



Legislation Details (With Text)

File #: 02995 **Version:** 1 **Name:** amendments to inclusionary zoning
Type: Ordinance **Status:** Filed
File created: 2/15/2006 **In control:** COMMON COUNCIL
On agenda: 7/11/2006 **Final action:** 7/11/2006
Enactment date: **Enactment #:**

Title: Amending Section 28.04(25) of the Madison General Ordinances to change the equity distribution at sale and add exemptions to the inclusionary zoning ordinance.

Sponsors: Robbie Webber, Michael E. Verveer, Judy K. Olson, Brenda K. Konkel, Austin W. King, Tim Gruber, David J. Cieslewicz, Brian Benford

Indexes:

Code sections:

Attachments: 1. 02995Body.pdf, 2. HousingCommMinutes-010406.pdf, 3. EDCMinutes-010906.pdf, 4. Hyperlink to File ID 02363, 5. 02995Maps.pdf, 6. OCA-Memo-040306.pdf, 7. Hyperlink to File ID 03588, 8. 02995 registration stmt.pdf, 9. 02995 Alder Amendment.pdf, 10. 02995 amendment.pdf

Date	Ver.	Action By	Action	Result
7/11/2006	1	COMMON COUNCIL	Place On File	Pass
7/10/2006	1	PLAN COMMISSION	RECOMMEND TO COUNCIL TO PLACE ON FILE - PUBLIC HEARING	Pass
6/19/2006	1	PLAN COMMISSION	RECOMMEND TO COUNCIL TO RE-REFER - RECESSED PUBLIC HEARING	Pass
6/6/2006	1	COMMON COUNCIL	Re-refer for Recessed Public Hearing	
6/5/2006	1	PLAN COMMISSION	RECOMMEND TO COUNCIL TO RE-REFER - RECESSED PUBLIC HEARING	Pass
4/4/2006	1	COMMON COUNCIL	Re-refer for Recessed Public Hearing	Pass
3/20/2006	1	PLAN COMMISSION	RECOMMEND TO COUNCIL TO RE-REFER - PUBLIC HEARING	Pass
2/21/2006	1	COMMON COUNCIL	Refer For Public Hearing	
2/15/2006	1	Attorney's Office/Approval Group	Approved As To Form	
2/15/2006	1	Attorney's Office	Fiscal Note Required / Approval	
2/15/2006	1	Finance Dept/Approval Group	Approved Fiscal Note By The Comptroller's Office	
2/15/2006	1	Attorney's Office	Referred for Introduction	

Fiscal Note

This ordinance amendment would modify the sharing of potential equity proceeds in owner occupied affordable housing units between the City and the income eligible owners. Under the current ordinance, any equity generated upon resale of an affordable unit would be shared between the City and the seller based on a complex scheduled calculation incorporating the number of years the owner has lived in the unit, the level of appreciation in each year and other factors including the value of improvements made by the owner. The current formula would result in the owner receiving from 0% to 50% of any equity appreciation which occurred during the period of ownership, with the City receiving the remaining majority. No owner occupied inclusionary zoning units have been sold to date, so there is no actual experience administering the details of this equity sharing formula.

The proposed ordinance amendment would replace this formula with a sharing arrangement where the City would receive

a proportionate share of any appreciation based on the "discounted" price originally paid for the property by the income eligible buyer. For example, if the inclusionary zoning ordinance resulted in an initial purchase price of a unit that was calculated to be 80% of the appraised value, then the buyer would receive 80% of any appreciation and the City would receive the remaining 20%. This change in methodology would simplify many of the reporting and calculation requirements of the current equity calculation formula and would clearly increase the share of future equity accrued by the individual property owners while reducing the City's share by a corresponding amount.

It is difficult to predict, however, what impact this change might have on the total amount of equity appreciation returned to the City. Under the early operation of the existing ordinance, it has been reported that there is very little demand for the first available inclusionary units, perhaps because of the limited equity appreciation that potential owners could expect in the future. A change in this formula could increase the number of units sold to income eligible buyers, thus offsetting the significantly reduced share of equity that the City would receive from each unit sold. The actual result of either formula is highly dependent on a number of unknown market factors, however, including future rates of growth in housing values compared to median income levels, mortgage interest rates and the availability of reasonable housing financing alternatives. There is insufficient information available to predict with any accuracy how either the existing or proposed equity sharing arrangements will operate over time.

This proposed ordinance amendment would also make a number of other technical corrections, clarifications and exemptions to the current inclusionary zoning ordinance which are not expected to have a significant fiscal impact.

Title

Amending Section 28.04(25) of the Madison General Ordinances to change the equity distribution at sale and add exemptions to the inclusionary zoning ordinance.

Body

DRAFTER'S ANALYSIS: Purpose of these amendments is to expand the types of development that are not subject to the ordinance, change the formula for equity distribution when an inclusionary dwelling unit is sold by an income eligible family, change the marketing period requirements, and add several incentives.

NOTE: The full text of this ordinance may be found at 02995Body, in Attachments.