



To: MAYOR AND COUNCIL

Agenda Item #: VIII.A

From: Cary Teague, Community Development Director

Action

Date: July 21, 2015

Discussion

Subject: Affordable Housing Policy

Information

Action Requested:

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

Information/Background:

Based on the recommendations from the City Council at the last meeting staff has revised the Policy. The additional text is highlighted in red. Councilmember Brindle's list of issues has been moved to the beginning in the form of "whereas" statements.

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 That Require a Rezoning to a Multi-Family Zoning Districts including Planned Unit Development (PUD)

Whereas, high land values in the City of Edina make it difficult to construct new housing units that are affordably-priced for working families and senior citizens; and

Whereas, few real estate developers have been willing to provide 20% affordable housing in their projects, without assistance from the City; and

Whereas developers are producing new housing at market rates that are out of reach for many households; and

Whereas, the City of Edina needs a sustainable funding source for affordable housing; and

Whereas, the City of Edina would benefit from a more diverse housing stock, by ensuring affordably-priced housing options are available to our workforce population and seniors.

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 a rezoning **to a multi-family zoning districts, including Planned Unit Development (PUD)** be sold or rented at an affordable price as defined below. **If no affordable housing is provided on-site, the City will require a one-time fee in lieu of affordable housing for such rezoning. Fees would be based on the average market rates of comparable housing units and negotiated on a project-by-project basis. The fee must be paid prior to issuance of a building permit and will be used to support affordable housing in other developments within the City of Edina.**
2. The City will consider **financial assistance, including Tax Increment Financing (TIF) in accordance with Minnesota TIF statutes.** ~~for projects that include at least 20% of the total units for affordable housing.~~

3. The City will consider 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 has stated that they will consider providing financial assistance to new housing projects that include at least 20% of the total units for affordable housing.
5. Affordable 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. 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			

*Table to be adjusted annually

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.