

**MEMORANDUM**

TO: Buffalo Mayor and City Council
Buffalo Planning Commission

FROM: Stephen Grittman

DATE: November 6, 2019

RE: Buffalo – Housing Plan

FILE NO: 137.02

Attached to this memorandum is a slightly modified version of the proposed Buffalo Housing Plan (or study), responding to some of the primary comments made by the Planning Commission at its October public hearing. The principal changes include the following:

- An introductory page that attempts to describe the purpose and use of the document, as a supplement to, but not replacement for, other components of the Comprehensive Plan. In this introduction, an attempt is made to communicate how the plan will be used, and emphasize that it is intended to blend with, not override, other aspects of the City's land use policy.
- An additional strategy point for the Existing Housing Stock section (page 24), which reads as follows:
 - **Aggressively examine opportunities to support existing housing stock maintenance and reinvestment, including potential policies related to local public investment or cost-effective strategies that encourage new investment in existing homes.**
- A supplemental implementation strategy (page 29) which is intended to add specific force to support for existing neighborhood revitalization, and which reads as follows:

- Examine ways to support existing neighborhoods through design, maintenance, and financial options – where possible – to ensure long-term viability of those neighborhoods as reflective of Buffalo's historic land use patterns and attractive character

While there was much discussion at the hearing, these topics garnered the majority of the discussion requiring specific attention in the text. One additional topic received comment, that being the issue of “flexibility” in applying land use policy, and the difficulties of ensuring how the City can realize its development objectives in an environment of flexibility. The document notes that several of the zoning strategies included in the plan are intended to mitigate those concerns through the amendment or creation of zoning districts to add specific objectives related to various development types, rather than rely on the PUD approach. By implementing those zoning updates, the City can better express its housing policy with less concern over whether the development process merely gives away the game to market forces. As such, no specific changes were made in this regard, but the topic is addressed in the current narrative.

It is hoped that these updates will meet the expectations of the Planning Commission adequately to merit forwarding the Housing Plan to the City Council with a positive recommendation for adoption.

**As an editorial note, the material accompanying this memo has not been reformatted for publication, pending comment and final review. Once the document is ready for adoption, the final updates including Table of Contents, support map, and related items will be merged with the body of the text.*

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Buffalo Housing Plan

Linking City of Buffalo Housing Policy with Market Conditions – 2018

This document was prepared to examine housing market conditions in the City of Buffalo and understand how those conditions may impact upcoming housing decisions that the City is called on to make as development or redevelopment proposals are brought forward by the private market.

While housing is ultimately provided – most commonly by the private development community, the city has a role in housing provision through land use policy, infrastructure development (including utilities, public services, and parks, to name some of the major examples), redevelopment planning, and public safety provision once housing is constructed and occupied.

To better inform that process, this project was undertaken to establish a baseline of the current market, knowing that markets can change rapidly, identify ways that the City can be best in a position to respond to those markets within the context of the community's overall land use policy, and ensure that over the long term, the community will be able to ensure that the residential neighborhoods will continue to thrive.

To best effect the findings of this study as policy, it is envisioned that it will serve as a component of the City's Comprehensive Plan – better establishing Buffalo's housing policies and objectives, but only in the context of the other policy topics. This document is intended to supplement, not replace, the existing Comprehensive Plan, but may serve to create a baseline for the ongoing study and planning for housing in the community, even as other aspects of the Comprehensive Plan may change or be updated.

In that regard, other policy areas of the Comprehensive Plan, including land use, economic development, downtown redevelopment, parks planning, and others, are wrapped into this document, as they do with each of the various components now. With this material included in the Comprehensive Plan, the City can take direct decision-making that implement the purposes and findings of this document.

Buffalo Housing Plan

Linking City of Buffalo Housing Policy with Market Conditions – 2018

Introduction and Background

This Study was authorized by the Buffalo City Council to examine the City of Buffalo's current housing market, the City's regulation of housing and residential development, and how the City should set its goals and policies to best suit the community's short- and long-term residential needs.

For many years, the City of Buffalo has had as a primary planning goal the intent to be the primary provider of commercial goods and services in the Wright County region. During the decade of the 1990s, this goal became reality as commercial expansion occurred rapidly in the Highway 55 and 25 corridors.

The City's planning focus was centered around a theme of containing that growth within a three-pointed area, with Target serving as an anchor to the southeast, Walmart and the Hospital/Clinic area as an anchor to the north, and the City's traditional downtown on the south. In addition to planning for both land use and transportation improvements to support that arrangement, the City created a diverse land use pattern in its Comprehensive Plan and associated zoning ordinances. The residential component was dominated by low-density housing, but incorporated areas of middle and higher densities, including recommendations for higher density in and around the downtown area.



As the next decade dawned, the housing market (in Buffalo and elsewhere) skyrocketed, especially in the single family sector. With the growth of so much single family housing, many of the areas previously devoted to higher densities were surrounded by new low- and mid-density development. While the City held firm in attempting to protect areas traditionally foreseen for high density residential, market forces and neighborhood pressures (both new and old) saw the few multiple family projects that were proposed eventually fail to gain approval.

Comprehensive Planning

The City last updated its Comprehensive Plan in 2006, adopting the plan in 2007, a period when the local housing market was very active. At that time, the primary housing-related issue in the community was how to plan and accommodate the rapidly increasing land and infrastructure needs being created by the housing boom.

Nevertheless, the 2007 Comprehensive Plan anticipated new residential growth areas with an expectation that low density patterns would continue to dominate, but that middle and higher density locations were vital to further the housing objectives that are now restated in the Plan. The theme of the 2007 Plan was “Preserving Our Small Town Character”.

