



INCLUSIONARY HOUSING WORKSHOP

Community & Economic Development Department

Planning Commission

Agenda Item: 6

October 13, 2022



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PURPOSE AND BACKGROUND

PR-2022-001391
Zoning Streamline
Phase 2
August 18, 2022

Recommend Approval

➔

City Council
Hearing
October 11, 2022

- Density Bonus Ordinance
- Zoning Cleanup Items

Continue to Workshop

➔

Planning
Commission
Workshop
October 13, 2022


- Inclusionary Housing Ordinance

Inclusionary Housing

Local policy that requires new housing developments to include affordable units. Often includes options for meeting requirements off-site or by paying a fee.

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Planning
Commission
Hearing
October 13, 2022



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WORKSHOP TOPICS

Housing & Homelessness Committee Policy Direction and related provisions in draft Ordinance:

- Inclusionary requirements
- Exemptions
- Affordability terms
- Unit characteristics
- Off-site requirements
- In-lieu fee

PLUS: In-lieu fee analysis and recommendation (information only)



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INCLUSIONARY REQUIREMENTS

COMMITTEE DIRECTION

- Adopt a blend of demand-based and nexus-based inclusionary requirements
- Establish three tiers:
 - low-density for-sale;
 - high-density for-sale;
 - rental
- Set income limits slightly lower than HUD limits to increase affordability

PROPOSED ORDINANCE

19.535.030 – Inclusionary Requirements

- **For-sale single-family:** (up to 10.9 units/acre): 5% affordable to Moderate-Income (110% area median income)
- **For-sale condo and townhome:** (10.9-14.5 units/acre): 10% affordable to Lower Income (70% AMI)
- **All rental projects:** 10% affordable to Lower-Income (70% AMI)



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EXEMPTIONS

COMMITTEE DIRECTION

- Exempt small development and individual single-family homes
- Grandfather ongoing projects and future projects with financial expectations in place

PROPOSED ORDINANCE

19.535.020 – Exemptions

Requirements do not apply to:

- Projects of fewer than three units
- Properties destroyed by disaster and reconstructed
- Additions and alterations
- Projects that have submitted an application for processing by effective date of Ordinance



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AFFORDABILITY TERM

COMMITTEE DIRECTION

- Ensure long-term availability of affordable units
- Leverage City/Housing Authority assets to maximize affordable housing stock
- Ensure that capital gains from increased values are recaptured

PROPOSED ORDINANCE

19.535.040 – Duration of Affordability

- For-sale units
 - 45-year affordability term
 - Must be resold to income-qualified households
- Rental units
 - 55-year affordability term

19.535.090 – Requirements for Selling For-Sale Inclusionary Units

- Owner-occupant only, recertified annually
- The units:
 - May be sold and resold to households of the income levels for which the units were designated at an affordable sales price for those households; or
 - Shall be subject to an equity reimbursement requirement pursuant to this Chapter



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UNIT CHARACTERISTICS

COMMITTEE DIRECTION

- Promote a diverse mix of affordable units of all types and sizes
- Ensure equity in the provision of amenities, finishes and fixtures
- Create some allowance for flexibility in size and appointment in view of cost constraints

PROPOSED ORDINANCE

19.535.050 – Development Standards

- Units must be distributed throughout the project
- Mix of units (beds, baths) must be similar to market-rate units
- Similar finishes, fixtures and appliances to market-rate units
- Equal access to amenities and common areas
- Floor plans can be up to 10% smaller than average market-rate units



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OFF-SITE REQUIREMENTS

COMMITTEE DIRECTION

- Allow requirements to be met off-site
- Avoid creating an over-concentration of affordable units in a particular area
- Require a greater proportion of affordable units for off-site than on-site to encourage on-site units

PROPOSED ORDINANCE

19.535.050 – Development Standards

- Off-site units subject to higher inclusionary requirements (8% single family and 15% condo/townhome and rental)
- Off-site project must be in same Council ward as primary project
- Maximum 100 affordable housing units within 500 feet/400 within 1,500 feet
- Unit sizes, types, fixtures, finishes and appliances must be roughly equivalent to primary project



