



- City Council
- City-Wide
- Department

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Revised: 12/10/2020

## **NEW MULTI-FAMILY AFFORDABLE HOUSING**

The City and Housing and Redevelopment Authority recognize the need to provide a range of affordable housing choices for those who live or work in the City. Since the land appropriate for new multi-family 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 Multi-Family Affordable Housing 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.
2. "Financial Assistance" provided 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.
3. Any specific projects requesting exemptions to the affordable housing requirements of this policy must seek recommendation from the Edina HRA and approval from the Edina City Council based on alternative public purpose.
4. All new multi-family developments of 20 units or more must adhere to this policy and must be zoned PUD Planned Unit Development.
5. Affordable Rental Housing Income and Rents are defined as both gross incomes (adjusted for family size) and gross rental rates (adjusted for bedroom count and include utility allowance and any fees that are a requirement of occupancy as per Section 42 of the Internal Revenue Service Code.) that are updated annually by the Minnesota Housing Finance Agency (MHFA) and published at [www.mnhousing.gov](http://www.mnhousing.gov). 2020 income and rental limits can be found at the end of this policy.
6. Affordable Ownership Housing Income and Sales Price are 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 \$340,000, adjusted annually. The Edina Housing Foundation has set this limit at \$425,000 in consideration of the high prices in Edina. A table showing sales prices that will be used as the acquisition limit in this definition can be found at the end of this policy.

### **THIS POLICY APPLIES TO ALL NEW MULTI-FAMILY DEVELOPMENTS THAT:**

1. Include 20 units or more.
2. Require rezoning or a Comprehensive Plan Amendment.
3. Receive financial assistance from the City of Edina and/or the Edina Housing and Redevelopment Authority.

4. Are developed on property purchased from the City of Edina even if no financial assistance is being provided by the City unless the waiver is recommended by the Edina HRA and approved by the Edina City Council.

## THE POLICY

1. New rental multi-family developments subject to this policy shall provide a minimum of 10% 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 Multi-Family Tax Subsidy Income Limits (MTSP).
2. New for-sale developments shall provide a minimum of 10% of 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 provide the following:
  - a. on-site parking (either surface or enclosed) for affordable units and the cost related to parking must be included affordable sales price or affordable rental rate. At least one enclosed parking space shall be included in the purchase price of a for-sale unit in the same manner offered to buyers of market rate units.
  - b. 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.
  - c. Exterior appearance of affordable units shall be visually comparable with market rate units in the development.
5. New rental housing will remain affordable for a minimum of 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 Housing and Redevelopment Authority or Edina Housing Foundation the right of first refusal to purchase affordable units.
7. The owners of multi-family 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 of 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 multi-family 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 and/or Housing and Redevelopment Authority 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 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. 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.
  - c. 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 payment of a Total Buy In (TBI) fee, a cash payment to the City in lieu of providing affordable housing units. The TBI shall be equal to \$100,000 per unit rounding up to the next whole unit. The TBI would be due in cash or certified funds in full to the City at the time of issuance of the building permit. A building permit will not be issued unless the TBI is paid in full. The City Council may allow the housing developer to pre-pay the TBI to satisfy a future Affordable Housing Opportunity on a case-by-case basis. TBI will be deposited into the 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 Policy Program Guide.

## 2020 INCOME AND RENTAL LIMITS

	GROSS INCOMES			GROSS RENTS	
	60%	50%		60%	50%
1 Person	\$43,440	\$36,200	Studio	\$1,086	\$905
2 Persons	\$49,680	\$41,400	1 Bedroom	\$1,164	\$970
3 Persons	\$55,860	\$46,550	2 Bedroom	\$1,396	\$1,163
4 Person	\$62,040	\$51,700	3 Bedroom	\$1,613	\$1,344
5 Persons	\$67,020	\$55,850	4 Bedroom	\$1,800	\$1,500
6 Persons	\$72,000	\$60,000			

## 2018 OWNERSHIP HOUSING INCOME AND SALES PRICE

Acquisition Limit in this policy definition: \$425,000

2020 income limits as published on the MHFA website are as follows:

1-2 person household	\$103,400
3+ person household	\$118,900

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

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