

# **CITY OF GOLDEN VALLEY**

## **MIXED-INCOME HOUSING POLICY**

The purpose of this Policy is to meet the City's goal of preserving and promoting economically diverse housing options in our community by creating high quality housing in Golden Valley for households with a variety of income levels, ages, and sizes.

The City recognizes the need to provide affordable housing to households of a broad range of income levels in order to maintain a diverse population and to provide housing for those who live or work in the City. Without intervention, the trend toward rising housing prices in new developments will continue. The City is adopting this Policy to encourage development of units that are affordable to low and moderate income households and working families.

The requirements set forth in this Policy further the housing goals in the City's Comprehensive Plan to create and preserve affordable housing opportunities. These requirements are intended to provide a structure for participation by both the public and private sectors in the production of affordable housing.

### **I. Applicability and Minimum Project Size**

This Policy applies to:

1. Market rate residential rental developments that add or create ten or more units and receive approvals under a Conditional Use Permit, Zoning Map Amendment, Comprehensive Plan Map Amendment, or Planned Unit Development, or that receive Financial Assistance from the City, subject to all applicable sections of the City Code.
2. All for-sale residential developments that add or create ten or more units.
3. Any residential development for which the developer voluntarily opts in to this Policy.

### **II. Affordable Dwelling Units**

#### **A. General Requirement**

A development that is subject to this Policy shall include Affordable Dwelling Units. The minimum number of Affordable Dwelling Units required shall be determined based on the affordability standard chosen by the developer according to the criteria set forth in table T-1 below.

**Table T-1**

	<b>Number of Affordable Units Required</b>	<b>Minimum Affordability Standard</b>
<b>Rental Projects (chose one option)</b>	At least 15% of total project units  At least 10% of total project units	Affordable for households at 60% Area Median Income (“AMI”);  OR  Affordable for households at 50% AMI.
<b>For-Sale Projects</b>	At least 10% of total project units	Affordable for households at 80% AMI.

***B. Calculation of Units Required***

The number of Affordable Dwelling Units required shall be based on the total number of dwelling units approved by the City. If the final calculation includes a fraction, the fraction of a unit shall be rounded up to the nearest whole number.

If an occupied property with existing dwelling units is expanded, the number of required Affordable Dwelling Units shall be based on the total number of units following completion of expansion.

***C. Calculation of Area Median Income (“AMI”)***

For purposes of this Policy, Area Median Income means the Area Median Income calculated annually by Minnesota Housing for establishing rent limits for the Housing Tax Credit Program.

***D. Rent Level Calculation***

The monthly rental price for Affordable Dwelling Units shall include rent and utility costs and shall be based on the AMI for the metropolitan area that includes Golden Valley adjusted for bedroom size.

***E. Period of Affordability***

All Affordable Dwelling Units shall remain affordable for at least twenty (20) years.

***F. Location of Affordable Dwelling Units***

Except as otherwise specifically authorized under this Policy, all Affordable Dwelling Units shall be located within the development.

***G. Phased Development***

Construction of Affordable Dwelling Units shall be concurrent with construction of market rate dwelling units. For projects in which a development is to be constructed in multiple phases, each phase shall consist of at least ten percent (10%) Affordable Dwelling Units.

Notwithstanding the foregoing, the total number of Affordable Dwelling Units in the completed project shall comply with the requirements of section II(A) above.

### **III. Standards for Affordable Dwelling Units**

#### ***A. Size and Design of Affordable Units***

The size and design of Affordable Dwelling Units need not be identical to that of market rate units, but must be consistent with and comparable to market rate units in the same development. The size and design of Affordable Dwelling Units, including bedroom count and accessibility, shall be approved by the City.

#### ***B. Exterior/Interior appearance***

The exterior materials and design of Affordable Dwelling Units shall be indistinguishable in style and quality from the market rate units in the same development. The interior finish and quality of construction of Affordable Dwelling Units shall at a minimum be comparable to entry level rental or ownership housing in the City.

### **IV. Integration of Affordable Dwelling Units**

#### ***A. Distribution of Affordable Housing Units***

Affordable Dwelling Units shall be incorporated into the overall project and shall not be separated from market rate units unless expressly allowed to be located in a separate building or a different location under section V of this Policy.

#### ***B. Tenants***

Affordable Dwelling Units in rental projects shall be rented only to income eligible families during the period of affordability. An income eligible family may remain in the Affordable Dwelling Unit for additional rental periods as long as the income of the family does not exceed one-hundred twenty percent (120%) of AMI.

#### ***C. Home Buyers***

For-sale Affordable Dwelling Units shall be sold only to income eligible families during the period of affordability. If a home is resold during the period of affordability, it shall be resold at a price that is affordable for households at eighty percent (80%) of AMI.

### **V. Alternatives to On-Site Development of Affordable Dwelling Units**

The City may approve one or more of the following alternatives to providing Affordable Dwelling Units at a location other than the project location (“Off-site Affordable Dwelling Units”).

1. **Dedication of Existing Units:** Creating Off-Site Affordable Dwelling Units by restricting existing dwelling units through covenants, contractual arrangements, or resale restrictions. The City shall determine whether the proposed units are suitable for affordable housing and whether the form and content of such restrictions comply with this Policy. Off-site Affordable Dwelling Units shall be located within the City. The

restriction of such existing units must result in the creation of units that are of equivalent quality and size of the Affordable Dwelling Units which would have been constructed on-site if this alternative had not been utilized.

