Moab City Council Item
Meeting Date: February 25, 2020

Title: ORDINANCE 2020-03 AN ORDINANCE AMENDING THE CITY OF MOAB MUNICIPAL CODE SECTION 17.69.050E TO ALLOW THE CITY COUNCIL TO CONSIDER SMALLER UNIT SIZES FOR WORKFORCE HOUSING UNITS THAT ARE BUILT ON SITE AT THE TIME OF PROJECT CONSTRUCTION.

Disposition: Discussion and possible approval of a Code Amendment
Staff Presenter: Nora Shepard, AICP, Planning Director

Recommended Motion:
I move to approve Ordinance 2020-03 Amending the Moab Municipal Code to modify Section 17.69 050 E to allow the City Council to consider smaller unit sizes for Workforce Housing Units that are built on site at the time of project construction.

Background/Summary:
On November 13, 2018, the City adopted a new chapter 17.69 of the Moab Municipal Code to require new overnight accommodations to provide Assured Workforce Housing (WAHOO). The ordinance has been in place for over a year and the staff is recommending that the Planning Commission and City Council make an amendment to grant the City Council the discretion to approve smaller, studio units to be allowed to qualify for the required assured workforce housing if the units are built on site and concurrent with project construction.

Section 17.69.050 E currently reads as follows:
“The area of affordable housing units built pursuant to the construction requirement shall be an average of not less than one-thousand square feet per unit. Developers shall provide a mix of one bedroom and larger units based in the expected needs of the project, as further specified in the development improvements agreement and/or the LURA.”

As the staff has been working with developers to satisfy the requirement for assured workforce housing, it has come to our attention that there is a need for smaller, studio units that may not meet the average of 1,000 sq. ft. in floor area. The City wants to provide a variety of housing unit types and sizes that are available for workforce housing. One product type that Moab lacks is a small studio unit for 1 or 2 people. The proposed amendment would allow a smaller unit at the discretion of the City Council only when the units proposed are on the same site as the project, built at the same time of the project and targeted toward employees that will work at the project.

The proposed language would read:
17.69.050E: The area of affordable housing units built pursuant to the construction requirement shall be an average of not less than one-thousand square feet per unit. Developers shall provide a mix of studio, one bedroom and larger units based in the
expected needs of the project, as further specified in the development improvements agreement and/or the LURA.

As an incentive to get workforce housing built on site, concurrent with the development of the project and that targets the affordability needs of the future employees of the project, the City Council may consider a smaller unit size and/or different configuration.

The original proposed amendment to the code would have allowed smaller units to be considered for all Workforce Housing. After receiving public input and significant discussion, the Planning Commission modified the proposed amendment to allow the City Council to consider smaller units only when the units would be built on site, concurrent with the project construction and targeted toward the employees that may work at the project.

History of the WAHOO Ordinance:

There was significant discussion and public input at the time of the adoption of the Assured Workforce Housing code provisions. The City Planning Staff has researched the minutes, staff reports and videos that were associated with the adoption of the Workforce Housing Ordinance. The Planning Commission recommended the Ordinance to the City Council with the minimum square footage of 500.

There was significant economic research and modelling that was done prior to delving into drafting the WAHOO. The number of units required was researched and was based on the impact of an Overnight Accommodation and the number employees generated and units needed. When that analysis was done, the “base” unit that was discussed was 1,000 square feet. When the ordinance was being finalized, the City Attorney (Chris McAnany) advised the City Council that based on the cost of construction in Moab, a smaller unit (500 square feet) may result in developers actually building units, rather than just pay the Fee in Lieu of Construction (FILC). The 500 square feet size provided a slight incentive for a developer to build units on site. This was thought to be the most desirable outcome, as well as to build units that would provide housing for employees that work in the project. A 1,000 square foot unit would likely cost more to build than the FILC. In other words, it would be cheaper to just pay the FILC than it would be to build the required number of units if the minimum size is 1,000 square feet.

Summary of research and discussion is as follows:

- Originally the ordinance followed the standards set in the PAD ordinance
- Then because the PAD would be passed after the WAHOO, they wanted the WAHOO to stand alone, and made the standard relative to sf minimum 500sf per the underlying zone
- During the second (and last) discussion before the ordinance was passed at City Council November 13th, Council Member Jones made the recommendation to increase the required minimum to an average of 1000sf because that was the number that followed the "NEXUS" AH "FILK" Study. 'Number that is used in
housing economic study linked to computation of number of units. (Essentially a round number to work the computation off of).

- Comparing the "Fee vs Construction", City Attorney Chris McAnany - Construction was at a higher cost to developer than fee with 1000sf. The 500sf adjustment would create "parity" between Fee vs Construction. This calculation was provided to council for the meeting.500sf was trying to mitigate issue in cost discrepancy.

- At this point the Council invited Zacharia Levine up to speak on behalf of the county. He presented the County Version with 1000sf and Parity in their fees. Zacharia summarized that 500sf would be a way to incentivize construction and flexibility, if the council wanted to stick to "mathematics that are going to be simplest and most defensible and logical" they could go with 1000sf. The Council straw polled their favor of 1000sf based on "Defensible and logical".

- The most relevant information to the reason behind the current language and associated numbers is in the City Council Video from November 13, 2018 (see link below) Please review the video between 2:18:33: and 2:27:55.  

https://www.youtube.com/watch?v=rKh9vgKg0Sg&feature=youtu.be

There is a demand for small, studio apartments accommodating 1 or 2 people. In many cases, workers from a new OA development cannot afford a larger unit and/or would prefer to live alone without other roommates. The reduction in the minimum size would provide more flexibility for project to provide workforce housing that meets the needs of their employees and would continue to incentivize developers to put the units on site that could be used for the employees the project generates. The outcome of leaving the minimum requirement at 1,000 sf per unit would likely be that units are not build on site, or off site, and that the developer would choose the option of paying the FILC.

**Planning Commission Discussion and Action:**

The Planning Commission held public hearings on this item at two meetings, on January 23, 2020 and February 13, 2020. As mentioned previously, the Planning Commission was not comfortable with an amendment to the code that would allow smaller units for all proposed workforce housing. After a far-ranging discussion, the Planning Commission concluded that having workforce housing on the site, build at the same time as the proposed project, and targeted toward employees that would eventually work at the project should be encouraged.

A summary of the discussion is as follows (draft minutes are not yet available):

- There is value in having projects built on site concurrent with construction of the main project and that some incentive to do that may be appropriate
- If a developer is proposing 10 units to fulfill the requirement, at an average of 1,000sf, that is 10,000sf of employee housing. If the applicant wished to do smaller units, they would need to do more units to meet the obligation of the total 10,000sf
- Requiring an average unit size of 1,000sf disincentivizes construction of units on the site and would rather push developers to pay a fee in lieu rather than actually
getting units built on site. Building units on-site for the workers of a project is the best outcome.

- Discussion on whether 500sf would be an appropriate average for all required workforce housing. A single-wide trailer is about 400sf.
- It would be important to provide other amenities on site to support the on-site workforce housing, such as laundry, bike storage, gathering areas and outside recreation areas.
- Smaller units may be appropriate, but don’t want to just pick a smaller number. Would rather give City Council the ability to negotiate a smaller size based on individual requests.

For additional detail on the discussion, here is a link to the YouTube Video:  
https://www.youtube.com/watch?v=KoYcpFnGf8E
It is the first item on the agenda.

Exhibits:
Exhibit A: Proposed Ordinance 2020-03