

Decatur, Georgia

Inclusionary Housing Plan Guidelines

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INCLUSIONARY HOUSING PLAN GUIDELINES

Contents

- 1.0 Introduction 4**
- 2.0 Applicability 5**
 - 2.1 Criteria..... 5
- 3.0 Minimum Standards for Inclusionary Housing 6**
 - 3.1 Eligible Household Standards 6
 - 3.2 Household Size Standards 7
 - 3.3 Affordability Standards 7
- 4.0 Content of an Inclusionary Housing Plan 8**
- 5.0 Approved Affordable Housing Providers..... 10**
- 6.0 Alternatives to On-Site Development..... 10**
 - 6.1 Off-Site Development 11
 - 6.2 Payment in lieu..... 11
- 7.0 Inclusionary Housing Incentives 12**
 - 7.1 Density Bonus 12
 - 7.2 Parking Reduction..... 13
 - 7.3 Development Fee Waivers 13

1.0 Introduction

Inclusionary housing policies are local land use policies that link approvals for market-rate housing to the creation of affordable homes for low- and moderate-income households. The primary goals of inclusionary housing programs are to expand the supply of affordable housing and promote social and economic integration. The ability to not only produce affordable homes, but also to ensure their long-term affordability, is critical for meeting the housing needs of the low and moderate income families and individuals that inclusionary housing programs aim to serve.

The City of Decatur's 2010 Strategic Plan establishes key housing goals to expand the variety of high quality housing options to meet the needs of a diverse community. The 2020 Decatur Affordable Housing Task Force Report, as well as the 2017 Decatur Affordable Housing Study, encourage the use of inclusionary housing in order achieve a long-term commitment to provide quality housing for all stages of life.

An Inclusionary Housing Plan (IHP) is a critical component of the administrative development review process. The purpose of an IHP is to help the City's plan review staff identify how the proposed development will meet the requirements of the inclusionary housing ordinance and determine if partnerships with housing partners will help achieve requirements.

These guidelines are periodically updated to reflect changes in City policies, the regulatory environment, and affordable housing best practices.

For additional information contact:

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2.0 Applicability

During a pre-application conference or when a development application is submitted, the City of Decatur Planning and Zoning Division will determine whether or not an Inclusionary Housing Plan is required based on the following criteria. If an Inclusionary Housing Plan is required, the City notifies the applicant of the requirement as part of comments on an application. Depending on the density of a project, an Inclusionary Housing Plan may be required at any of the following stages of development:

- A. Application for a land use plan amendment
- B. Application for a rezoning
- C. Application for a subdivision
- D. Application for a planned unit development
- E. Application for a master site plan amendment
- F. Application for a building permit.

The requirement for an Inclusionary Housing Plan may be considered by application for a special exception.

2.1 Criteria

An Inclusionary Housing Plan is required in any development which meets the following criteria:

- A. Any new development that includes at least five (5) single-family dwelling units, attached or detached;
- B. Any new development that includes at least five (5) single-family lots;
- C. Any new development that creates at least five (5) multiple-family dwelling units;
- D. Any renovation or reconstruction of existing multiple-family dwelling units that increases the number of dwelling units by at least five (5) dwelling units; or
- E. Any change in use of all or part of an existing development of one or more buildings from a nonresidential use to a residential use that has at least five (5) dwelling units.

3.0 Minimum Standards for Inclusionary Dwelling Units

Inclusionary dwelling units shall be “functionally equivalent” to market rate dwelling units. This means that when features are included in market rate dwelling units, such as kitchen cabinets, countertops, dishwasher, etc., then equivalent features must be included in the permanently affordable units. This does not mean that the features need to be identical. The City may consider variations that result in an equivalent livability outcome.

3.1 Eligible Household Standards

Inclusionary dwelling units must be sold or rented only to eligible households.

1. Eligible households are households whose income is a percentage of the area median income (AMI) for families in the Atlanta-Sandy Springs-Marietta, Georgia Metropolitan Statistical Area, as published by the U.S. Department of Housing and Urban Development (HUD).
2. An eligible household renting an inclusionary dwelling unit must not have an income which exceeds 80% of the AMI, and whose housing and utility costs must not exceed 30 percent of the household’s annual gross income.
3. An eligible household purchasing an inclusionary dwelling unit must not have an income which exceeds 120% of the AMI, and whose total cost of mortgage principal and interest, property taxes, homeowners and condominium association fees, any mandatory maintenance fees, and homeowner's insurance must not exceed 30 percent of the household’s annual gross income.
4. The owner must provide a notice of availability of its intent to rent or sell an inclusionary dwelling unit to the Zoning Administrator.
5. An affidavit must be provided to the City’s Zoning Administrator confirming that household eligibility requirements have been met.
6. Any lease or rental agreement must be in writing and provided to the City upon request.
7. A non-eligible household may occupy an inclusionary dwelling unit if an eligible household is not available to purchase or rent the dwelling unit. If the inclusionary dwelling unit is being offered for lease, a non-eligible household may occupy it on the date 90 days after the City’s receipt of a notice of availability. If the inclusionary dwelling unit is being sold, a non-eligible household may occupy it on the date 120 days after the City’s receipt of a notice of availability.

