

ARTICLE 6
Inclusionary Zoning

SECTION 6-100. Purpose.

Inclusionary zoning (IZ) is a voluntary program through which a certain percentage of dwelling units in residential developments are made available to income eligible families. To encourage IZ in developments, developers could receive non-monetary compensation in the form of density bonuses, zoning variations and/or City funds such as tax increment financing (TIF) funds (where the development is located within a TIF district and eligible) upon meeting criteria outlined in this Ordinance. It is the intent of this program to expand the supply of inclusionary dwelling units while dispersing them throughout the City, to broaden opportunity and foster mixed-income communities.

The goal of the IZ program is to further the availability of a full range of housing choices for families of all income levels in all areas of the City. IZ is intended to meet the City's goal of creating a diversity of high-quality housing in appropriate locations throughout the City that supports a variety of lifestyles and invigorates community character. Though the City currently meets the state requirements for affordable housing, it is important to establish a mechanism to encourage the creation of new housing units affordable to income-eligible families. Many workers cannot afford to live where they work; further constraining their financial situation by adding higher transportation costs. In addition, several people with limited or fixed incomes cannot afford market-rate housing. The availability of inclusionary dwelling units (IDU) will allow them to remain a part of this community. Without intervention, the trend of increasing housing prices might result in an inadequate supply of IDU for City residents and local employees, which in turn will have a negative impact upon the ability of local employers to maintain an adequate local work force and will otherwise be detrimental to the public health, safety, and welfare of the City and its residents.

This article details the importance of inclusionary housing and provides the design and development criteria. Inclusionary zoning is important for the City for the following reasons:

- A. It allows the City to provide safe and decent housing to all members of the community.
- B. It fosters mixed income communities, which allow low income, retired and disabled people to remain productive members of the community.
- C. Inclusionary housing allows for the City to maintain a high daytime and evening population by providing both the jobs and the housing.

SECTION 6-200. Regulations.

This section details the requirements for inclusionary dwelling units (IDU) and outlines the possible incentives for developments providing these units. Each residential development that incorporates IDU must be developed as a planned unit development (PUD) and meet all the standards and requirements detailed in Section 4-500, Planned unit development standards. Because this is a voluntary program, design criteria for the development will be approved through the PUD process.

- A. Developments eligible for incentives. The incentives provided by this article shall only be available to developments that result in or contain at least 10 IDUs and meet the general requirements listed in Section 6-200B. The units may be owner-occupied, rental or other

residential occupancy. The types of development that are covered under the provisions of this article include:

1. New residential construction or new mixed-use construction with a residential component;
 2. Renovation or reconstruction of an existing multifamily residential development that increases the number of residential units from the number of units originally present;
 3. Change in the use of an existing building from nonresidential to residential use;
 4. Conversion of rental property to condominium property.
- B. General requirements. To receive development incentives, eligible developments providing IDUs must meet the following general requirements:

1. Total number of IDUs in a project. At least 10% of the total number of units proposed and no more than 30% of the total number of units proposed for a project shall be IDUs. Anything less than 10% would not allow for a good mix and location placement of the units throughout the development. More than 30% IDUs are not permitted, so as to avoid an exclusive low-income project. The 30% maximum may be exceeded if a transfer of development rights (TDR) agreement has been presented to the City.

Although the intent of this program is to make IDUs dispersed within developments throughout the City that seek to incorporate them, in certain instances it may be beneficial to cluster IDUs, such as around a mass-transit stop, near employment centers such as business parks, etc. In such cases, a TDR agreement for the subject property allowing a higher than 30% IDUs may be permissible. The TDR would have to be approved through the PUD process.

If the number of units calculation results in a fraction, a fraction of greater than 0.5 shall be rounded up, whereas a fraction of 0.5 or less than 0.5 shall be rounded down.

2. IDUs shall be allocated to purchasers at or below 60% of the area median income (AMI) for rental or other residential occupancy and 80% of the area median income for owner-occupied inclusionary dwelling units.
3. IDUs shall be dispersed throughout the development. The proportion of various dwelling unit types shall be similar for market-rate and inclusionary dwellings. The IDUs shall be provided on similar schedules as market-rate dwelling units.
4. The period of affordability for all IDUs shall be no less than 50 years, and shall be documented by a recorded deed restriction, ground lease, or land use restriction agreement. The period of affordability begins on the date the certificate of occupancy is issued.
5. Developers are encouraged to incorporate "green" design and construction practices into the development. Meeting this criteria will ensure that not only the initial purchase of the dwelling unit is affordable, but the maintenance is affordable as well. A green building, also known as a sustainable building, is a structure that is designed, built, renovated, operated, or reused in an ecological and resource-efficient manner and designed to meet certain objectives such as protecting occupant health;

improving productivity; using energy, water, and other resources more efficiently; and reducing the overall impact to the environment. Projects are encouraged to utilize technologies such as passive and active solar design, gray water systems, green rooftop, daylighting, etc. and are encouraged to be LEED certifiable.

6. Developers shall demonstrate acquisition of or attempted acquisition of federal or state funds available for affordable housing or "green" building. federal and state funds are available from several sources for affordable housing projects. In addition, "green" buildings are also eligible for funding. The developer shall provide proof of funds received or applications for funds requested.

SECTION 6-300. Development incentives.

The City's inclusionary zoning program offers the following incentives for developments that meet the criteria outlined in Section 6-200 above: density bonus, zoning variations and financial assistance in the form of TIF funds.

