



## CITY OF EDINA

### Policy on New Multifamily Affordable Housing

#### Background

The City recognizes the need to provide a range of affordable housing ~~choices in order to create and maintain a diverse population and to provide housing~~ for those who live or work in the City. Since the ~~remaining~~ land appropriate for new multifamily residential development is limited, it is essential that a reasonable proportion of such land be developed into affordable housing units. As such, the City of Edina adopts the following new Multifamily Affordable Housing Policy.

This policy applies to all new multi-family developments of 20 or more units that:

- a) Require a re-zoning or a Comprehensive Plan amendment. All new multi-family developments requiring require a rezoning to PUD, Planned Unit Development.
- b) Receive financial assistance from the City; or
- c) Developed on property purchased from the City (even if no financial assistance is being provided by the City) unless the City Council approves a waiver of this policy

For the purposes of this Policy, 1) “unit” means either a for-sale dwelling or a rental dwelling in which a lease is signed prior to occupancy; and 2) “financial assistance” provided by the City includes, but is not limited to, tax increment financing, land write downs, pass-through funding for purposes other than environmental remediation, and other forms of direct subsidy. Any specific projects requesting exemptions to the affordable housing requirements must seek City Council approval based on alternative public purpose.

#### The Policy

- ~~1. This policy applies to all new multi-family developments of 20 or more units that require a re-zoning or a Comprehensive Plan amendment. All new multi-family developments requiring a rezoning shall be required to be re-zoned to PUD, Planned Unit Development.~~
1. New rental developments ~~will~~ subject to this policy shall provide a minimum of 10% ~~of all rentable area residential units~~ at 50% affordable rental rates or 20% residential units at 60% affordable rental rates as defined below. The units shall be occupied by households at or below 60% of the Multifamily Tax Subsidy Income Limits (MTSP).
2. New for-sale developments ~~will~~ shall provide a minimum of 10% of ~~all livable area residential units~~ at affordable sales prices as defined below.
3. The affordable unit mix must be approximately proportional to the market rate unit mix.
4. Rental and for-sale/owner occupied affordable units shall include the following:
  - ~~a.~~ On-site parking will be provided (either surface or enclosed) for affordable units and will be included within the affordable sales price and/or affordable rent. At least one enclosed parking

stall shall be included in the purchase price of an affordable for-sale unit in the same manner as offered to buyers of market rate units. ~~Adequate surface parking shall be provided at no additional charge.~~

- ~~b. Affordable rents include the utility allowance and any fees that are a requirement of occupancy as per Section 42 of the Internal Revenue Service Code.~~
  - c. Affordable and market rate residents will have equal access to all entries, lobbies, elevators, parking and amenities. Examples of “amenities” include storage lockers, balconies, roof decks, outdoor patios, pools, fitness facilities, and similar unit and project features.
  - ~~d. Exterior appearance of affordable units shall be visually comparable with market rate units in the development. Examples of “amenities” include storage lockers, balconies, roof decks, outdoor patios, pools, fitness facilities, and similar unit and project features.~~
5. New rental housing will remain affordable for a minimum of 15-20 years, and this requirement will be memorialized by a Land Use Restrictive Covenant.
6. New for sale or owner occupied developments will remain affordable for a minimum of 30 years, and this requirement will be memorialized by a Land Use Restrictive Covenant. The Land Use Restrictive Covenant will contain a provision providing the Edina Housing Foundation the right of first refusal to purchase affordable units.
7. The owners of multifamily rental housing projects subject to this Policy by receiving financial assistance shall accept tenant based rental housing assistance, including, but not limited to, Section 8 Housing Choice Vouchers, HOME tenant-based assistance, and Housing Support. Tenants with rental assistance may occupy an affordable dwelling unit with the rent charged not exceeding the maximum allowed by Metro HRA or the assistance provider. Furthermore, the rent charged may not exceed the maximum allowed by the most restrictive funding source. This requirement will be enforced through a contract between the City and the project owner, pursuant to which the owner will be required to adopt business practices that promote fair housing and provide documentation of compliance with these requirements to the City. This requirement will be further enforced through the City’s monitoring policies and procedures.
8. Owners of City-assisted housing projects shall affirmatively market affordable housing opportunities. All multifamily rental housing providers subject to this policy must submit an Affirmative Fair Housing Marketing Plan (AFHMP) at least every 5 years, and a Survey and Certification regarding AFHMP outcomes annually. Owners must advertise housing opportunities on HousingLink or another medium acceptable to the City concurrent with any other public or private advertising.
9. Recognizing that affordable housing is created through a partnership between the City and developers, the city will consider the following incentives for developments that provide affordable housing:
  - a. Density bonuses
  - b. Parking requirement reductions
  - c. Tax increment financing for projects that exceed the minimum requirement
  - d. Deferred low interest loans from the Housing and Redevelopment Authority and/or Edina Housing Foundation
  - e. Property Tax Abatement