3.2 Household Size Standards

1. The following relationship between unit size and maximum household size should be used to calculate pricing of inclusionary dwelling units:
 - Efficiency units: 1-person household
 - One-bedroom units: 2-person household
 - Two bedroom units: 3-person household
 - Three bedroom units: 4-person household
 - Four bedroom and larger units: 5-person or more household

3.3 Affordability Standards

Inclusionary dwelling units are subject to the following affordability standards:

1. The developer may offer an option to the City of Decatur, or a not-for-profit agency designated by the City, to purchase each of the for-sale inclusionary dwelling units prior to any sale of any such unit. If the City, or the designated not-for-profit, exercises the option and purchases the inclusionary dwelling unit, the inclusionary dwelling unit shall be subject to such documents, agreements, and/or instruments deemed necessary by the City, including without limitation, land use restriction agreement and other related instruments, to ensure the continued affordability of the inclusionary dwelling unit.
2. In all other sales of for-sale inclusionary dwelling units, the parties to the transaction shall execute and record a land use restriction agreement and other related instruments to ensure the continuous maintenance of the inclusionary dwelling unit to eligible households.
3. For developments that contain rental inclusionary dwelling units, the owner of the development shall execute and record a land use restriction agreement and other related instruments to ensure the provision and continuous maintenance of the inclusionary dwelling units. The rental inclusionary dwelling units must be leased and occupied by eligible households.
4. Subleasing of any leased inclusionary dwelling unit is not permitted. Similarly, leasing or rental of any owner-occupied inclusionary dwelling unit is not permitted.

4.0 Content of an Inclusionary Housing Plan

The developer must provide an Inclusionary Housing Plan, whether the construction is self-performed or as a contract with an approved affordable housing provider. Neither the Inclusionary Housing Plan nor the contract with an affordable housing provider shall be accepted by the City's Zoning Administrator unless it contains all of the information that is necessary for the City to determine whether or not the development, if completed as proposed, will comply with all of the requirements of Section 6.3.1. The Inclusionary Housing Plan must include at a minimum:

- a. Proposed Development
 - i. Site location
 - ii. Land use(s)
 - iii. Site plan
 - iv. Description of whether the development will contain rental units or owner-occupied units, or both.
 - v. Total number of market rate dwelling units and inclusionary dwelling units
 - vi. Number of bedrooms in each inclusionary dwelling unit. The bedroom mix of inclusionary dwelling units shall be in equal proportion to the bedroom mix of the market rate dwelling units.
 - vii. Floor area of each inclusionary dwelling unit. The floor area of inclusionary dwelling units shall be equivalent to the floor area of the market rate dwelling units per bedroom count (i.e., studio, one-bedroom, two-bedroom, three-bedroom).
 - viii. Location within any multiple-family development and any single-family residential development of each market rate dwelling unit and each inclusionary dwelling unit (Inclusionary dwelling units shall be interspersed among the market rate dwelling units throughout the development).
- b. Development Phasing and Timing
 - i. Schedule for construction of each market rate and inclusionary dwelling unit.
 - ii. Phasing of the inclusionary dwelling units should be constructed proportional to the market rate dwelling units. Certificates of occupancy (CO) for the last 20% of the market rate units will not be issued until the CO's have been issued for all the inclusionary dwelling units.
 - iii. Marketing plan to promote the sale or rental of the inclusionary dwelling units within the development.

- c. Pricing Schedule
 - i. The proposed pricing for each inclusionary dwelling unit or lot. At the time of availability for lease or purchase, pricing may be adjusted if there has been a change in the area median income or change in the calculation formulas.
 - ii. Total amount of the payment in lieu, if any, and the estimated date the payment will be made, provided it is prior to issuance of a building permit.
- d. Deed Restrictions
 - i. Draft of land use restriction agreement that ensures that the inclusionary dwelling units are and will remain available for occupancy to eligible households.
- e. Contract with Approved Affordable Housing Provider (if applicable)
 - i. Agreement that the approved affordable housing provider agrees to assume the obligations of Section 6.3.1. of the UDO and of the IHP.
 - ii. The terms of the financial arrangement shall be disclosed to ensure that the developer will adequately compensate the approved affordable housing provider to be able to meet those obligations including but not limited to property acquisition, dwelling unit construction, dwelling unit subsidy, marketing expenses, and homeowner education.
 - iii. The City of Decatur has the right to deny issuance of or revoke building permits and/or revoke certificates of occupancy for any unoccupied dwelling units upon determination that the developer has failed to fulfill the agreement with the approved affordable housing provider.

