

MEMORANDUM

TO: Planning Commission
FROM: Planning Staff
DATE: April 12, 2019
SUBJECT: Downtown Affordable Housing Premium

Through [Resolution 19-109](#), passed on March 18, 2019, City Council requested recommendations from the Planning Commission to increase the public benefit created by the downtown affordable housing premium with the goal of increasing the number of affordable housing units or payments into the Affordable Housing Fund. The Planning Commission is encouraged to examine solutions such as:

- Requiring the use of the affordable housing premium option for access to other premiums
- Reducing the utility of the residential use premium option, thus encouraging use of other premiums, especially the affordable housing premium option
- Reducing parking requirements for the affordable housing premium option

Your recommendations are due back to City Council by July 1, 2019.

Previous Work on Premium Options

Premiums were evaluated from 2013 to 2016 by request of City Council (resolutions R-13-078 and R-14-025) to determine if the menu of options were achieving their intended purposes and whether other types of premiums should be offered. A consultant was hired to assist in engaging residents to identify what, if any, changes should be made to align the premium program with community goals.

A package of amendments was assembled to revise the premium floor area options in the zoning ordinance and supporting revisions to the planned project modifications and off-street parking requirements. The proposed program created a two-tiered system in which half of the maximum premium FAR allowance was designed to be easily attained. The second half of the premium bonus, however, was specifically intended to handsomely reward a developer for their help in achieving one of two unmet and desired needs of the community – affordable workforce housing or an exceptionally low impact development.

The Planning Commission recommended approval of the amendment package on October 5, 2016. The City Attorney's Office expressed concern that the proposed amendments may not be compatible with Action 226 of 1988 which stated that local governments may not control the rental rates in any manner. The recommended amendments to the premium options have

never been scheduled for consideration by City Council (but other related ordinance amendments to design materials and requirements were considered and approved).

Act 226 of 1988 was amended on March 28, 2019 to allow local governments to adopt ordinances with voluntary incentives and agreements to increase the supply of moderate- or low-cost private residential property available for lease.

Working Session Discussion

Staff will lead the Planning Commission through a preliminary discussion about whether to revisit the two-tiered approach previously considered (with modifications to respond more directly to Resolution 19-109) or to amend the current premium options for your recommendation back to City Council.

Please review the [October 5, 2016 Planning Staff Report](#) on amendments to the zoning ordinance to implement a two-tiered premium program, and the final ordinance amendments draft [clean copy](#) or [tracked copy](#), in preparation of this discussion.