It is acknowledged that as the City's population passed 15,000 and beyond, “Small Town Character” is important as a theme for new and existing neighborhoods, more than it can be used to describe the size of the community itself. As stated, “preservation” is key –the City can focus on preserving existing neighborhoods that were predominant when the community was in fact “small”, as well as preserving the design of new development with the qualities that Buffalo has long valued,



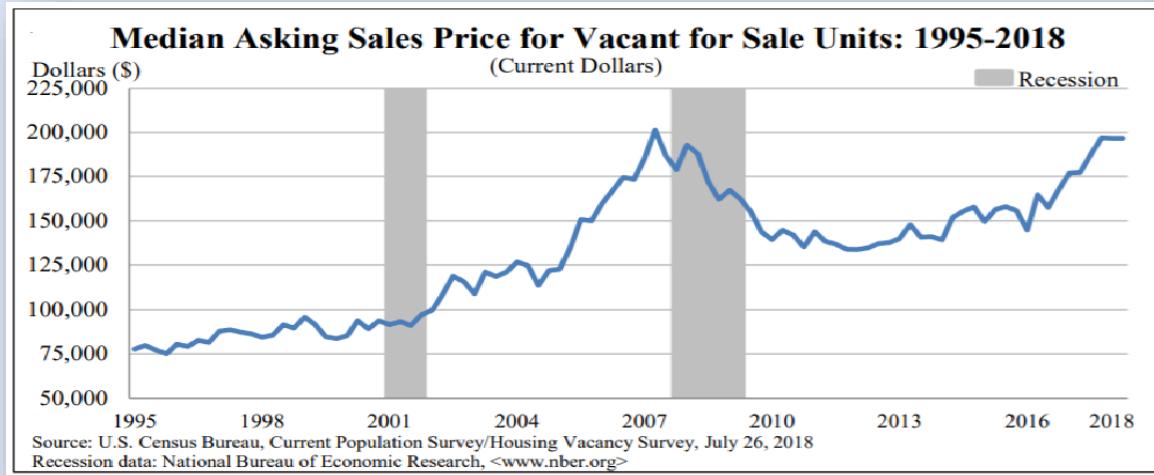
especially as “small” may no longer be an apt descriptor for size or quantity.

The Great Recession.

Not long after the Comprehensive Plan was adopted, the housing market activity abruptly stopped, and much of the City's housing policy sat idle as little new development, or redevelopment, occurred over the following decade. During this period, much changed. On a macro scale, slow job growth limited the flow of new buyers into the real estate market, while at the same time, greatly restricted mortgage financing throttled the ability of both prospective home buyers and builders.

As the housing market slumped, housing values followed. A large percentage of existing homeowners were left unable to sell their current homes due to the loss of presumed equity value over mortgage levels. This was a national phenomenon, and is represented in the following US Census Bureau graph.

There, it can be seen that housing values peaked in 2007, just prior to the onset of the so-called “Great Recession”.



Values had declined by approximately 20% by the end of the technical recession, but continued to fall for the next 2-3 years. They did not recover to their post-recession level until 2016, and only now have climbed back to pre-recession totals.

All demographic segments of the housing market were affected, but two segments faced the greatest impacts. First, new

household formation by young people finishing high school or college came to a near halt. This demographic has traditionally been the primary source for growth in housing supply, as newly formed households looked for affordable new construction, or in the alternative, opportunities to purchase affordable entry-level existing homes, pushing those sellers into higher-bracket housing markets. The interruption in this cycle was felt throughout the market.



The second market segment most dramatically affected was seniors who were looking to move out of traditional single family housing to down-size or find housing with services. The combination of lack of buyers for these homes, and mortgage-equity ratio issues for seniors in owner-occupied housing, interfered with the ability to create, at marketable cost, the housing supply needed for the rapidly expanding "empty-nester" demographic.

Recovery

Over the past few years, employment growth and other economic factors have loosened the market and household formation has picked up dramatically. This result is pushing housing demand, and consequently values, to the point where those with homes in the affordable market are no longer under water with their mortgages (by and large), and thus are beginning to offer to sell.

This condition is increasing affordable supply. New sellers then become buyers moving up – and seniors (especially empty-nester baby-boomers) are able to find buyers so they can, in turn, move to housing with services. In sum, both affordable entry-level housing and new senior housing with services are becoming marketable.

Buffalo's new challenge is to provide opportunities for this revitalized residential growth, a key component of the economic

engine that drives commercial and industrial development. At the same time, it is vital to maintain a long-term view of housing growth. It is possible to accommodate new development to meet the most basic affordability thresholds, but this development is also a key element important to the “small-town character” prized by the Buffalo community.

The objective of this study is to identify the options for fueling the community’s economic vitality in the short-term with neighborhood creation that will have sustainable identifiably “small-town character” in the long-term.



In the following chapters, the study examines some of the forces shaping the current housing market, as well as the City’s regulatory and infrastructure framework, and how those factors can frame Buffalo’s housing policy and planning for both the near and long term.

Inventory and Demographics

The focus of much discussion, both in Buffalo and elsewhere, has been provision of affordable housing as the changing market issues have come to the forefront. For the purposes of this study, two areas of market data were examined to better understand market conditions in general, and in Buffalo specifically. With this understanding, it is possible to examine local regulations in context and identify how those regulations can be addressed to meet the City's housing goals. The data is summarized below – first, demographic income and housing cost data; and second, survey information from the local real estate sales community regarding market activity, both strengths and weaknesses.

Market Demographics

The first area is specifically related to demographic affordability, as measured by housing value and income. The data, in summary form below, shows that a significant percentage of the City's current housing stock falls within the "affordable" range based on local incomes and values. Because housing value data often lags behind the most current market, it is important to account for this lag knowing that the data likely overestimates the actual percentage of affordable housing, perhaps by about ten percent.

