

NEW HAVEN CITY PLAN COMMISSION ADVISORY REPORT

RE: PETITION FOR AN ORDINANCE TEXT AND MAP AMENDMENT to the New Haven Zoning Ordinance to require and incentivize the inclusion of affordable housing units in market rate development. (Inclusionary Affordable Housing Proposed Zoning Amendment) (Submitted by: Aicha Woods, City Plan Department)

REPORT: 1586-04

ADVICE: Approve

BACKGROUND

The proposed Inclusionary Zoning Text and Map Amendment is one element in the Mayor's Housing for All platform to reduce barriers to affordable housing in New Haven. It is alignment with the Board of Alders' Legislative Agenda policy goal of safe, affordable housing and builds on the recommendations of the Affordable Housing Task force.

In recent years, the City of New Haven has seen robust growth of market-rate housing development primarily in the downtown area (Core Market Area) and adjacent neighborhoods (Strong Market Area). At the same time, the demand for affordable housing has risen, with market rate rents exceeding the means of many New Haven residents.

According to the findings of the 2019 Affordable Housing Task Force, affordable housing is needed across a full spectrum of lower income levels, with those families needing the deepest subsidy accounting for the highest need. The report's recommendations include a mandate that the Board of Alders, with the advisement of the City Plan Commission, should make zoning changes to permit a wider range of affordable housing options, including Inclusionary Zoning.

The goal of an Inclusionary Zoning policy is to increase the supply of affordable units in market rate housing in high opportunity areas, to support greater social and economic mobility and to reduce segregation. This fosters economic equity within the City so that the people of lesser economic means are afforded access to the high-quality dwelling units and proximity to jobs and services. Inclusionary Zoning does not replace subsidized affordable housing developments, rather it enables additional affordable housing units in market rate developments without direct subsidy by using zoning incentives such as density and floor area ratio (FAR) bonuses, parking relief and tax incentives.

The Inclusionary Zoning policy recommendations carefully balance the requirement for affordable units with avoiding dampening investment in local development which could result in further housing shortages and increased housing costs. The Inclusionary Zoning proposal presented here is based on a New Haven market feasibility study and stake holder outreach conducted in early 2020 and updated in May 2021 to adjust for changing market conditions related to the COVID-19 pandemic. New Haven's dynamic housing market will require periodic re-assessments of the feasibility study. Inclusionary Zoning or similar policies have been adopted by over 700 jurisdictions (cities, counties, and states) across the country, providing comparative examples for benchmarking.¹

¹ https://groundedsolutions.org/sites/default/files/2021-01/Inclusionary_Housing_US_v1_0.pdf

As calculated by the Department of Housing and Urban Development (HUD), the Area Median Income (AMI) for New Haven-Meriden area is \$91,800², while the median income for the city of New Haven is \$42,222³ or approximately 46% AMI. The greatest housing burden is on families with the greatest need, at or below 50% AMI. The City of New Haven's Inclusionary Zoning proposal is designed for households at 50% AMI and below and includes provisions for deeply affordable units at 30% AMI. (Most Inclusionary Zoning policies target 60%-100% AMI.)

The proposed Inclusionary Zoning policy includes three considerations: Geography, Term Requirements, and Incentives. A tiered approach to percentages of affordability, as shown in the table below, was developed based on geography of Core Market Area, Strong Market Area and all other areas of the City which are outlined in the proposed IZ Zoning Overlay Map. (See page 3)

Public Land	20% of units at 50% AMI or below	10+ unit buildings
Tier 1, Core	10% of units at 50% AMI 5% voucher priority	10+ unit buildings
Tier 2, Strong	5% of units at 50% AMI or below	10+ unit buildings
Tier 3, Remainder	5% of units at 50% AMI or below	75+ unit buildings (with opt-in for 10+ unit buildings)

The second set of considerations are the Term Requirements, proposed as 99 years or effectively a permanent affordability requirement. The option for an in-lieu fee is also recommended.

The third set of considerations are the Incentives which include Floor Area Ratio (FAR) Bonus up to 25%, waived parking minimums, a density bonus of an average 600 sf per unit, and proportional 10-year tax abatement (30% in Core Market, and 5% elsewhere).