- A. Density bonus. Density bonuses for providing IDUs shall be provided based on the criteria listed below:

TABLE 6-300A - DENSITY BONUS		
Criteria	Meets	Eligible Bonus
Minimum 10% of total development proposed as IDU	Yes/No	If yes, eligible for 20% bonus units (of total original proposed units)
Minimum 20% of total development proposed as IDU	Yes/No	If yes, eligible for 30% bonus units (of total original proposed units)
Minimum 30% of total development proposed as IDU	Yes/No	If yes, eligible for 35% bonus units (of total original proposed units)
Incorporation of "green" techniques	Yes/No	A maximum of 3%, 5%, 10% or 15% additional bonus units are possible for meeting the requirement to obtain LEED: certified, silver, gold or platinum status. The applicant shall submit proof that the project has been registered with the Green Building Certification Institute (GBCI) for intent to certify. Prior to final occupancy, the applicant must provide proof that the certification has been obtained. No occupancy shall be granted for units that are beyond the possible bonus for the type of certification. [Amended by Ord. No. 6543]

Example:

1. Development proposing 75 single-family lots on 25 acres at a gross density of three D.U./ac.

A total of eight units (10%) are proposed as IDU

Development is eligible for a density bonus of 20% of original lots = 15

Total number of lots would be 90 lots; gross density of approximately 3.6 D.U./acre

2. Development proposing 75 single-family lots on 25 acres at a gross density of three D.U./ac

A total of 15 units (20%) are proposed as IDU

Since the project is LEED Gold Certified, the development is eligible for a total density bonus of 40% (30% + 10%) of original lots = 30

Total number of lots would be 105; gross density of approximately 4.2 D.U./acre

3. A multi-story condominium development proposing 170 units on 12 acres at a gross density of 14 D.U./ac

A total of 17 units (10%) are proposed as IDUs

Development is eligible for a density bonus of 20% of the original number of units = 34 units

Total number of units would be 204; gross density of approximately 17 D.U./acre

- B. Zoning variations. By granting density bonuses for development providing IDU, certain variations from development standards, such as smaller lot sizes, higher lot coverage and reduced side yard setbacks may be required, all of which can be requested as zoning variations through the PUD process for an IDU project:

1. Lot area: To accommodate the increased density, a variation from the minimum lot area requirement for the zoning district in which the development is located may be necessary. However, IDUs will not be exclusively sited on substandard lots. All lots shall be of similar square footage with IDU lots no more than 10% smaller than the average lot size within the development.
2. Lot width: A reduction in the minimum lot width may be necessary as a result of reduced lot area. Lot widths shall be sufficient to accommodate all proposed residential product types.
3. Yard setbacks: A variation from the required yard setbacks may be necessary to accommodate the proposed product type on a smaller lot.
4. Lot coverage: Due to the smaller lot size, a variation from the maximum allowable lot coverage may be necessary.

- C. TIF assistance funds. Tax increment financing (TIF) funds can be available for eligible projects located within the City's currently adopted or any future TIF districts. The City has currently four adopted TIF districts: Downtown, Vulcan Lakes, Crystal Lake and Main Streets and Virginia Street Corridor. Each TIF district has been established for specific reasons with TIF eligible expenses designated for construction, utility extension, streetscape improvements, professional design work expenses, etc. The City Council, as

part of the overall consideration of the project will evaluate the eligibility of obtaining TIF funds for a specific development.

SECTION 6-400. Program administration.

Since the program is voluntary, an independent housing authority to administer this program will not be established. The Zoning Administrator (or his/her appointed designee) shall monitor IZ projects for compliance with the regulations established in this Ordinance. The City will review the Covenants, Conditions and Restrictions, any deed restriction documents and IDU Plan to ensure the IDUs are created fairly, effectively and meet the intent of this article.

Developers and City staff shall work with housing agencies throughout the county and state to make IZ projects known. Allocation of IDU shall be on a first-come-first-served basis. If demand exceeds availability, then, units shall be made available to existing City residents first, people who work within the City limits next, and then to other applicants, with a preference given to senior individuals. Preference shall be given to applicants with lower area median income.

SECTION 6-500. Submittal requirements.

IZ projects are required to be developed as planned unit developments. In addition to the requirements for a planned unit development approval, the IDU plan shall contain the following information:

- A. Narrative description of the project.
 - 1. Location of the project.
 - 2. Type of units, whether single-family detached, multifamily, rental, owner-occupied, or other residential occupancy.
 - 3. AMI calculation and price range of market-rate residential units and price range of IDU.
 - 4. Density bonus and IDU calculations.
 - 5. Justification for zoning variations.
- B. Table of subdivision information.
 - 1. Zoning designation of the property.
 - 2. Lot sizes.
 - 3. Density in dwelling units per net acre.
 - 4. Percentage of lot coverage.
 - 5. Total number of residential units.
 - 6. Total number of IDU.
 - 7. Standard lot detail.
- C. Housing packet.

1. Residential product information, including the house models, all floor plans, elevations and options.
 2. Site plan showing distribution pattern for the IDU, or building floor plan designating IDU units in an apartment or condominium building.
 3. A phasing plan and construction schedule, where applicable.
- D. Federal or state funding applications and awards.
1. Application forms, narrative description of programs, proof of monies dispersed, etc.
- E. Transfer of development rights agreement.
1. If additional units are proposed for a subject property through a TDR agreement, the agreement shall be part of the submittal to the City, signed by both property owners detailing the donating property, density (number of units) donated, proposed density of the benefiting property, and reasons why the TDR is beneficial to the City.

SECTION 6-600. Conclusion.

Inclusionary zoning is a challenge faced by communities throughout the country and around the world. It is the City's goal to encourage housing development within the City, such that it ensures a well-balanced, functional community of all incomes, races and ages.