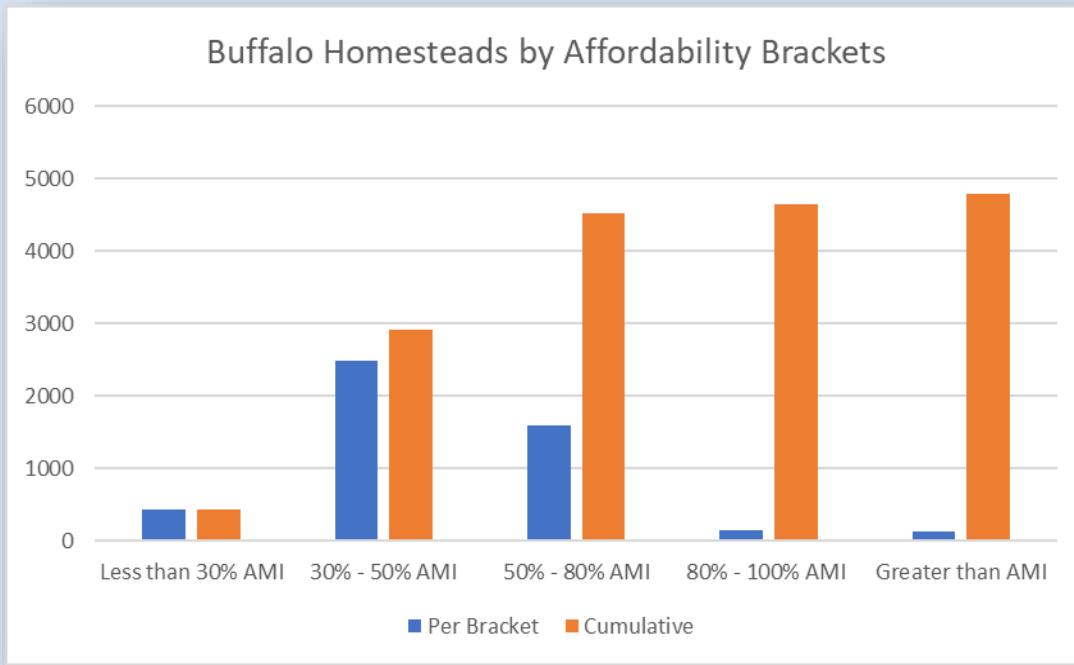
Data for housing values was collected from information published by the US Census department via the American Community Survey, and from the Wright County Assessor's Office, based on Estimated Market Value. To check the actual numbers, the source data was compared to approximately 50 reports of recent closed sales (April through July, 2018) of a variety of residential properties, both within the Buffalo City limits and in nearby townships and cities of central Wright County. Generally speaking the 2018 County EMV tended to lag behind the reported sale price by about 10% - 15%.

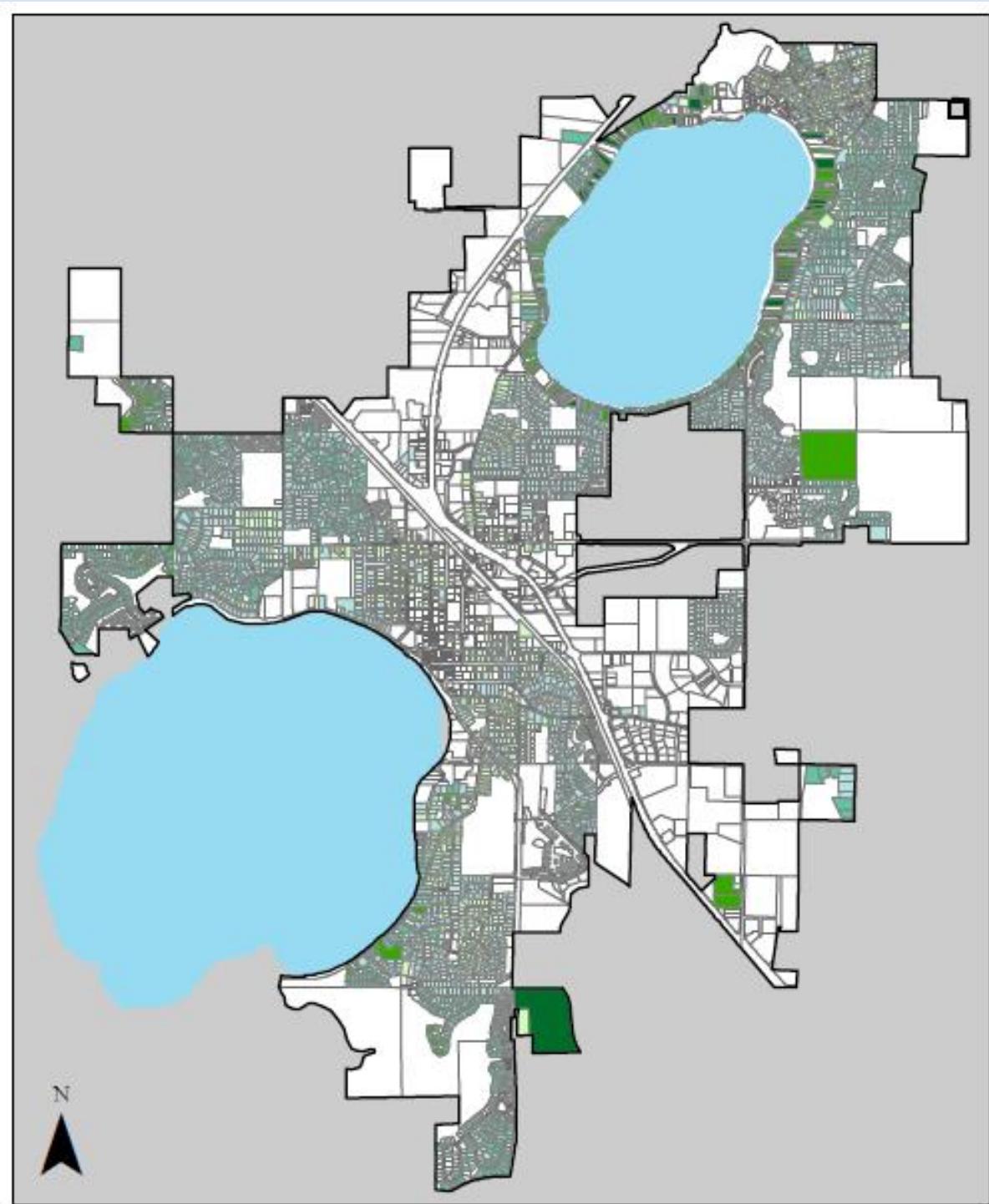
Affordability is defined at various thresholds of income. The tests are commonly determined by the percentage of housing in the community that a household can qualify for, if that household spends 35% or less of their income on housing. Conversely, it is common to consider what percentage of residents, dependent on income level, qualify for the median-valued home. As noted below, approximately 61% of the owner-occupied housing units in Buffalo would be affordable to

households making 50% of the median income. As noted above, this data is likely skewed by about 10%, due to lagging home value data.