10. It is the strong preference of the City that each new qualifying development provide its proportionate share of affordable housing on site. However, the City recognizes that it may not be economically feasible or practical in all circumstances to do so. As such, the City reserves the right to waive this policy (only if circumstances so dictate, as determined by the City). In lieu of providing affordable housing in each new qualifying development, the City may consider the following:

- a. Dedication of existing units in Edina equal to 110% of what would have been provided in a proposed new development. These units would need to be of an equivalent quality, within the determination of the City.
- ~~b. New construction of units of an equivalent quality within the City at a different site, at the discretion of the City.~~
- c. Financial risk and participation in the construction of affordable dwelling units of an equivalent quality by another developer on a different site within the City.
- d. An alternative proposed by a developer that directly or indirectly provides or enables provision of an equivalent amount of affordable housing within the City. An alternative could be a cash payment to the City in lieu of providing affordable housing units, or a “Total Buy In” (TBI) fee. The TBI shall be \$100,000 per unit, rounding up to the next whole unit. The TBI is due in cash or certified funds in full to the City at the time of the issuance of the building permit. A building permit will not be issued unless the TBI is paid in full. The City Council may allow housing developer to pre-pay a TBI to satisfy a future AHO, on a case- by-case basis. TBI will be deposited in City’s Affordable Housing Trust Fund to be used for the development and preservation of affordable housing.

11. Guidelines for implementing this Affordable Housing Policy can be found in the “Inclusionary Housing Program Guide.”

## Definitions

### **Rental Housing Income and Rents**

~~Either 10% of all rentable area is both rent restricted and occupied by persons whose income is 50% or less of area median gross income;~~

~~Or 20% of all rentable area is both rent restricted and occupied by persons whose income is 60% or less of area median gross income.~~

Both gross incomes (adjusted for family size) and gross rental rates (adjusted for bedroom count and including utilities) are updated annually by the Minnesota Housing Finance Agency (MHFA) and published at [www.mnhousing.gov](http://www.mnhousing.gov). ~~2017-2018~~ income and rental limits are as follows:

	<u>Gross Incomes</u>			<u>Gross Rents</u>	
	<u>60%</u>	<u>50%</u>		<u>60%</u>	<u>50%</u>
<u>1 Person</u>	<u>\$39,660</u>	<u>\$33,050</u>	<u>Studio</u>	<u>\$991</u>	<u>\$826</u>
<u>2 Persons</u>	<u>\$45,300</u>	<u>\$37,750</u>	<u>1 Bedroom</u>	<u>\$1,062</u>	<u>\$885</u>
<u>3 Persons</u>	<u>\$50,940</u>	<u>\$42,450</u>	<u>2 Bedroom</u>	<u>\$1,273</u>	<u>\$1,061</u>
<u>4 Persons</u>	<u>\$56,580</u>	<u>\$47,150</u>	<u>3 Bedroom</u>	<u>\$1,471</u>	<u>\$1,226</u>
<u>5 Persons</u>	<u>\$61,140</u>	<u>\$50,950</u>	<u>4 Bedroom</u>	<u>\$1,641</u>	<u>\$1,367</u>
<u>6 Persons</u>	<u>\$65,640</u>	<u>\$54,700</u>			



## Ownership Housing Income and Sales Price

10% or more of all livable area is affordable to and initially sold to persons whose income is at or below the levels set in the MHFA's "Startup Program" (first time homebuyer). This program has a sales price limit of ~~\$328,200~~ \$328,200, adjusted annually. The Edina Housing Foundation has set this limit at \$350,000 in consideration of the high prices in Edina. The following sales prices will be used as the acquisition limit in this definition:

<b>1 bedroom</b>	<b>\$250,000</b>
<b>2 bedrooms</b>	<b>\$300,000</b>
<b>3+ bedrooms</b>	<b>\$350,000</b>

The 2018 income limits as published on the MHFA website are as follows:

<b>1-2 person household</b>	<del>\$90,400</del> <u><b>\$94,300</b></u>
<b>3+ person household</b>	<del>\$103,900</del> <u><b>\$108,400</b></u>

Income limits and maximum sales prices are updated annually. See [www.mnhousing.gov](http://www.mnhousing.gov).

Originally adopted: November 1, 2015

Income/Rent Limits Adjusted: April ~~14~~ 13, 2016

As amended: February 7, 2018

As amended: April 3, 2018

As amended: October 2, 2018

As amended: