



City of Five Seasons®

City of Cedar Rapids

Development Committee Meeting Agenda

City Hall Council Chambers

Wednesday, November 16, 2016

3:00 pm – 4:00 pm

Purpose of Development Committee:

To enable the City Council to discuss and evaluate in greater detail these specific issues that directly impact the physical, social, and economic vibrancy of the City of Cedar Rapids.

City Council Committee Members:

Council member Ann Poe, Chair

Council member Pat Shey

Council member Scott Overland

- Mayor Ron Corbett is an ex-officio member of all Council Committees per City Charter Section 2.06.

Agenda:

- Approval of Minutes – October 19, 2016
- Presentations:
 1. ReZone Cedar Rapids
Anne Russett
Community Development 20 Minutes
 2. Housing Market Analysis Update
Erika Kubly
Community Development 10 Minutes
- Updates
 1. Mt. Vernon Road Open House
Adam Lindenlaub
Community Development 10 Minutes
- Public Comment

Next Meeting: December 14, 2016



**City of Cedar Rapids
DEVELOPMENT COMMITTEE MINUTES
City Hall Council Chambers
Wednesday, October 19, 2016
3:00 p.m.**

The meeting was brought to order at 3:00 p.m.

Present: Council members Shey and Overland. Staff members present: Jennifer Pratt, Community Development Director; Erika Kubly, Housing Redevelopment Analyst; Paula Mitchell, Housing and Redevelopment Manager; Anne Russett, Community Development Planner; Adam Lindenlaub, Community Development Planner; Anne Kroll, Community Development Administrative Assistant.

Council members Shey and Overland approved the minutes from September 21, 2016 with unanimous consent.

Recommendation Items:

1. Low Income Housing Tax Credit (LIHTC) Projects

Erika Kubly, Housing Redevelopment Analyst, stated that the City received four (4) requests for support of LIHTC projects which includes three (3) family housing proposals for the 9% competitive funding round and one (1) family housing proposal for the 4% noncompetitive funding. Noncompetitive applications are not scored but must satisfy the requirements of the Iowa Finance Authority's Qualified Allocation Plan in order to receive funding. Ms. Kubly reviewed the 4% project from TWG Development and shared the location, number of units, site plans, and renderings. The recommendation for the 4% project is ten (10) year, 100% tax abatement through Urban Revitalization Tax Exemption under the Community Benefit qualifying criteria.

Ms. Kubly stated that the Kingston Family Apartments 9% project was taken to Development Committee at the September 21, 2016 meeting. Ms. Kubly reviewed the 9% projects of Cypress Lofts and Sonoma Square and shared the location, number of units, site plans, and renderings. Ms. Kubly stated that staff would typically have sixty (60) to ninety (90) days to review a project before making a recommendation, but staff only had a week to review the Sonoma Square project from High Development. Because of this, staff is taking the numbers at face value and estimated the Urban Revit Tax Exemption based on what was provided. The recommendation for the two (2) 9% projects is for ten (10) year, 100% tax abatement through Urban Revitalization Tax Exemption.

Council member Overland asked if all of these projects with tax assistance have rules and regulations to how it is managed so that there is responsibility for the owners to not allow the

building to deteriorate and have other issues. Ms. Kubly stated that each development submits a management plan as part of their application that shows compliance with the City's requirements for tenant selection and items like that.

Council member Shey stated that 150 units is a very large complex. There is a concern with some Council members as to how well some complexes are managed just because they can make life difficult for the surrounding areas. Jennifer Pratt, Community Development Director, stated that something considered when reviewing these projects is the history of the project management of these firms. Paula Mitchell, Housing and Redevelopment Manager, stated that one of the requirements is that the applicant submit a management plan for the project. They are required to submit a management plan to IFA as well and during that compliance period IFA is monitoring things such as building upkeep. For the 150 unit complex staff inquired about the specifics of their management plan and it does include an onsite community manager.

Council member Shey stated that there was a mention that the demand for rental housing is 181 to 245 units annually over the next five (5) years and is wondering how the number has trended recently. Ms. Mitchell stated that it seems to be trending slightly up and the reason for that is a continued decreased in the trend in household sizes. Household sizes decreasing equal the demand for slightly more units. Council member Shey asked if three (3) bedroom apartments are the trend or have smaller households decreased that demand. Ms. Mitchell stated that there is still an issue for the families that need the larger units because there is not enough, but the overall volume has been influenced by the decreased trend.

Council member Overland asked if there is too much of the same housing on the SW side. There are quite a few complexes over there already. Have there been complaints that there is not enough housing diversity? Ms. Mitchell stated that the market analyst looked at that last year when additional projects were proposed in that area. What was found was that some units that had previously been LIHTC projects had aged out of their affordability period so they were no longer subsidized or controlled. There are some units that are under a different type of subsidy program that are located nearby. Ms. Pratt stated that the reason this area is attractive for this type of project is that there are walkable services nearby and transit access, but you do not want to have too much of the same housing in one area.

Council members Shey and Overland approved the 4% project of ten (10) year, 100% tax abatement through Urban Revitalization Tax Exemption under the Community Benefit qualifying criteria and the recommendation for the two (2) 9% projects for ten (10) year, 100% tax abatement through Urban Revitalization Tax Exemption to move forward to City Council with unanimous consent.

Ms. Pratt noted that staff anticipates bringing the first draft of the Housing Market Study to Development Committee at the November 16, 2016 meeting.

Updates:

1. ReZone Cedar Rapids

Anne Russett, Community Development Planner, shared the ReZone website of www.cityofcr.org/rezone and a video to help the public better understand what zoning is. Staff and the consultants are beginning to draft sections of the code starting with administrative procedures and then moving on to districts/forms/uses, development standards, and general/definitions. Staff and the consultants decided to start with administrative procedures

because more outreach and analysis was needed to help inform the districts and their development standards. The administrative procedures outline the roles of different groups and also outline the various processes for conditional uses, variances, and rezoning. The consultant team will visit the week of October 24, 2016 to update the HPC, CPC, Steering Committee and meet with developers.

Council member Overland asked for the general timeline for meeting with Council and CPC. Ms. Russett stated that it will be shared section by section and the administrative procedures draft should be available for review in early 2017.

Council member Shey stated that people may not know a lot about zoning, but they do care about zoning. What is the level of interest for zoning from the public and how do you get people excited about zoning? Ms. Russett stated that it can be difficult to get people excited about zoning, but staff's strategy is to have open houses and workshops at key points along the way where people are able to react to different ideas. Targeting interest groups will help as well.

Council member Shey stated that people appreciate that the rules and regulations are not necessarily meant to restrict and inhibit, but to empower and enhance and also improve the investment return on property. Ms. Pratt stated that staff is building on the momentum from Envision CR where people are excited about areas such as NewBo. Now there is this example that people can relate to right away, so when staff is talking about concepts that otherwise may not interest them, you put it into context of something they love and are glad it is in our community and that makes it much easier to have that conversation. Because of the special districts it will help translate this for people and get them excited. The City's Communication staff does a great job of reaching out to people.

2. Mt. Vernon Road Open House

Adam Lindenlaub, Community Development Planner, stated that the third open house will take place on November 9, 2016 at All Saint's Elementary School's gymnasium. Staff will share the feedback from the second open house and provide detail on the draft action items. Staff will also share information on cross sections and potential improvements to the intersections of 15th Street and 19th Street. Staff will take the plan to Development Committee in December 2016 for approval and then to City Council.

Council member Overland asked if there have been conversations with property owners along Mt. Vernon Road and have they shown interest in the process? In the long run that will be critical. Ms. Pratt stated that they are very interested and attended the first open house which was critical because staff received so much feedback and that reinforced that there are a number of different types of property owners. Not everyone has the same interests along that corridor and it was helpful for staff and the consultant to hear all of the different perspectives at the first open house. Mr. Lindenlaub stated that there was a focus group of developers who have done smaller scale development and comments heard from them is that having the City show interest in this area and knowing that this plan is happening is getting them excited in looking at projects along this corridor.

Council member Shey asked where a developer makes more money from an investment perspective to maximize return: housing, apartments, or retail. Ms. Pratt stated that a lot of times it would be commercial on the first floor and then maximizing the investment by going up a few floors and having housing. Until the market in that area is looked at it is hard to know if there is office interest. Council member Overland noted that one of the challenges of Mt. Vernon Road is

that the lots are not very deep. Ms. Pratt stated that the configuration of lots was talked about in the focus group of developers and staff has noted that as well. Mr. Lindenlaub added that setbacks will be talked about in ReZone CR as far as the size of a parcel.

Public Comment:

There was no public comment.

Council members Overland and Shey adjourned the meeting at 3:33 p.m. with unanimous consent.

Respectfully submitted,

Anne Kroll, Administrative Assistant II
Community Development

DRAFT



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To: City Council Development Committee
From: Anne Russett through Jennifer Pratt, Director of Community Development & Planning
Subject: ReZone Cedar Rapids
Date: November 16, 2016

Background

With the adoption of EnvisionCR in January 2015, the Community Development staff is moving forward with a comprehensive update to the City's zoning code, known as ReZone Cedar Rapids.

ReZone Cedar Rapids Update

At the Development Committee's meeting on November 16, a representative from the consultant team and Community Development staff will provide an update on the project.

Draft Administrative Procedures

City staff and the consultant team have commenced drafting sections of the ordinance. At this point, the focus is on drafting the administrative procedures, which will be followed by draft sections of the zone districts.

Stakeholder Outreach

Additional meetings with key user groups have been scheduled for November 17 and 18. Specifically, City staff and the consultant will meet with representatives from sign companies and the development community.

