

## Inclusionary Housing Policy Framework Outline

City Council directs Department of Community and Economic Development to develop a comprehensive inclusionary housing policy, for adoption in 2019, that:

1. Applies to any project seeking site plan approval (subject to certain threshold size to be determined).
2. Residential rental projects shall be subject to one of the following:
  - a. At least 10% of the units shall be affordable to and occupied by households with an income at or below 60% of the AMI. Projects that meet this affordable housing standard are not eligible for City financial assistance.
  - b. At least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI. Projects that meet this affordable housing standard are eligible to apply for City financial assistance.
3. Residential ownership projects: Affordability requirements to be determined based on further analysis. Projects may be eligible for City financial assistance, if determined by staff to be needed for project feasibility.
4. The minimum affordability shall be 20 years if no City financial assistance is provided. The minimum affordability period shall be 30 years if City financial assistance is provided.

Prior to bringing a comprehensive policy to the Council, staff will analyze the interim ordinance and develop recommendations for additional policy elements, including, but not limited to:

1. Threshold size of projects subject to the policy.
2. Effective date or dates.
3. Assess potential compliance alternatives such as off-site production, and/or dedication of existing units, if alternative compliance is permitted.
4. Whether to allow any exemptions from the policy.
5. Details on the legal mechanisms for preserving affordability.
6. Any proposed changes to the standards (i.e. for location and design) for affordable units compared with market rate units currently articulated in the Unified Housing Policy.
7. Additional standards around project size threshold (e.g. how to treat contiguous parcels).
8. Recommendations on how the program will provide and implement subsidy options, including streamlining subsidy approval process and compliance requirements to be compatible with and run concurrent with land use approval process; and minimize cost increase or other impacts to project feasibility.
9. Assessment of staff resource needs.

Prior to the effective date of the comprehensive policy, staff will design a program that is ready for implementation at the effective date. This program design will include the following components, as well as other components determined by staff to be necessary to implement the program:

1. Develop coordination strategy across City departments and divisions to implement land use, subsidy and compliance activities efficiently and effectively within a reasonable timeframe.
2. Create an administrative manual with all relevant internal procedures related to running the inclusionary program for use by program administrators. These include:
  - a. Setting prices for affordable units
  - b. Establishing criteria and process for alternative compliance
  - c. Ensuring fair marketing
  - d. Income certifying prospective renters/buyers
  - e. Selecting homebuyers and tenants
  - f. Managing resales of homeownership units
3. Develop a system for monitoring and stewardship of the units produced by the program.
4. Develop a system to work with developers to ensure compliance. This includes:

- a. Creating materials to communicate requirements
  - b. Reviewing development proposals
  - c. Determining timing of alternative compliance
  - d. Determining the amount of subsidy available to projects
  - e. Ensuring that affordable units are built before or concurrently with market rate units
5. Develop efficient subsidy implementation process that runs concurrent with land use approval process.
6. Develop a plan for refining the program over time through periodic review.