

# WORK SESSION AGENDA ITEM SUMMARY

City Council



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## STAFF

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## SUBJECT FOR DISCUSSION

**Land Use Code Update: Commercial Corridors and Centers**

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## EXECUTIVE SUMMARY

The purpose of this item is to update Council on the proposed code changes, approach, and timeline for the Land Use Code (LUC) update.

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## GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions do Councilmembers have regarding the proposed Land Use Code changes?
2. What feedback do Councilmembers have on the timeline or other considerations for the Land Use Code update?

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## BACKGROUND / DISCUSSION

### Project Overview

The Land Use Code (LUC) Update: Commercial Corridors and Centers, focuses on changes along major roadways with frequent bus service to encourage more housing and mixed-use development, create more resilient commercial and employment centers, and improve predictability through site design standards and clear site improvement requirements.

### Foundational Land Use Code Changes

Several foundational LUC changes were adopted by Council on April 16, 2024. These include:

- Reorganized content so the most used information is first in the Code
- Reformatted zone districts with consistent graphics, tables, and illustrations
- Created a menu of building types and form standards to guide compatibility
- Updated use standards, rules of measurement, and definitions to align with new building types and standards
- Expanded and re-calibrated incentives for affordable housing

- Regulate density through form standards and building types instead of dwelling units per acre

In addition to the Foundation Land Use Code Changes adopted in 2024, there are similar changes being made with this round of code updates. Those include:

- Reorganizing and consolidating portions of the code, most notably in Articles 4 and 5
- Simplifying text within the Land Use Code and using tables and illustrations where possible
- Clarifying rules of measurement for and standards for commercial development
- Clarifying, simplifying, and codifying micro- minor- and major-amendment standards

The desire for these changes to simplify the process toward greater clarity and predictability within the development review process were expressed during public engagement, most specifically within the Focus Group conversations. These changes, in addition to the changes detailed below, are meant to result in a more predictable and simplified process in applying the Land Use Code, especially in Commercial and Employment areas.

## **State Legislation**

Several bills were passed last year through the state legislature that will affect local Land Use Policy. Compliance with these bills will be integrated into the LUC work and will be brought to Council to comply with their associated deadlines:

### *HB-1313 Housing in Transit-Oriented Communities:*

This bill requires the establishment of a Housing Opportunity Goal and ongoing reporting to ensure a minimum zoned housing capacity along high frequency transit corridors. In addition, the bill requires communities to review and permit multifamily and mixed-use projects in transit areas without requiring a public hearing and to develop anti-displacement strategies. The City has complied with the first deadline to submit a preliminary transit-oriented community assessment report on or before June 30, 2025.

### *HB-1152 Accessory Dwelling Units:*

This bill required updating our Land Use Code to permit Accessory Dwelling Units (ADUs) wherever we allow single-family detached homes. As of February 14, 2025, the LUC was updated to be compliant with HB-1152.

### *HB-1304 Minimum Parking Requirements:*

This bill required updates to the Land Use Code to remove minimum parking requirements for multi-family and certain mixed-use projects close to transit. As of February 15, 2025, the LUC is compliant with HB-1304.

## **Policy Foundation**

Code updates are complex, multifaceted efforts that build on years of previous planning work. The LUC is the City's primary regulatory tool for implementing our community's vision as described in various policies and adopted plans. The City has over 300 pages of adopted policies and information to inform the LUC Updates that primarily come from the following documents:

- *City Plan*
- *Housing Strategic Plan (HSP)*
- *Economic Health Strategic Plan*

- *Our Climate Future (OCF)*
- *Transit Master Plan*
- *15-Minute City Analysis*
- *Land Use Code Audit (which identified opportunities to align LUC with the newly adopted City Plan)*
- *Council Priorities (affordable and achievable housing strategies; 15-minute communities)*
- *Urban Forest Strategic Plan*

#### Relevant Council Priorities

- **Council Priority No. 1:** Operationalize City resources to build and preserve affordable housing
- **Council Priority No. 3:** Advance a 15-minute city by igniting neighborhood centers
- **Council Priority No. 4:** Pursue an integrated, intentional approach to economic health
- **Council Priority No. 8:** Advance a 15-minute city by accelerating our shift to active modes

These documents and priorities serve as primary inputs to the formation of Guiding Principles and code language, augmented by work accomplished in Phase 1 of the LUC update. Staff have been engaging internal staff and providing monthly updates at work sessions with the Planning & Zoning Commission.