Some examples of the data investigated:

- Area Median Income in Buffalo is \$63,830
- In the 2011-2015 American Community Survey, the median Housing Value in Buffalo was estimated to be \$168,100. Average for homesteads based on most recent tax assessed values was around \$153,000.
- 65% of housing units were single family detached, 7% had 2-9 units, 15% for 10 units and up. (2011-2015 ACS)
- 67% Owner Occupied, 33% Renter Occupied.
- Significant split in percentage of income dedicated to housing costs between owners and renters: 60% of owner-occupied households paid 20% or less of their income on housing. 50% of renter-occupied households spend 35% or more of their income on housing.
- Based on taxable assessed values and assuming a 30 year mortgage at 4.4% interest, it appears that an estimated 61% of Homesteads are affordable to a household making 50% of the area median income.





Legend

Homesteads	 City of Buffalo
Estimated Market Value	 Water
 \$5,000 - \$153,500	 Parcels
 \$153,501 - \$228,300	
 \$228,301 - \$352,100	
 \$352,101 - \$571,300	
 \$571,301 - \$915,900	

0 0.1750.35 0.7 1.05 1.4 Miles

Buffalo
CITY OF BUFFALO, MINNESOTA

 NAC
Northwest Associated Consultants, Inc.
4150 Alliance Memorial Highway, Ste. 200, Golden Valley, MN 55422
Telephone: 763.333.2120
Website: www.nacinc.com

Sources: City of Buffalo, Wright County,
MN DNR, NAC, Inc.
Map Date: March 5, 2018

Buffalo Homesteads

	HOMESTEAD COUNT	PERCENT OF TOTAL	CUMULATIVE PERCENT
LESS THAN 30% AMI	429	9%	9%
30% - 50% AMI	2491	52%	61%
50% - 80% AMI	1592	33%	94%
80% - 100% AMI	141	3%	97%
GREATER THAN AMI	133	3%	100%
TOTAL	4786	100%	

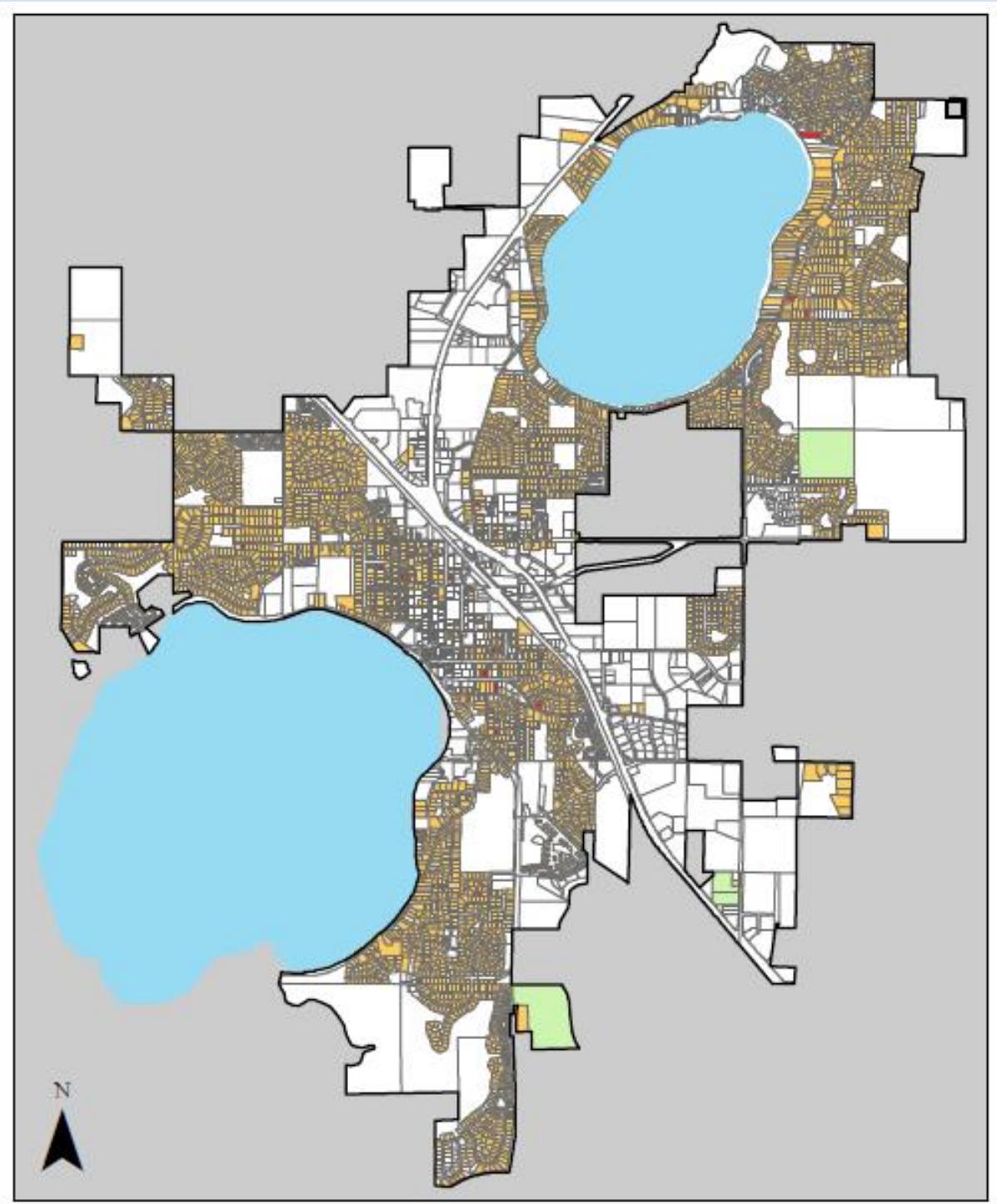
Households in the Seven County Metro

	HOUSEHOLDS	PERCENT OF TOTAL	CUMULATIVE PERCENT
AFFORDABLE AT OR BELOW 30% OF AREA MEDIAN INCOME	128476	11%	11%
AFFORDABLE AT 31-50% OF AREA MEDIAN INCOME	125952	11%	21%
AFFORDABLE AT 51-60% OF AREA MEDIAN INCOME	61934	5%	27%
AFFORDABLE AT 61-80% OF AREA MEDIAN INCOME	122485	10%	37%
AFFORDABLE AT 81-100% OF AREA MEDIAN INCOME	148033	12%	49%
AFFORDABLE ABOVE 100% OF AREA MEDIAN INCOME	605587	51%	100%
TOTAL	1192467		

Sources: 2011-2015 ACS, mortgage info from Zillow.com, Wright County, NAC, Inc.

