

Fiscal Note for IZ Ordinance Revision:

This amendment makes several changes to the City's existing Inclusionary Zoning (IZ) ordinance to:

- Clarify exemptions to the ordinance provisions for Section 42 housing projects,
- Direct that IZ waiver payments be deposited in a separate IZ Special Revenue Fund,
- Defines and adds references to "Other Residential Occupancy" arrangements,
- Modifies the value of certain cash incentives available to developers for including units targeted toward families at specific percentage of annual median income levels,
- Allow the CDA and non-profit entities to repurchase affordable units initially sold to them, superceding the City's exclusive option to purchase affordable units offered for resale, and
- Exempts the CDA and non-profit entities that have buy-back provisions as part of their programs from the application of equity sharing provisions of the ordinance.

These last two provisions mean that any equity accumulated in units originally sold to the CDA or a non-profit entity would be shared between the private seller and applicable non-profit or CDA, pursuant to the program guidelines of each entity rather than between the seller and the City as outlined in the original ordinance. This will have the affect of eliminating the return of equity to the City upon the resale of these units, reducing the funds available for re-use in the IZ Special Revenue Fund. It is impossible to predict the magnitude of this revenue reduction since there is no reliable way to estimate how often these property transactions will occur or how much shared equity would otherwise be returned to the City.