#### **Guiding Principles**

The following Guiding Principles were developed utilizing goals, policies and action items from the adopted policy plan documents mentioned above, in addition to Council priorities.

- Enable more housing and mixed-use buildings, especially along roads with frequent bus service
- Create resilient commercial and employment centers that are adaptable to future needs
- Create clearer building and site design standards that promote transit use, walking, and rolling along roads with frequent bus service
- Improve Predictability of the Land Use Code, especially to support small business owners

#### **Mapping Potential Code Revisions**

Each of the code revisions explained in the project focus areas below attempt to balance Guiding Principles, which were developed utilizing Council adopted policy plans, and current Council Priorities. Staff did explore different ways to achieve this balance in each focus area. To illustrate those and illuminate the arrival at a staff recommended policy package, a spectrum approach was created to show the different options available and where they are along the spectrum. These are illustrated for each of the focus areas within the corresponding slide deck.

#### **Project Focus Areas**

Focus areas for Land Use Code updates have been identified based on Guiding Principles, community input, and analyses conducted by the consultant team and City staff.

#### **Transit Oriented Development Overlay (TOD) District**

**Corresponding Guiding Principle:** *Enable more housing and mixed-use buildings, especially along roads with frequent bus service*

The Purpose of the Transit-Oriented Development Overlay District is to modify the underlying zone districts along College Avenue south of Prospect Road to encourage denser development and supportive land

uses close to transit. The TOD Overlay offers height bonuses if projects meet various criteria. These criteria include building affordable units (at least 10%), including structured parking, and including mixed-use. Height bonuses are meant to incentivize greater density in certain areas. Most of the underlying zone district south of Prospect Road within the TOD Overlay is General Commercial.

**Example:** A 4-story building is currently allowed in General Commercial zoning (CG). With the TOD Overlay Zone Incentives, up to a 7-story building would be allowed if all incentives are used.

#### *Standalone Residential*

- Although the TOD Overlay encourages higher-intensity mixed-use development, most of the built and proposed development and redevelopment in this area continues to be suburban in character and generally low-intensity uses.
- Testing the various potential configurations for market feasibility reveals that most configurations to include mixed-use, even with the additional height allowances, do not achieve a feasible internal rate of profitability return that would make a developer willing to take on a project. Primarily, costs of construction and low commercial rents disincentivize building more floors.
- Only with a tax incentive does the prospect of adding the additional 3 floors allowed within the TOD Overlay and a ground floor commercial component begin to achieve a feasible internal rate of return.

However, a test scenario to assume one-story additional height allowance (5-story residential building) without a mixed-use component is found to be the most market feasible development type available today. Based on these findings, a change related to height allowance is included in the recommended code changes.

#### **Recommended Code and Policy Changes – TOD Residential**

- Allow 5-story standalone residential within the General Commercial (CG) Zone District
  - This change increases zoned residential capacity and aligns with the market feasibility study conducted by our consultant team.

#### *TOD Subareas*

Another reason why the development pattern within the TOD Overlay continues to be low-density and auto centric could be the land uses that are allowed by the Land Use Code. Permitted land uses in the TOD currently include gas stations, self-storage, drive-thru restaurants, drive-thru pharmacies, car washes, drive-thru banks & credit unions, and stand-alone parking lots, amongst others. Auto-centric uses are already concentrated within most of the TOD Overlay, particularly in the area south of Prospect Road. Additional concentration of these uses makes it more difficult to achieve the dense, mixed-use environment as envisioned by the TOD Overlay.

