



Legislation Text

File #: 00811, **Version:** 2

Fiscal Note

The Council established the IZ Special Revenue Fund by adoption of a resolution in March of 2004, to be funded through developer payments in lieu of the provision of on-site inclusionary units. To date, no such payments have been received, the fund has no cash balance and no expenditures have been budgeted.

This resolution establishes "budget targets" for the future distribution of funds and adds CDBG staff costs to the list of identified uses. Any actual distribution of funds will require future Council budgetary authorization.

Title

Establishing guidelines for the use of funds received for the Inclusionary Zoning Special Revenue Fund.

Body

WHEREAS on January 31, 2004, the Common Council adopted an ordinance that created an inclusionary zoning program which established expectations that in exchange for certain considerations and incentives during the land use zoning process, developers would create no less than 15% of their dwelling units to be sold or rented at certain prices affordable to moderate and lower income persons,

WHEREAS two of the incentives provided a cash subsidy to a developer in exchange for the provision of certain inclusionary units meeting lower price criteria or site criteria, if funds were available,

WHEREAS one of the provisions in the ordinance designated a City option to purchase a for-sale inclusionary unit as the primary mechanism to assure ongoing affordability of the unit beyond the first buyer,

WHEREAS in its wisdom, the Council created a waiver process to permit alternative provisions of comparable public benefits for those developments and circumstances where the project would be unable to provide the inclusionary units on-site,

WHEREAS the developments meeting the waiver criteria of financial feasibility could meet their obligations by offering units off-site, by City reduction of the percentage of units, or by paying a specified amount into an IZ Reserve Fund,

WHEREAS the Council created an IZ Special Revenue Fund by adoption of a resolution and specified three uses for monies in the fund: a) cash subsidies for developers meeting the criteria outlined in the ordinance, b) funds for the City to purchase inclusionary units under the option to purchase provisions, and c) funds for staffing the inclusionary zoning program.

NOW THEREFORE BE IT RESOLVED THAT the Common Council establish these budget targets for monies placed into the Inclusionary Zoning Special Revenue Fund, and instruct the Mayor and staff to use these in their administration of the Special Revenue Fund: a) up to 45% of monies received to be used for cash subsidies to developers eligible under the ordinance; b) up to 10% of monies received to be used for CDBG Office staff involved in the administration of the program; c) the remainder to be reserved and used to exercise City options to purchase inclusionary units offered for sale by the inclusionary units buyers, for resale to other families as defined by the ordinance.

a) up to 95% of the funds received from developer payments in lieu of on-site units shall be used for cash subsidies to developers eligible under the ordinance, and 5% of the funds received from developer payments shall be used for CDBG Office administrative expenses associated with the inclusionary zoning program; b) up to 95% of monies received from the City's share of the appreciation from the sale of for-sale inclusionary dwelling units shall be reserved and used to exercise City options to purchase inclusionary units offered for sale by the inclusionary units buyers, for resale to other families as defined by the ordinance, and 5% of the funds received from the City share of appreciation shall be used for CDBG Office administrative expenses associated with the inclusionary zoning program;

FURTHER BE IT RESOLVED THAT for the period 2005-2010, 20% of the developer waiver payments would be reserved to initiate the Fund component used to exercise City options to purchase and transfer inclusionary units offered for sale, if sufficient funds were not placed within the City's Capital Budget for that function.

NOTE: The Proposal describing the proposed plan, its likely impacts, and the CDBG staff recommendation is available on file in the Council Office and in the CDBG Office.