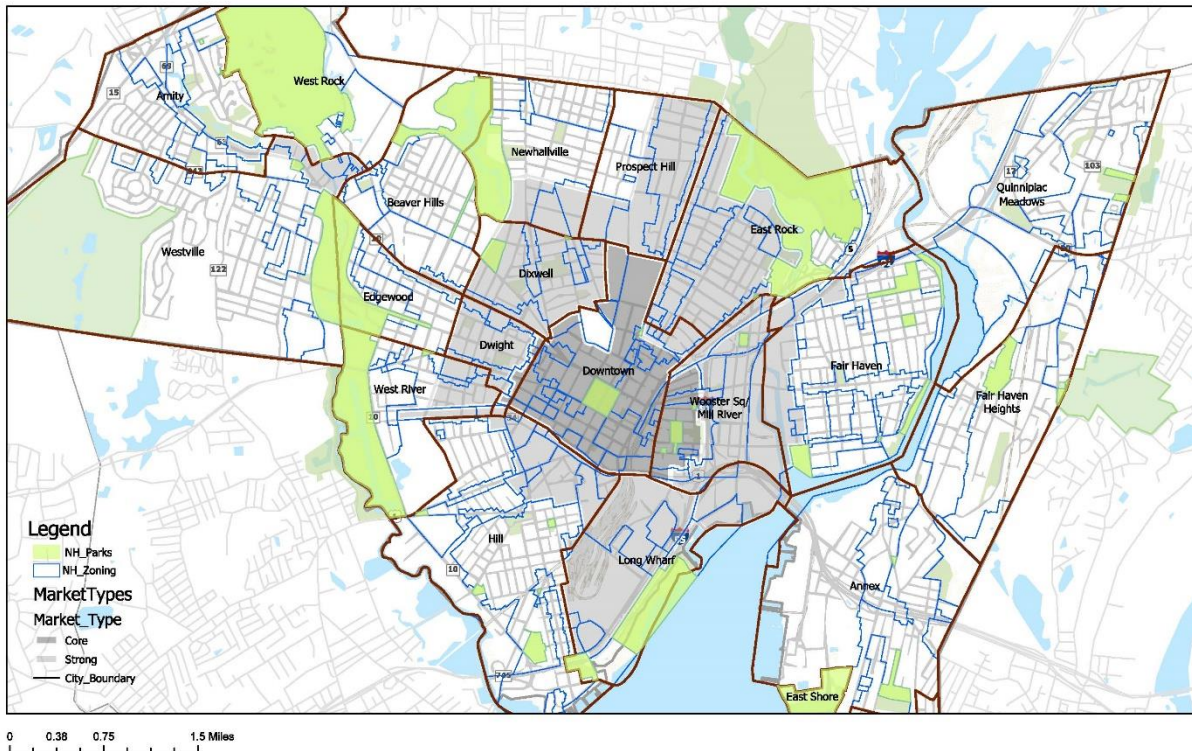
The policy would be mandatory in Core and Strong Markets for any development over 10 units, and any development over 75 units elsewhere. In any project, the affordable units are required to match quality of market units and be a mix of unit types.

The proposed Inclusionary Zoning implementation and administration includes demonstration of meeting affordability requirements at the development application stage. It also includes third party partner (vetted affordable housing provider) to manage tenant marketing and placement and yearly reporting to the city on compliance. The implementation and administration details are being developed in parallel to the zoning ordinance amendments.

² https://www.chfa.org/assets/1/6/2020_CT-MTSP_Income____Rent_Limit_Chart.pdf?9987

³ <https://www.census.gov/quickfacts/fact/table/newhavencountyconnecticut/EDU635219#EDU635219>

Inclusionary Zoning Overlay-DRAFT



PLANNING CONSIDERATIONS

The following Comprehensive Plan goals and recommendations are met with the proposed Inclusionary Zoning Amendment:

- *Creating affordable, workforce housing developments through necessary Zoning Ordinance amendments and by exploring the feasibility of creating a housing trust fund for the city; and*
- *Creating diverse housing stock suitable for all abilities, ages, and incomes.*
- *Creating transit-oriented developments with reduced parking requirements and appropriate densities in suitable locations to facilitate further transit use.*
- *Connecting residents to jobs, transit, and community/ support services by pursuing necessary zoning amendments, as required, to implement the proposed future land use map of the city.*

ADVICE

The Commission finds the proposed text amendment aligns with the City's Comprehensive Plan.

ADOPTED: July 28, 2021
Leslie Radcliffe
Chair

ATTEST: _____
Aïcha Woods
Executive Director