Staff recognize that the existing function and conditions of College Avenue/Highway 287 as a state highway are partially at odds with the vision for both the TOD overlay as well as how City Plan and other policy plans envision this area. For this reason, many approaches were considered when formulating recommendations related to the TOD overlay. Options under consideration and shared during community engagement included:

- Make no changes to allowed uses within the TOD Overlay
- Limit all new auto-centric uses within the TOD Overlay

- Limit certain auto-centric uses with geographic parameters (such as distance requirements between uses, or distance from MAX stations)
- Introduce additional design standards to influence the form and design of future auto-centric uses

Through these conversations, staff, community members, and focus group participants also recognized that there are many different contexts within the TOD Overlay. For example, the character of the area surrounding the College and Prospect intersection is much different than the context of College Avenue south of Harmony Road. And although all of these areas within the TOD Overlay are envisioned to become transit-oriented, mixed-use places over time, there could be more readiness for a larger shift in the northern portion of the TOD overlay closer to the CSU campus and closer to Downtown. Following consideration of the above options and robust conversations with community members and focus group participants, the

#### **Recommended Code and Policy Changes – TOD Subareas**

- Establish subareas within the existing TOD overlay to better respond to existing context
- Consider:
  - Limit new gas stations and convenience retail stores with fuel sales within 1000-feet of MAX stations and within existing gas stations and retail stores with fuel sales
  - Consider changing allowances and review type for drive-throughs as accessory and primary uses
  - Remove as a permitted use “Boat Sales with Storage”

following are recommended in the changes to the LUC.

#### *Parking*

Community engagement for this project thus far has documented a large volume of comments about the amount of existing surface parking provided by many of the commercial developments across Fort Collins, but particularly in the TOD overlay. Currently in the Land Use Code, there is a parking minimum and a parking maximum that must be met by nonresidential uses. Like the topic of the TOD Overlay, many different scenarios related to parking were considered and discussed. Some options under consideration and shared during community engagement included:

- Keep parking minimums and maximums as-is
- Lower parking minimums and/or lower parking maximums
- Eliminate parking minimums for non-residential uses in the TOD
- Eliminate parking minimums for non-residential uses citywide (including the TOD)

#### **Recommended Code and Policy Changes - Parking**

- Within the entire TOD:
  - Eliminate parking minimums
  - Revise existing maximums to apply to surface parking lots only and establish a maximum area for contiguous surface parking lots
  - Require parking lots larger than one acre to be bounded on multiple sides by “streets” that are designed/function as public streets with street trees and sidewalks

*Other Policy Considerations outside of the Land Use Code for the TOD:*

- **Leverage other City incentives outside of the LUC to encourage desired TOD development:**  
Examples: URA, public-private development opportunities.

## Harmony Corridor and Employment Zones

**Corresponding Guiding Principle:** *Create resilient commercial and employment centers that are adaptable to future needs*

The Harmony Corridor District is intended to implement the design concepts and land use vision of the Harmony Corridor Plan - that of creating an attractive and complete mixed-use area with a major employment base. The Harmony Corridor Plan was adopted in 2006 as an element of City Plan. “Primary” and “Secondary” uses were established to emphasize the office and employment functions of the area. While this has served the area well in the past, market conditions have shifted away from large office parks and demand for residential and smaller retail has increased.

### *Current Standards:*

In addition to defining Primary and Secondary Uses within the Harmony Corridor, the code defines ratios of Primary versus Secondary Uses for development plans as follows:

- Secondary Uses may occupy no more than 25% of the Gross Area of the Development Plan
- Locate industries and businesses in areas designated for Primary Uses.
- Primary uses must account for 75% of the development plan area.