5.0 Approved Affordable Housing Providers

An affordable housing provider is deemed to be approved when in compliance with the following provisions:

- A. Shall be a non-profit organization under the US Tax Code or shall be a directly funded agency of a unit of government; and
- B. Shall have a mission to develop and/or protect affordable or workforce housing; and
- C. On an annual basis, it shall submit a report to the City Manager their progress in meeting the Inclusionary Housing Plan above as well as its progress in fulfilling the obligations it has undertaken under contracts with developers.

6.0 Alternatives to On-Site Development

While the primary purpose of inclusionary housing policies is to create affordable housing in mixed-income, market-driven developments, this outcome may not always address community goals, infrastructure capacity, or locations for affordable housing. Therefore, developers are offered alternatives to on-site development of inclusionary dwelling units.

Inclusionary Housing Alternatives		
	On-Site	Off-Site
Construction By Developer	Developer builds inclusionary dwelling units as part of development project	Developer builds inclusionary dwelling units on separate site in the City of Decatur
Construction By Another Entity	Developer dedicates portion of site to be developed by another entity	Developer dedicates separate site in the City of Decatur for inclusionary dwelling units to be developed by another entity
Payment in Lieu	Developer makes contribution to Housing Trust Fund for development or improvement of inclusionary dwelling units in the City of Decatur	Developer makes contribution to Housing Trust Fund for development or improvement of inclusionary dwelling units in the City of Decatur

6.1 Off-Site Development

Inclusionary dwelling units may be built on a separate approved site within the City of Decatur as an alternative to on-site development. Off-site construction of inclusionary dwelling units should be located in proximity to public transit, if at all possible, and outside environmentally sensitive areas such as wetlands, steep slopes, and landscapes of significant wildlife or historical value. Off-site development of inclusionary dwelling units may be constructed by the developer or by another entity on a separate site elsewhere within the City of Decatur.

If off-site development is chosen as an alternative, all arrangements and agreements shall be made a part of the Inclusionary Housing Plan.

6.2 Payment In Lieu

Payment in lieu may be made, in part or in entirety, as an alternative to on-site development of inclusionary dwelling units. Payment in lieu shall be made to the Housing Trust Fund for development of new inclusionary dwelling units or improvement of existing inclusionary dwelling units in the City of Decatur prior to issuance of final plat, temporary or final certificate of occupancy, whichever is to be issued first. The amount of the payment in lieu is commensurate with the price per square foot of construction costs to develop the inclusionary unit based on building construction type: garden style, wrap construction, podium/deck construction, and attached/detached single-family. The Decatur City Commission annually establishes the per square foot payment amount in its schedule of fees.

7.0 Inclusionary Housing Incentives

Incentives are public sector actions that compensate developers for the costs associated with meeting inclusionary requirements, either by reducing the cost or increasing the return to the developer. The Inclusionary Housing Ordinance offers several such incentives.

7.1. Density Bonus

This incentive provides a density bonus for inclusionary housing, under which the City permits an additional number of market rate dwelling units in return for the developer’s provision of inclusionary dwelling units. A development that is subject to the inclusionary dwelling requirements may incorporate a density bonus. The density bonus may only be used if the development provides on-site inclusionary dwelling units. To calculate the density bonus, the base density of dwelling units in the applicable zoning district shall be multiplied by 20%. If the product contains a fraction, a fraction of 0.5 or more shall be rounded up, and fraction of less than 0.5 shall be rounded down.

Density Bonus Per Zoning District		
Zoning District	Base Density Per Acre	Base Density Bonus
RS-17	17	3
RM-18, PO	18	4
RM-22	22	4
NMU	9	2
RM-43, C-1	43	9
C-2, C-3, MU	70	14

Special districts, such as Institutional and Planned Unit Developments, are subject to individual development review.

For single-family detached dwellings, the minimum lot size and minimum lot width required by the applicable zoning district may be reduced by up to 25% to accommodate the additional lot(s).

7.2 Parking Reduction

A multi-family development that provides on-site inclusionary dwelling units may reduce the total number of off-street parking required per UDO Section 7.1.3. by 10% without approval of a special exception.

7.3 Development Fee Waivers

The City will waive certain development-related fees for developments with on-site inclusionary dwelling units. Certain application fees, building permit fees, plan review fees, inspection fees, and such other development fees and costs which would otherwise be due shall be waived for the inclusionary dwelling units component of the application. If application fees are paid for a proposed development that subsequently adds additional inclusionary dwelling units to the development plan, a pro rata refund of such fees shall be provided to the applicant upon approval of the development to reflect the additional inclusionary dwelling units. This waiver shall not apply to any market rate dwelling units, or to any fees associated with water, wastewater, or storm water permits.