In the tables above, the ratios of affordability in Buffalo were tested against those in the Twin seven county metro area, obviously a much greater sampling. The tables show that housing in Buffalo is significantly more affordable, compared to residents' income levels, than in the Twin Cities metro area.

While both income and housing cost are higher in the Twin Cities metro, the rate of housing cost increases faster than income. Thus, more than half of the housing in Buffalo is affordable to those making 50% of the median mark, while the metro area must include all households earning up to the full median before at least 50% of the population is accounted for.



Legend

Homesteads

Homestead Type

Agricultural

Residential

Residential/Agricultural

Duplex/Triplex

City of Buffalo

Water

Parcels

0 0.1750.35 0.7 1.05 1.4 Miles

Buffalo
CITY OF BUFFALO, MINNESOTA

NORTHWEST ASSOCIATED CONSULTANTS, INC.
4153 Olson Memorial Highway, Ste. 320, Golden Valley, MN 55422
Telephone: 761.211.2355
Web: www.nac-erding.com

Sources: City of Buffalo, Wright County,
MN DNR, NAC, Inc.
Map Date: March 5, 2018

Another way of looking at these numbers: Only about half of the Twin Cities residents are able to afford a home priced at the median price level. In Buffalo, almost all (97%) of the current households can afford a median-priced home.

An important take-away from this data is the need to consider the existing housing stock in the City's housing policies. One danger of focusing solely on new development is how the City's actions may impact the sale and marketability of the existing housing. The implementation strategies later in this report will include a discussion of those issues.

Provision of move-up opportunities for occupants of existing housing is an important factor in opening up that existing stock to new buyers – often at prices lower than can be realized through new construction. This expands the ownership market overall, and results in strengthened neighborhoods throughout the community.



Real Estate Industry Experiences

To gain an understanding of current real estate industry experiences in the current market, a short poll and a series of conversations were conducted with several local Buffalo area real estate brokers and agents. The survey information is presented below:

Question 1.

About how many inquiries have you responded to in each of the following categories in the past 2 months?

	0	1-2	3-5	6-10	11+	Weighted Average
SF Detached , <\$200K		2	5	3	1	5.5/person
SF Detached, \$200K - \$299K		3	4	3	1	5.4/person
SF Detached, \$300K - \$399K	2	4	3	2		3.1/person
SF Detached, \$400K - \$499K	4	7				1.0/person
SF Detached, \$500K - \$999K	7	4				.5/person
SF Detached, \$1M+	6	4	1			.9/person
SF Rental	4	3	4			1.9/person
Detached Townhome w/ Association	3	3	4	1		2.4/person
Attached Townhome		5	5		1	3.5/person
MF for purchase (condo)	10		1			.3/person
MF for rent	6	4	1			.9/person

Question 2.

If you know, based on the type of home they are looking for, where are your inquirers moving from?

	Buffalo	Other Wright Co.	Twin Cities Metro	Other Minnesota	Outside of Minnesota
SF Home <\$300K	6	3	2		
SF \$300K - \$499K	4	2	3		
SF \$500K+	1	1	2		1
Townhome purchase	4	2	4	1	
Condo Purchase		1	2		1
SF to rent	3	2	1		2
Attached Home to rent	1	2	2	1	
Totals	19	13	16	2	4

Question 3.

What reasons do you most commonly hear for persons looking to move to the Buffalo area? (score rank lowest is most common factor)

	Often	Occas.	Seldom	Never	Score Rank
Move closer to family	5	5	1		1.64
Affordability	6	3	1	1	1.73
School District quality	3	6	2		1.91
Lakes, parks, recreation	3	5	3		2.00
Leave the metro area	2	7	2		2.00
Retirement in small town	2	5	2	1	2.20
Move closer to job(s)		6	4	1	2.55
Medical services	1	2	5	3	2.91

Questions 4, 5, and 6

4. What aspects of Buffalo's housing market do you find easiest to fulfill?	5. What aspects of Buffalo's housing market do you find most difficult to fulfill?	6. What changes might the community make that would enhance the housing market in ways that you believe would best serve those seeking to relocate to (or within) Buffalo?
Homes \$500,000 and up	Townhomes	Core Center housing
Homes \$250 - \$350K	Homes <\$250K	Single Level Townhouses
Single Family	Townhomes	Entry level homes, Patio homes
	Homes <\$200K	First Time home buyers
Step-up housing \$250K - \$350K	Single level TH for retirees; Entry level buyers	New const. starters; Transplants want more City amenities
\$200K - \$300K non-contingent buyers	<\$200K contingent buyers	More restaurants
1 st time buyers <\$250K	1-level TH <\$235K	1-level townhomes
SF <\$250K	1-level TH	1-level townhomes
Single Family	Upper end TH	More Townhomes/Condos
Starter homes	1-level detached TH	Homes for aging boomers and starter homes
Mid-higher price homes	1-level TH w/views, upscale	Acreage SF lots

The results of these poll questions were reinforced by individual conversations with the poll respondents and other realtor members in the marketplace. In aggregate, the real estate professionals indicated that the bulk of their buyer contacts were from the local area, and most were looking for housing in the lower price ranges.

It was noted by several that many of those looking were seeking attached housing (or other housing with association services), and this market was the most difficult to satisfy due to lack of sellers. Many of these were seniors looking to shed the responsibilities of detached home ownership. However, several of the buyers in the lower price ranges were young first-time buyers, looking for detached housing, indicating new household formation. The strength in both of these markets was forecast from the initial market research data.