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IN-LIEU FEES

COMMITTEE DIRECTION

- Allow inclusionary requirements to be met with in-lieu fee payment
- Set in-lieu fees at higher percentage to encourage on-site units

PROPOSED ORDINANCE

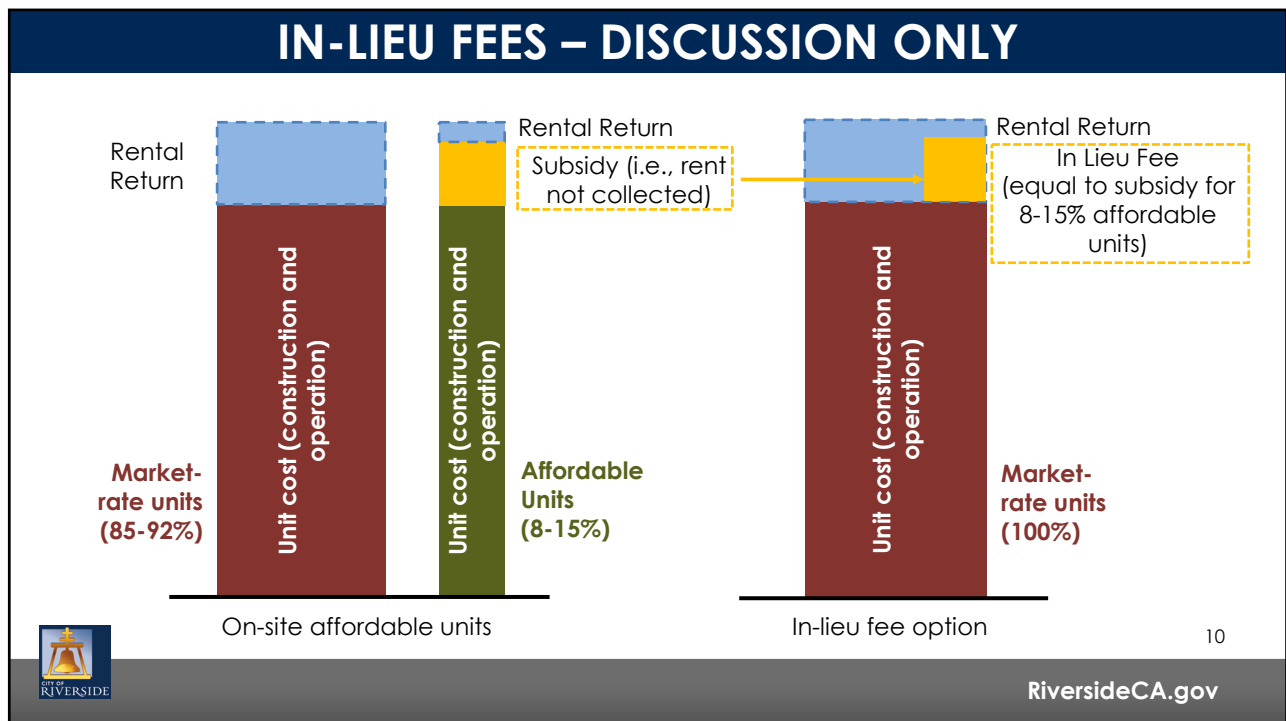
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IN-LIEU FEES – DISCUSSION ONLY

Project type	In-lieu % (total units)	Savings to project per affordable unit not built	In-lieu fee per market-rate unit	In-lieu fee per square foot (typical)
For-Sale Single Family	8%	\$104,860	\$8,389	\$3.36
For-Sale Townhome/Condo	15%	\$156,862	\$23,534	\$15.69
Rental (all types)	15%	\$81,784	\$12,268	\$14.43

DRAFT FEES ARE PRESENTED FOR INFORMATION ONLY. Final in-lieu fee amounts will be set at the discretion of the City Council and may differ significantly from the consultant's recommendations



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STRATEGIC PLAN ALIGNMENT



Strategic Priority No. 2 – Community Well Being

Goal 2.1 – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

Cross-Cutting Threads



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RECOMMENDATIONS

Staff recommends that the Planning Commission:

Conduct a Workshop to discuss Proposed Amendments to Title 19 that implement the Inclusionary Housing Policy as directed by the City Council Housing & Homelessness Committee.



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