2. An **alternative** proposed by the applicant that directly provides or enables the provision of Affordable Dwelling Units within the City. The alternative must be approved by the City and made a condition of approval of the Affordable Housing Performance Agreement.

All alternatives must be approved by the City Council and agreed to by the applicant in the Affordable Housing Performance Agreement. The applicant must show evidence acceptable to the City that a formal commitment to the proposed alternative is in place.

The City shall not approve an alternative unless the applicant demonstrates:

1. The alternative provides an equivalent or greater amount of Affordable Dwelling Units in a way that the City determines better achieves the goals, objectives and policies of the City's housing goals in the Comprehensive Plan than providing them onsite; and
2. The alternative will not cause the City to incur any net cost as a result of the alternative compliance mechanism.

## **VI. Incentives for Developers**

The City may provide incentives to participating developments in the form of exceptions from the underlying zoning codes. These incentives may include:

1. Rental developments:
  - A. A minimum of a thirty-three percent (33%) reduction in required parking spaces
  - B. A minimum of a ten percent (10%) density bonus
2. For-sale developments: Impact fee waivers for Affordable Dwelling Units.

## **VII. Non-Discrimination Based on Rent Subsidies:**

Developments covered by this Policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, or tenant based federal, state or local subsidies, including, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

## **VIII. Affordable Housing Plan**

### **A. Applicability**

Developments that are subject to this Policy shall prepare and submit an Affordable Housing Plan to the City.

### ***B. Approval***

The Affordable Housing Plan shall be approved by the City. Minor modifications to the plan shall be subject to approval by the City Manager. Major modifications shall be subject to approval by the City Council. Items shall be designated as major or minor in the Affordable Housing Plan.

### ***C. Contents***

The Affordable Housing Plan shall include at least the following:

1. General information about the nature and scope of the development.
2. The total number of market rate units and Affordable Dwelling Units in the development.
3. The floor plans for the Affordable Dwelling Units showing the number of bedrooms and bathrooms in each unit.
4. The approximate square footage of each Affordable Dwelling Unit and average square foot of market rate unit by types.
5. Building floor plans and site plans showing the location of each Affordable Dwelling Unit.
6. A good faith estimate of the price of each Affordable Dwelling Unit. The price of Affordable Dwelling Units may be adjusted at the time of sale if there has been a change in the median income or a change in the formulas used in this Policy.
7. The order of completion of market rate and Affordable Dwelling Units.
8. Documentation and specifications regarding the exterior appearance, materials and finishes of the development for each Affordable Dwelling Unit illustrating that the appearance is comparable to the appearance of market rate units.
9. An Affordable Dwelling Unit Management Plan setting forth the policies and procedures that will be used to administer the Affordable Dwelling Units in accordance with the Affordable Housing Performance Agreement and this Policy.
10. For requests to an alternative to on-site provision of affordable housing, evidence that the proposed alternative will further affordable housing opportunities in the City to an equivalent or greater extent than compliance with the otherwise applicable on-site requirements of this Policy, and evidence that the alternative will not cause the City to incur any net cost as a result of the alternative compliance mechanism.
11. Any and all other information that the City may require to verify compliance with this Policy.

### **IX. Recorded Agreements, Conditions and Restrictions**

An Affordable Housing Performance Agreement (the "Performance Agreement") shall be executed between the City and the developer in a form approved by the City Attorney. The

Performance Agreement shall be based on the Affordable Housing Plan described in Section VII and shall include:

- A. the location, number, type, and size of affordable housing units to be constructed;
- B. sales and/or rental terms; occupancy requirements;
- C. a timetable for completion of the units;
- D. restrictions to be placed on the units to ensure their affordability; and
- E. any additional terms the City may require.

The applicant shall execute any and all documents deemed necessary by the City, including, without limitation, restrictive covenants and other related instruments, to ensure the affordability of the Affordable Dwelling Units in accordance with this Policy.

The applicant shall prepare and record all documents, restrictions, easements, covenants, and/or agreements that are specified by the City as conditions of approval of the application prior to issuance of a Building Permit for any development subject to this Policy. Such Documents shall be recorded in the office of the Hennepin County Recorder or Registrar of Titles, as applicable.

## **X. Definitions**

*Affordable Dwelling Unit:* A dwelling unit within a residential project subject to this Policy that meets the applicable affordability standards in Table T-1.

*Financial Assistance:* Funds derived from the City, including but is not limited to funds from the following sources:

- A. The City of Golden Valley
- B. Housing and Urban Development (HUD), Minnesota Housing Finance Agency (MHFA), Metropolitan Council, and Hennepin County loan and grant programs, such as:
  - i. Community Development Block Grant (CDBG)
  - ii. HOME Investment Partnerships Program
  - iii. Affordable Housing Incentive Fund (AHIF)
  - iv. Transit-Oriented Development (TOD)
  - v. Tax Base Revitalization Account (TBRA)
  - vi. Livable Communities Demonstration Account (LCDA)
  - vii. Local Housing Incentives Account (LHIA)
- C. Tax Increment Financing (TIF) & Tax Abatement

- D. Housing and Redevelopment Authority (HRA) Funds
- E. Land Write-downs

*Affordable Housing Plan:* A plan that documents policies and procedures for administering the Affordable Dwelling Units in accordance with the Affordable Housing Performance Agreement.

*Affordable Housing Performance Agreement:* An Agreement between the City and the developer that formally sets forth development approval and requirements to achieve Affordable Housing in accordance with this Policy.