to smaller lot development in Ames. With your input, staff will prepare a response back to Council and seek their direction on how to proceed with a specific zoning text amendment proposal. Please RSVP to the meeting or if you are unable to attend please let us know and provide any written suggestions you may have.

Thanks for your interest in Ames!

## Attachment B- Comments by Issues

### Lot Sizes

- Smart Homes were as small as 43- foot wide lots, could envision a 40-foot lot for same homes
- Zero lot line homes of Domani discussed, wider lots with larger homes compared to Smart homes
- Discussed impacts on proportions or buildings and spaces with narrow lots
- Smaller lot widths and area may need setback reductions and greater coverage allowances
- Could zero lot line homes be allowed by right vs. a PRD?
- Concern about mandating a mix of lot size or house sizes
- Providing for parking on site and/nearby
- Greater variability in lot size along arterials for lower value lots would be desirable.

### Planned Unit Development (PUD) vs. current Planned Residence District (PRD)

- PUD should not require open space like a PRD, does not allow for efficient density
- Could density be mixed to get some larger home or estate lots?
- Specific design requirements could discourage smaller lots
- Could they be used for infill, change the minimum site size from 2 acres.
- No concern about the process of a PUD, level of detail up front may be an issue.

### Design Features-alleys, shared driveways, design features

- Staff discussed design features and treatments for small housing such as courtyard housing, "pocket" neighborhoods, use of alley, shared driveways, etc.
- Developers were unsure of marketability of non-traditional home concepts for ownership housing
- Staff noted from the June report other comparable city's emphasis on standards addressing design along a street, for example Iowa City.
- Developers expressed concerns on buyer interest resale for shared access
- Discussed Grinnell example of shared courts for homes
- Effect of fire access lane on design, 150-foot dead end limitations.
- Support to define private street standards
- What about allowing for three car garages on narrow lots, aesthetics only seeing a garage and minimal to no house.