<b>Primary Uses:</b>	<b>Secondary Uses:</b>
<ul style="list-style-type: none"> <li>• Offices, financial services &amp; clinics</li> <li>• Long term care facility</li> <li>• Medical centers/clinics</li> <li>• Light industrial</li> <li>• Mixed-use Dwellings</li> <li>• And Others</li> </ul>	<ul style="list-style-type: none"> <li>• Residential uses (with some exceptions)</li> <li>• Convenience shopping centers</li> <li>• Standard restaurants</li> <li>• Limited indoor recreation use and facility</li> <li>• Child Care Centers</li> <li>• And Others</li> </ul>

Staff considered a variety of options related to the primary and secondary use ratios and presented these options for community consideration. These options included preserving the ratio as-is in order to strongly preserve the employment base, adjusting the ratio to allow more flexibility (50:50), or consider eliminating the ratio entirely. Staff also discussed other ratios, like 60:40 primary/secondary use balance, or multiple other combinations.

Community engagement and focus group engagement showed strong preference to introduce more flexibility, but there were differing opinions on how far to go towards flexibility. Testing various market feasibility scenarios revealed that housing is the most economically viable type of development in these zones – much stronger than the current market for new office development. Achieving a greater supply of housing also aligns with Council Priorities and with other City goals. However, preserving some areas as an employment base align with economic health Council priorities and other city policy priorities as well. For these reasons, recommended code changes include allowing more flexibility by adjusting the primary/secondary use ratios in Harmony Corridor zoning and Employment zoning to 50:50. This balances the desire for a greater mix of uses with the desire to maintain the opportunity for local jobs and industry.

### **Recommended Code and Policy Changes**

- Adjust the primary/secondary use ratio from 75% Primary Uses and 25% Secondary Uses to 50/50 to allow for a greater mix of uses, including housing
- Adjust primary use requirements in mixed-use buildings
  - Explanation: Currently, the LUC requires that the entire ground floor of a mixed-use building in these zone districts be occupied by a primary use. Consider reducing this requirement to allow a smaller portion of the ground floor or any individual floor to be occupied by a primary use.
- Allow more secondary uses as part of a multi-story, mixed-use development
  - Explanation: This would allow more configurations of mixed-use buildings, combining multiple secondary uses. For example, a building with a restaurant on the ground floor and upper floors of residential.
- Allow standalone secondary uses to be developed if replacing an existing surface parking lot. This change is meant to encourage housing development in large, existing parking lots.

### **Building Design Standards**

**Corresponding Guiding Principle:** *Create clearer building and site design standards that promote transit use, walking, and rolling along roads with frequent bus service*

The LUC currently does not include non-residential building types or provide additional configurations of mixed-use buildings (Article 3 of the LUC). This often results in a lack of clarity for development teams regarding design standards and can sometimes lead to project delays and miscommunication.

Article 5 of the LUC (General Development and Site Design) includes the standards that influence building placement and site design, building standards, circulation and connectivity standards, bus stop design standards, etc. – **standards that influence the pedestrian, multi-modal, and transit experience.**

Form standards and building types (like the diagrams added during Phase 1 of the LUC update) can yield better design outcomes and can help achieve more predictability in built projects.

Article 5 of the LUC was not updated in the last round of code updates and contains redundant sections that could be clarified, simplified, and possibly eliminated with the addition of building types.



### **Recommended Code and Policy Changes**

To address the redundancy in the code within Article 5 and to move to greater clarity and predictability, staff are recommending the following code changes:

- Develop new Non-Residential Building Types to be added to the LUC
- Consolidate and organize standards addressing non-residential buildings. Convert text standards to illustrations and graphics
- Update pedestrian-oriented design standards:
  - Connectivity and site circulation
  - Frontage and ground floor activity
  - Building massing and articulation

### **Change of Use**

**Corresponding Guiding Principle:** *Improve predictability of the Land Use Code, especially to support small business owners*

The Change of Use process is used in a variety of situations, including for existing business spaces that are changing from one allowable use (ex: retail shop) to another (ex: restaurant). Often the requirements are meant to identify both areas of necessary site improvements (ex: sidewalks and lighting) that are commensurate with the change of site intensity (ex: more visitors at different times of the day).

