



**To:** MAYOR AND COUNCIL

**Agenda Item #:** VIII.A.

**From:** Cary Teague, Community Development Director

**Action**

**Date:** July 7, 2015

**Discussion**

**Information**

**Subject:** Affordable Housing Policy

### **Action Requested:**

Adopt the attached Policy as recommended by the Edina Housing Foundation.

### **Information/Background:**

As a result of the Council Work Session with the Edina Housing Foundation on June 2, 2015, attached is the "City of Edina Policy on Affordable Housing for New Multi-Family Developments." The Housing Foundation is recommending some minor edits to the Policy that was discussed at the Work Session; those edits are highlighted in the policy. They are recommending that the 20% provision apply to projects that are over 20 units, as they recognize the difficulty in providing affordable housing in small projects. Additionally, they propose consideration of higher density or a density bonus for projects that include at least 20% of the units for affordable housing.

Councilmember Brindle has provided a list of affordable housing issues that have been incorporated on page 3.

### **ATTACHMENTS:**

- City of Edina Policy on Affordable Housing for New Multi-Family Developments

# City of Edina Policy on Affordable Housing for New Multi-Family Developments

## BACKGROUND

1. The City of Edina and the Metropolitan Council have worked together and established an affordable housing goal of creating 212 new affordable housing units in Edina by the year 2020. Since 2008, the City Council has approved 168 affordable housing units in the community.
2. The Edina Housing Foundation was established to assist the City to fund housing for low to moderate income families and elderly persons.
3. The Edina Housing Foundation has worked to accomplish these goals in affordable housing. In addition to maintaining existing affordable housing in Edina, since 1986 the Edina Housing Foundation has assisted in providing 366 new affordable housing units in the City of Edina.
4. The City Council requested that the Edina Housing Foundation recommend an affordable housing policy for the City.

## POLICY

1. The City Council will require that at least 20% of the total units in new multi-family housing developments **over 20 units** requiring rezoning or variance(s) be sold or rented at an affordable price as defined below:
2. The City will consider Tax Increment Financing for projects that include at least 20% of the total units for affordable housing.
3. **The City will consider ~~fee waivers and/or modifications to SAC/WAC and/or park dedication fees~~ **higher density or a density bonus** for projects that include at least 20% of the total units for affordable housing.**
4. The Edina Housing Foundation will consider providing financial assistance to new housing projects that include at least 20% of the total units for affordable housing.
5. Affordable rental housing shall remain affordable for a minimum of 15 years; this requirement shall be memorialized by a Land Use Restrictive Covenant.

## **AFFORDABLE HOUSING DEFINITIONS:**

### **Rental Housing:**

Either 20% of units are both rent restricted and occupied by persons whose income is 50% or less of the area median gross income,

Or 40% or more of units are both rent restricted and occupied by persons whose income is 60% or less of the area median gross income.

Both incomes (adjusted for family size) and rental rates (adjusted for bedroom count and including the cost of utilities) are updated annually and published in the Minnesota Housing website at [www.mnhousing.gov](http://www.mnhousing.gov). 2014 Income and rental limits are as follows:

	<u>Gross Incomes</u>		<u>Gross Rents</u>		
	60%	50%	60%	50%	
1 Person	\$34,860	\$29,050	1 Bedroom	\$933	\$778
2 Persons	\$39,840	\$33,200	2 Bedrooms	\$1,120	\$933
3 Persons	\$44,820	\$37,350	3 Bedrooms	\$1,293	\$1,078
4 Persons	\$49,740	\$41,450	4 Bedrooms	\$1,443	\$1,202
5 Persons	\$53,760	\$44,800			
6 Persons	\$57,720	\$48,100			

### **Ownership Housing:**

20% or more of units are affordable to and initially sold to persons whose income is at or below the levels set in the Minnesota Housing "Startup Program" (first time homebuyer). This program has a sales price limit of \$310,000. The Edina Housing Foundation has set this limit at \$350,000 in consideration of the high prices in Edina. The Foundation would recommend that \$350,000 be used as the acquisition limit in this definition. The 2015 income limits as published on the Minnesota Housing website are as follows:

1-2 person household	\$86,600
3 + person household	\$99,500

Income limits and maximum sales prices are updated annually.

## **AFFORDABLE HOUSING ISSUES**

1. High land values in Edina make it difficult to provide affordable housing.
2. Few developers are willing to provide 20% affordable housing in their projects, without assistance from the City.
3. Developers are producing new housing at market rates. Current experience shows that new studio and one-bedroom apartments are going for \$2,500 per month and higher.
4. The City of Edina needs a sustainable funding source for affordable housing.
5. When affordable units are available in high density housing, transit options for all modes will need to be upgraded, another use for TIF funding.
6. The City of Edina would benefit from a more diverse housing stock, by ensuring options are available to our workforce population.