Snout Houses

In addition, members of the City Council have expressed concern with two homes that are currently under construction in the Oakhill Jackson neighborhood. Unlike the surrounding homes, which have alley access and the garages in the rear, the garages of these homes protrude beyond the front of the home and have access in the front. This type of home design is known as a "snout house". During your meeting, we will discuss some solutions to avoid this type of design that will be explored as part of ReZone Cedar Rapids.



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To: City Council Development Committee
From: Erika Kubly through Jennifer Pratt, Director of Community Development & Planning
Subject: Comprehensive Housing Needs Update - 2016
Date: November 16, 2016

The City of Cedar Rapids contracted Maxfield Research and Consulting, LLC to complete an annual update of the *Comprehensive Housing Needs Analysis* for the City. The Housing Needs Analysis provides recommendations on current and projected housing conditions and the amount and type of housing that should be developed in order to meet the needs of current and future households who choose to reside in the city. The report updates information provided in October 2015.

The scope of the report includes:

- An analysis of the demographic and economic characteristics of the City;
- A review of the characteristics of the existing housing stock and building permit trends;
- An analysis of the market condition for a variety of rental and for-sale housing products;
- An assessment of the need for housing product by type in the City.

Housing Needs Analysis Highlights

Demographics:

- 2016 estimates show the population of Cedar Rapids at 132,161 with 55,361 households. The population growth is projected at 9.5% in the Flood Impact Areas and 8.7% in the remainder of the City from 2010-2020.
- Higher population growth rates are anticipated for the Flood Impact Areas versus outlying neighborhoods due to increases in high-density housing in and near the downtown.

Rental Housing Market:

- The overall rental vacancy rate is currently 2.4%. A healthy rental market maintains a vacancy rate of about 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.
- The vacancy rate for shallow-subsidy units is 2.5%, which is similarly below market equilibrium of 5% and shows pent-up demand for these types of units.
- The Section 8 waiting list closed in March of 2015 with 1,200 applicant families, 220 of which remain on the list to-date. Because the waiting list is currently closed and households cannot apply until it reopens, the number on the list does not reflect the need for deep-subsidy rental units. The waiting list is expected to open again on November 15, 2016.

For Sale Housing Market:

- The average resale price of homes in the City of Cedar Rapids is \$158,074, which increased from \$156,592 in 2015.

- Time on the market for 2016 was 67 days, which has decreased from 73 days in 2015.
- 2,248 homes were sold in the City of Cedar Rapids in 2015.
- Year-to-date homes sales for Cedar Rapids as of September 2016 are 1,843.

Housing Demand:

Based on the consultant’s calculations, demand exists for the following general occupancy product types between 2016 and 2025:

- Market rate rental 1,013 units
- Shallow-subsidy rental 561 units
- Deep-subsidy rental 193 units
- For-sale single-family 1,920 units
- For-sale multifamily 630 units

Recommended Housing Development:

RECOMMENDED HOUSING DEVELOPMENT CITY OF CEDAR RAPIDS 2016 to 2020			
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
General Occupancy Rental Housing			
<i>Market Rate Rental Housing</i> ²			
Apartment-style	\$850/1BR - \$1,200/2BR	200 - 300	2016+
<i>Affordable Rental Housing</i>			
Shallow-Subsidy	Moderate Income ³	125 - 175	2016+
Deep-Subsidy	Low Income	80 - 100	2016+
Market Rate Single-Family	Entry-Level (Core Neighbor.)	300 - 500	2016+
Market Rate Multifamily Owned	Entry-Level/Move-Up (Core)	100 - 200	2016+
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ⁴	\$800/1BR - \$1,100/2BR	100 - 120	2016+
Active Adult Market Rate Owner	\$150,000/1BR-\$200,000/2BR	50 - 65	2017+
Active Adult Shallow Rental ⁴	Moderate Income ³	0 - 100	2017+
Congregate	\$2,200/1BR - \$3,000/2BR	120 - 150	2016+
Deep-Subsidy Senior ⁵	30% of Income	100 - 150	2016+
Market Rate Assisted Living	\$3,200/1BR - \$4,000/2BR	65 - 70	2017+
Market Rate Memory Care	\$4,500/Std. - \$5,500/1BR	<u>40 - 40</u>	2016+
Total		475 - 695	
¹ Pricing in 2016 dollars. Pricing can be adjusted to account for inflation.			
² The development of these products can occur after the vacancy rate is at or below 5%. Additional rental development could occur after new development has been absorbed and phased into the market.			
³ Affordability subject to income guidelines per Iowa Housing Authority.			
⁴ Alternative development concept is to combine active adult shallow-subsidy and market rate active adult into one mixed-income senior community			
⁵ Deep-subsidy senior will be difficult to develop financially; some overlap between shallow-/deep-subsidy			
Note - Recommended development does not coincide with total demand.			
Source: Maxfield Research and Consulting, LLC			