Current standards do not offer clearly defined boundaries for the extent of site improvements. The onus is then placed on staff to decide on the level of requirements for a Change of Use process. These requirements are often based on site deficiencies rather than other factors, such as actual changes to site intensity or the magnitude of the project (ex: major site reconfiguration or a major change in site use intensity).

### **Recommended Code and Policy Changes**

- Clarify the definitions of minor and major amendments and codify micro amendments (not currently defined within the LUC).
- Clearly delineate in the LUC when no amendment, a micro, minor, or major amendment is required.
- Eliminate the concept of a separate 'change of use' process and restructure process and upgrade requirements based on whether site or building changes are proposed.
  - If no changes are proposed to the site or exterior of the building, site upgrades are not required.
  - Increase predictability by utilizing existing Use Tables within the LUC:
    - If proposed changes include changing the use of the building to a different use table (example: Residential Use Table to the Commercial/Retail Use Table) it would require a Minor Amendment.
    - Building permits, historic review, and conformance with all other codes (including Energy Code) and standards still apply.



The Change of Use process has been identified as an area for improvement, both for process and clarity of requirements. These areas for improvement have been identified through community and staff engagement.

The proposed changes are intended to significantly contribute towards predictability of process and help applicants anticipate what is expected of them upon entering the development review process. Recent focus group engagement with individual business owners and local professionals who have been through the existing change of use process expressed their support for the proposed revisions to the process.

Anecdotally, it is also worth noting that many projects do not continue beyond the Conceptual Review process because they are daunted by the cost and scale of some site upgrades. Although it is impossible to quantify those projects that did not continue beyond 'idea phase', the intent of these changes would be to add transparency and clarity to what review process to expect (i.e. micro amendment, minor amendment, etc.) and what site upgrades would be required based on the required process.

Staff have very preliminarily evaluated how this updated process could impact the volume of projects filtered into each review type. To evaluate this, staff looked at project records and what changes were proposed, then identified whether they would have gone through a different review process if using the proposed code changes. An examination of records from 2023 shows that of the total 152 minor or micro-amendments:

- Over 10% could have gone from a minor amendment to a micro amendment
- Nearly 25% of the 152 could have gone from a minor or micro amendment to no formal process/building permit only

Staff will continue to study previous records and work to quantify the impacts of these proposed changes for future discussions with Council.

## **Other LUC Updates**

The four categories of code updates organized by Guiding Principle capture the most significant anticipated code updates. However, staff are also tracking a list of smaller clarification and clean-up edits that will appear in the first version of the draft LUC. These edits will be documented, and staff will be prepared to review and discuss these suggested edits with Council during future work sessions.

## **Focus Group topics and other engagement**

A second round of Focus Group conversations were held with frequent users of the code and smaller, local businesses who have recently gone through a development review process. The same participants from the first round of Focus Groups in January/February were invited to participate for a second time, this time focusing on potential code edits. Unlike the first round of focus groups, this time City staff and consultant teams presented potential updates based on the four LUC topics (TOD, Harmony Corridor/Employment, Building Design Standards, Change of Use, and an overview session that covered all potential updates). These were held in early June 2025. A summary of feedback from all of the five focus groups is attached to this AIS.

## **Timeline and Next Steps**

Following this July Work Session, staff will make any adjustments to the draft LUC and plan to release it for public review. During the July Work Session, staff would like to discuss timeline with Councilmembers and review any potential updates to the timeline for adoption.

## **ATTACHMENTS**

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1. Draft Summary of June Focus Group Feedback

2. Subarea Plan Mini-Audit
3. Presentation