

ADVISORY COMMUNICATION



Item No. IX. C.

To: City Council

From: Human Rights and Relations Commission

Date: August 5, 2015

Subject: HRRC Advisory Communication Regarding Affordable Housing in Edina Policy Proposal

Attachments: None

Action Requested:

None.

Situation:

The HRRC Affordable Housing Expanding Opportunity Committee has been tracking the Edina Housing Foundation affordable housing policy as part of the HRRC's 2015 Work Plan.

Background:

The Edina City Council requested that the Edina Housing Foundation, a private non-profit corporation, recommend an affordable housing policy that will guide future real estate developments in Edina. The Edina Housing Foundation drafted five policy recommendations for the City Council. These policies will be presented to the City Council at a future meeting. In June, the Edina Human Rights and Relations Commission (EHRRC) passed four resolutions regarding affordable housing. In late July, the EHRRC learned that one of the five policy statements included on the July 21st policy recommendation from the Edina Housing Foundation is in direct contradiction to the principles and intent of the EHRRC's recommendations. The remainder of this memorandum includes two topics: 1) the EHRRC's resolutions regarding affordable housing; 2) an explanation of why the EHRRC is unable to support the Edina Housing Foundations first policy recommendation as worded on the draft dated July 21, 2015.

Assessment:

Based upon this Background, discussions with the City Development Director and the City Planning Staff, and the HRRC's Committee on Affordable Housing's Reports, the following Resolutions have been adopted by the HRRC for transmission to the City Council to be a part of its consideration of an Affordable Housing Policy for the City.

Recommendation/

Resolutions:

RESOLVED: That as a matter of City of Edina policy, the City will require that at least 20% of the total of all units in new multi-family housing developments requiring rezoning or variance(s) be sold or



rented at an affordable price, as defined from time to time by the MHFA(Affordable Housing).

RESOLVED FURTHER: That, if requested, the City will consider Tax Increment Financing for projects that include at least 20% of all units designated for Affordable Housing.

RESOLVED FURTHER: That Affordable Housing in the rental market shall remain so for a minimum of 15 years, as memorialized by a Land Use Restrictive Covenant for all such developments.

RESOLVED FURTHER: That the actions, plans, and goals of the Edina Housing Foundation are endorsed by the HRRRC, as these goals also accomplish the HRRRC goals to improve the socio-economic and cultural diversity of this community, thereby building a stronger, more vibrant environment for all citizens who live, work, or learn in Edina or who wish to do so.

HRRRC Position on “Payments in Lieu”

Policy Statement

As worded on the July 21st draft from the Edina Housing Foundation, the first policy recommendation differs significantly from the EHRRC’s first resolution and now appears as follows:

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.

Strengths

The first portion of the policy (not italicized) reflects the original principles and intent of the EHRRC.

1. When 20% of new housing is affordable, we are creating real homes for our teachers, paraprofessionals, police officers, fire fighters, medical workers, and others in the middle income range who are employed within Edina.
2. An increase in reasonably-priced housing will allow the tagline of the Edina Housing Foundation, “come home to Edina,” to be a realistic option for many more families.
3. This increase in reasonably-priced housing units will help the City of Edina achieve the goal of 212 new affordable housing units built by 2020.



Potential Problem Areas

The portion of the policy italicized above (hereafter referred to as “payments in lieu”) is unlikely to lead to tangible short-term increases in the number of reasonably-priced homes in Edina, and it requires the creation of policy and personnel modifications.

1. Edina lacks significant affordable housing opportunities because of its “built out “ nature. Therefore, funds raised through “payments in lieu” are likely to sit unused because appropriate sites for housing of this nature are not frequently available.
2. Construction of affordable units in Edina has led to some political opposition in the past. The EHRRC fears that if affordable housing is removed from larger mixed-income projects (with the funds being used for future projects including more concentrated affordable housing), there may be opposition.
3. This policy lacks numerous details that are material to the conversation:
 - a. a method for calculating the “fee in lieu”
 - b. regulatory standards to ensure that monies contributed to a fund are spent exclusively for the dedicated purpose
 - c. guidelines for specifying a governance structure by which these funds are to be managed, including audit, investment and overhead, and the source of public money to pay for this management.
4. Related to Potential Problem Area #3, the Edina Housing and Redevelopment Authority consists of the City Council, but it has no administrative structure or support. To infuse substantial dollars to this structure without procedures or standards in place will likely result in the money from developers sitting idle or in the city needing to create policies and hire personnel to manage such funds.

Conclusion & Recommendation

The City of Edina should encourage the development of privately-funded integrated communities consisting of a variety of housing suited for the many groups who wish to live, work, and learn together. Establishing a fund to create affordable housing in the future is not the best method for providing adequate homes for our teachers, firefighters, law enforcement officers, retail managers, medical workers, and others who contribute to the strength and vitality of our city.

Therefore, the EHRRC continues to recommend that twenty percent of all new and refurbished multi-family housing to be constructed in Edina should contain affordable housing, as defined from time to time by federal and state authorities. There should not be a provision for the real estate developer to make a payment in lieu of compliance with this policy.