Summary – Inventory/Demographics

The current marketplace has room for growth in virtually all demographic categories, but demand – for the time being – is most heavily concentrated in two categories: (1) entry level pricing (both attached and detached), and (2) senior-dedicated housing. The entry level market includes primarily new household forming units and exerts pressure on both existing and new-construction homes.

Due to the costs related to new construction, existing homes have seen extraordinarily short market times. The City has recently considered alternative subdivision options in an attempt to minimize the impacts new construction costs. These options will be further explored in the Implementation and Strategies recommendations.

The strength in the senior market is showing up (like the entry level market) in a variety of ways. The supplies of both attached and detached association-managed products are far below demand. Anecdotally, real estate professionals have found that some owners are being canvassed or “cold-called” by potential sight-unseen buyers. The senior market is further segmented with some seeking housing with services – including both independent- and assisted-living models. For many of these types of projects, it is also common to see a component of “memory

care" or skilled-nursing services available to a portion of the prospective residents.

While entry-level and senior-level housing is in greatest demand, the market suggests strength up and down the various housing styles and differing occupancy models. With housing vacancy at a near historic low (below 4% for rental, and below 1% for owner-occupied property), the market is somewhat constricted by lack of options. For reference, the national vacancy rates are generally considered tight at 7.0% for rental, and 1.5% for non-rental housing. As the recent housing slump demonstrated, lack of mobility in any one sector can obstruct the interdependence of the entire housing marketplace. Thus, adding to the housing supply, regardless of category, supports the overall market directly or indirectly.



Goals and Policies

The City of Buffalo has (as have most cities) long promoted homeownership as a stabilizing factor for residential neighborhoods. This objective is often viewed as received knowledge – an assumed public good, but often without much in the way of definition or empirical support.

However, various recent studies have confirmed several aspects of the benefits of homeownership in elements of “stability”, including moderating crime and maintaining values. These factors rise with ownership due to both the economic investment of owners in the neighborhoods where they live and own, and also due to social investment of ownership, which correlates with long-term presence and socialization with other long-term neighbors.

While ownership is an overall goal, it is also important to provide for a healthy rental market for those unable to finance ownership, or who have other economic goals where renting is the preferred tenancy option. In the material that follows, the goals and objectives apply equally to owner-occupied or renter-occupied housing.

As a part of the process leading to this study document, City officials engaged in discussions to identify general housing development goals and issues. In a parallel series of workshops during this same period, various City officials also participated in a workshops and exercises designed to re-examine housing development opportunities in a more visual-preference method of coalescing around development style and housing variety.

The material below consolidates the experiences of both planning activities as a series of goals and objectives that Buffalo will look to in considering both new and existing neighborhood planning actions.

- Provide for housing opportunities that can address a full range of housing market segments, including the following:

- Single family detached (common “suburban” development) – these neighborhoods are low density in nature, with natural resource amenities on both private and public land, typically developed under the City’s R-1 zoning district. Residents tend to be families with children.
- Single family detached on small lots (with or without association management?) – this housing type is characteristic of the City’s R-3 zoning district and is represented by the existing traditional neighborhoods on the original grid street pattern. Residents tend to be some smaller families, singles, and “empty nesters”.
- Attached low-medium density for sale or rent – this market includes both for sale and rental housing, typically managed by a single project owner or a homeowners’ association, characterized by “townhouse” development of various styles. Residents tend to be small families, single adults, and some independent seniors, depending on project amenities.
- Medium-high density for sale or rent – this style is most typically multi-family housing in both small and larger buildings and/or complexes. In Buffalo, this market has mostly developed as rental housing for the general market, some of which may be subsidized through various programs. Residents tend to be small families, single adults, and



some independent seniors, depending on project amenities.

- Senior-focused housing – not a specific housing style, but rather a segment of specialized housing development that may include a variety of housing styles, but with specific amenities and design focused on accommodating senior adult needs, including the following (which are often combined within individual projects):
 - Empty nester, early retirement
 - Senior assisted, managed care
 - Memory/skilled nursing care



- Young-adult/First time buyer-focused housing – not a specific housing style, but a market segment, often seeking affordable housing, usually denser and smaller, and/or existing housing in established neighborhoods.



- Acknowledge that markets change and evolve over time.
 - Depending on the market conditions, different market segments will dominate at different times.
 - Neighborhood stability is enhanced when residents can adapt housing to changing lifestyles and needs.
 - Encouraging housing and neighborhood design that accommodates these changes will facilitate both stability and small-town character by retaining residents in the community.

- Ensure that all market segments are developed with housing that incorporates features that facilitate longevity, value, adaptability, and growth, including:
 - Quality construction
 - Building codes provide a baseline standard, and limits the city's ability to regulate structural issues. However, zoning allows the City to encourage creativity with exterior materials, property maintenance, architecture and design.
 - Sufficient public and/or private amenities within the neighborhood to provide an attractive living environment
 - Components of "sufficient amenities" will include public or private parks, natural open space; urban plazas and gathering spaces, landscaping amenities, and recreational access through sidewalk, trail, and other modes that accommodate connections throughout the community.
 - Common infrastructure design may include public design creativity in streets and rights of way, rather than the common minimalist approaches.
 - Practical housing design that supports sustainable occupancies over time
 - Considerations can include: garage size; yard size; porch and deck size; storage availability; guest parking; decks/patios/landscape amenities, and other elements.
 - Architecture and site Landscape Architecture that results in visually attractive neighborhoods
 - Variability in roof slope; garage location/exposure; front window size; private outdoor space;
 - Maintain opportunities for design that reflect "heritage" development styles to retain uniqueness in the Buffalo marketplace.

- Housing development land use patterns that support continued vitality - and growth - of the community's commercial enterprises and economic development through direct and convenient multi-modal connections, including positive connections between community features such as lakes, downtown, major recreation amenities, and schools.
- Subdivision design that builds in accommodation for these goals and objectives through:
 - Access and multi-modal connectivity for streets, sidewalks, trails, and parks;
 - Open space focus on natural amenities – or creation of amenities if few exist;
 - Prioritization of existing natural or man-made amenities, including tree cover, pond placement and wetland preservation, slope preservation; and other factors.
- Identify specific physical elements that contribute to each type of housing development
 - Transportation system;
 - Natural features of raw land (topography, tree cover, etc.);
 - Surrounding existing/future land uses that will impact transitions or compatibility;
 - Infrastructure requirements – in place, or planned;
 - Higher density in locations that are least likely to raise issues with low-density neighborhoods.
- Identify and map areas in and around Buffalo that will support the various market segments.
- Prepare goals and objectives for annexation planning as growth will continue to consist, primarily, of development on newly annexed land. This approach will require attention to both physical development and geographic strategies in considering annexation agreements.

Summary – Goals and Policies

In seeking to support both short-term and long-term housing and subdivision design in Buffalo, the key factors can be summarized as:

1. **Variety** – the continued intentional objective of providing housing opportunities for all segments of the market.
2. **Adaptability** – the interest in supporting housing and neighborhoods that can accommodate changes in lifestyles over time, and encourage neighborhood stability.
3. **Creativity** – subdivision design and architecture that responds to the locality with features that reflect the community and the environment, rather than merely perpetuate the same-old.
4. **Quality** – buildings and infrastructure that seek to incorporate high-end, durable, and reliable materials and construction.
5. **Amenity** – neighborhood development that focuses on quality of life and provision of features, both natural and man-made, that set the neighborhood.
6. **Connectivity** – facilitating the incorporation of new housing into the community through physical connections, and larger planning efforts that support the patronage of local commercial and institutional assets.
7. **Flexibility** – maintain an active approach of flexible response to market pressures and avoid stock responses where community goals can be more effectively addressed by new styles or designs.

These statements (and the more detailed comments preceding) are intended to be utilized as benchmarks for the consideration of subdivision design and new housing opportunities. As emphasized in the Comprehensive Plan, *Preserving Buffalo's Small Town Character* is the fundamental requirement to ensure that Buffalo continues to be a sought-after community as it grows and changes in size and scope.

Summary and Implementation

Implementation Strategies

Approach

How does the City prefer to accomplish these goals? There are a range of options, with these three benchmarks serving as possible policy approaches:

1. Prescriptive zoning – create specific and predictable rules for all types of development (as much as practicable) and vary only through rare PUD or variance requests; OR
2. Flexible zoning – create goals, but allow subdivision and housing design to flex greatly within these parameters – performance based development approach; OR
3. Moderate between the two extremes: Create a baseline for general standards, but require additional review levels for specific elements, e.g. baseline density, public amenities, etc., and PUD proposals for architecture, private amenities, etc.

Buffalo has chosen the third option – moderating between a highly prescriptive zoning approach and a wide-open market that acknowledges, but does not require adherence to, City interests and goals. This approach is not unlike past housing policy, but this Plan lends reinforcement and direction to local policymakers and housing industry expectations.

Specific Issues and Strategies:

Existing Housing Stock. As noted in the report, it will be important to factor in impacts on the City's existing housing stock with regard to development and regulatory strategies to be considered.

There are many ways that this impact can manifest itself, including the following:

- Dramatic shifts in regulatory requirements (especially reducing them) can create an uneven playing field for new housing construction as opposed to existing neighborhoods.

- Zoning changes can impact new development to ensure attractive neighborhood design. Positive impacts can incent existing residents to seek new housing choices, opening their existing affordable homes to new buyers.
- New housing choices at all levels can open up the market to existing homes for first-time owners, move-up neighborhoods, or “stay-in-the-home” senior options. Both housing and neighborhood design impact all of these markets.
- Some regulatory changes that focus too heavily on loosening regulations on new development without a concurrent set of goal-achieving requirements can unevenly affect existing housing stock. Taking care to avoid this result is a potential issue that the City will need to address as changes are implemented.
- Aggressively examine opportunities to support existing housing stock maintenance and reinvestment, including potential policies related to local public investment or cost-effective strategies that encourage new investment in existing homes.

Zoning Ordinance Changes

There are two primary aspects of zoning amendments that rise from the work and research in this study. The first is attention to high-density housing, and this aspect includes two sub-sets: (a) General Market multi-family housing and (b) Senior multi-family housing.

General Market Multi-Family. For General Market multi-family, the City currently has a range of zoning options that can address this sector, including “R-5” (a suburban “green-scape” multi-family option), “R-6” (an urban “downtown” multi-family option), and “R-7” (a specifically senior-focused multi-family option).

These districts – especially the R-6 and R-7 may benefit from additional review to ensure that they adequately address the market sectors they are focused on. The R-5 is a newly adopted district that accommodates a higher density option, but also expresses the need for adequate amenities and open space.

An additional aspect of the application of multi-family housing will be finding appropriate locations for development of this market. Approval for these kinds of projects has proven difficult in the past, even in some areas where the zoning was already established. Thus, one of the implementation strategies to

consider will be re-guiding specific areas for this land use, and possibly rezoning as well. As a part of this study (in the section below), a list of site factors is included to provide a framework for considering these rezonings.

Small Lot Single Family. The second aspect of zoning amendment is the small-lot single design, currently represented most often by the “R-3” District. This district allows both single and two-family structures, with single family lots of 60 feet in width and 8,000 square feet of area. This standard is a common one for such development, assuming public street and limited homeowner’s association involvement – at least as it relates to infrastructure.

At issue for the R-3 District is that it was designed to focus on the older plat areas of the City which are fully developed and hold older homes, often with detached garages and occasionally, alley access. The current version of the R-3 District does not easily address new development, at least with any discussion of amenities or connectivity envisioned by City officials as a part of this study.

In this regard, development of a separate “R-3A” District may be useful as a district that would be applied to small-lot single family development that would not require PUD design flexibility. The purpose of this district would be to set expectations and standards that encourage and allow developers to meet this market with standard subdivision plat application – a more predictable process and a (typically) shorter administrative timeframe.

For both multi-family and small-lot single family, the City has often employed PUD zoning elements to facilitate development in these market sectors. While PUD is highly flexible, it is also relatively unpredictable in projecting specific development goals or City approvals. Therefore, changes to the zoning districts in these areas is focused on accommodating these residential development types with base zoning to both accommodate market demand and achieve City housing objectives. That being said, PUD continues to be an option that developers and the City can choose for specific development projects.

Again, choosing locations for this type of development will be important to ensure that the City is able to retain a focus on the full range of housing options. In a market that is particularly heated for smaller lot subdivision, it will be critical to ensure that

larger-lot options are not lost, particularly in areas where site conditions warrant that land use type.

Despite the pendulum swing of market trends, larger-lot single family will continue to be a market component for the foreseeable future.

Specific Zoning Ordinance Recommendations

Recommendations for **zoning ordinance** amendments include the following:

1. Examine and update the R-6 zoning district to address more urban-style site conditions, including setbacks, density, and building heights, among other factors.
2. Establishment of reduced open space on high-density projects will necessitate the consideration of public open-space development in proximity to multi-family neighborhoods.
3. Examine and update the R-7 zoning district to address building height, setbacks, density, and changes in potential unit-mix for “age-in-place” development objectives.
4. Consider creation of an R-3A zoning district of small-lot single family that would establish a non-PUD option for new development of this style, with public streets and limited homeowner association responsibility for infrastructure.
5. For the R-3A District, consider specific amenity requirements or options that developers must include to ensure long- healthy neighborhood development, including public or term private open space, public trail connections, architectural orientation, building finishes, and other factors.

Subdivision Ordinance Changes

Recommendations for **subdivision ordinance** amendments include the following:

1. Update Subdivision Ordinance to provide plat consideration criteria that focus on neighborhood design, connectivity, and compatibility with surrounding land uses and densities.
2. Examples of neighborhood design elements may include pond design as a prominent amenity, street vistas that

encourage changing views, subdivision landscaping beyond the “two-tree-per-unit” minimum standard, and similar features.

3. Redefine criteria for plat approval and/or non-approval to emphasize consistency with Comprehensive Plan objectives and protection/enhancement of natural features, among other factors.

Zoning Map Changes

Recommendations for **zoning map** amendments include the following:

1. Consider re-guiding areas for multi-family that have the following attributes:
 - a. Access to collector or arterial roadways.
 - b. Proximity to public open space and recreational opportunities.
 - c. Provide opportunities to preserve unique natural features as offsets for higher density.
 - d. Ability to create buffering opportunities (both as it relates to directly abutting use impacts (sightlines, building massing, activity, or lights/noise/etc.), as well as local street traffic).
 - e. Occupies land that is not merely “leftover” land exposed to negative impacts, but land that will facilitate the provision of a long-term high-quality residential environment.
 - f. Provides transitional advantages between low-intensity uses and high-intensity uses.
 - g. Likely or possible areas for new multi-family zoning areas are shown on the map below.
2. Consider re-guiding areas for small-lot single family that have the following attributes:
 - a. Lands that can take advantage of natural topography, wetlands, or creative design alternatives to enhance longer views from most or all units and public streets.
 - b. Lands that are likely to result in few or no impacts on valuable woodlands.
 - c. Lands that have the ability to integrate this development style with other densities (both higher and lower), as well as other residential styles.

For changes to ordinances, and especially, to the zoning map, the City will need to consider whether it will amend the zoning map (and land use plan) to designate specific areas that meet the policies and strategies laid out in this document, or whether the City will plan to consider applications by private developers to do so on an individual application basis,

Designating those areas in advance can have the advantage of announcing to surrounding residents of the possibility or probability for this type of change. This approach can help address concerns from pre-existing development that, based on the land use plan, they did not anticipate this type of housing.

On the other hand, by identifying specific areas for specific uses, the City forecloses some development flexibility – or at least adds a new step to change the land use and/or zoning designation.

Both approaches have their advantages and disadvantages. As an implementation step, the City will need to decide on a specific approach to the map question.

Specific Map Alternatives

On the following page, a draft land use map is included that highlights the potential locations for higher-density housing. Those areas are shown generally – with an intention only to identify areas that can likely support a rezoning decision to support multiple family development.

The overall expectations of the City's policy toward high-density development should remain: (1) disperse concentrations of high-density housing to support property values and avoid factors that contribute to concerns over value and public safety, and (2) continue the policy of mixing small areas of medium density development into the overall single-family residential patterns to maintain the dominance of low-density residential land use characteristics.

There are two other components of this map that are included to avoid looking at the City's land use patterns in isolation. First, as a companion effort to this Plan, the City undertook a series of vision exercises that encouraged an effort to connect the City's two primary lakes – Pulaski and Buffalo. That connection occurs now through street and pathway development primarily along Third

Avenue NE, but would be strengthened via the County 35 route into downtown. Thus, a collector route is envisioned from County 35/8th Street NE to the Griffing Parkway and Lake Pulaski.

The second component involves long-term industrial land use expansion. It is not uncommon to find that high-density residential land uses can be supported in areas that would also support industrial use, certainly depending on surrounding use patterns. The attached map carves out two future industrial use areas for protection from encroachment by multi-family residential, since industrial uses can be much more sensitive to location factors than multi-family.

These two area are (1) north of Highway 55 and west of the Walmart area (currently used for gravel mining), and (2) east of County 134, north of the airport and the City's municipal public works areas. Outside of these areas, there are several locations that would support multiple family housing as the City continues to grow.

Other Implementation Strategies

1. Identify long-term annexation areas, and consider goals and strategies for accomplishing that growth plan.
2. Prepare land use planning for housing that facilities the goals of this Plan, and preserve areas that would be vital for non-residential land uses.
3. Plan infrastructure, including utility services, open space, and transportation, to support the long-term growth plan.
4. Work with financial and engineering expertise to identify costs of growth, and plan for allocation of those costs to meet City objectives so growth and development is self-supporting wherever possible.
5. Invest in growth with community assets where such growth is beneficial to the community as a whole.
6. Examine ways to support existing neighborhoods through design, maintenance, and financial options – where possible – to ensure long-term viability of those neighborhoods as reflective of Buffalo's historic land use patterns and attractive character.