

ORDINANCE _____

AMENDING THE CITY OF ALLENTOWN ZONING ORDINANCE AND MAP BY ESTABLISHING AN INCLUSIONARY HOUSING STANDARDS AND INCENTIVES TO CREATE AN INCLUSIONARY OVERLAY DISTRICT CONSISTING OF THE NEIGHBORHOOD IMPROVEMENT ZONE.

It is hereby Enacted and Ordained by the City Council of Allentown and it is Enacted and Ordained by the authority of the same

Inclusionary Housing Ordinance

Section 1.

a. Purpose and Intent: The intent of this ordinance:

- (1) To create a thriving mixed-income residencies within the NIZ
- (2) To increase the number of owner-occupied and rental housing unit for households with an income from 50% to 100% of Area Median Income.
- (3) To facilitate and encourage development and redevelopment that includes a range of housing opportunities through a variety of residential types, forms of ownership, home sale prices and rental rates.

Section 2.

a. Applicability. Within the Neighborhood Improvement zone all of the following types of land development that contain six (6) or more additional residential dwelling unit shall also contain inclusionary units as determined by the calculation in paragraph b below

- (1) New residential construction, regardless of the type of dwelling unit.
- (2) New mixed-use development with a residential component.
- (3) Renovation of a multiple-family residential structure that increases the number of residential units from the number of units in the original structure.
- (4) Conversion of an existing residential structure regardless of dwelling type to a multiple-family residential structure.
- (5) Conversation of a non-residential property to a residential property.

b. Calculation of Inclusionary Units and Density Bonuses. The maximum density may be increased by a **maximum of 20%** when at a minimum, that **at**

least 40% of the total dwelling units be sold or leased as workforce housing to individuals earning between 50% to 100% of the City of Allentown median income for households.

Section 3. General Requirements for Inclusionary Units. All covered projects must comply with the following requirements:

(1) Permitted Development Modifications. Developments that provide inclusionary units will have the option to add one additional equivalent dwelling unit (bonus unit) for each inclusionary unit provided as part of the land development plan. Density restrictions may be modified to the extent needed to accommodate all required inclusionary units and allowable bonus units.

(2) Development Composition. Inclusionary units shall be mixed with, and not clustered together or segregated in any way from, market-rate units.

(3) Inclusionary Housing Development Agreement. Prior to the issuance of a zoning permit for any development in which inclusionary units are required, the applicant shall have entered into with the Borough an Inclusionary Housing Development Agreement

(4) Phasing Plan. If the development plan, for which inclusionary housing is required, contains a phasing plan, the phasing plan shall provide for the development of inclusionary units concurrently with the market-rate units. No phasing plan shall provide that the inclusionary units built are the last units constructed. These homes shall not be segregated or clustered within a neighborhood or any project.

(5) Bedroom Mix. In order to assure an adequate distribution of inclusionary units by household size, the bedroom mix of inclusionary units in any project shall be in the same ratio as the bedroom mix of the market-rate of the project.

(6) Like Units. Inclusionary units shall be like units with regard to number of bedrooms, amenities and access to amenities, but may differ from the market-rate units in a covered project with regard to interior amenities, provided that:

-These differences are not apparent in the general interior and exterior appearance of the project's units; and

-These differences do not include insulation, windows, heating systems, and other improvements related to the energy efficiency and standard components, as defined by the City, of the project's units.

(7) Qualified Household. The sale or lease of inclusionary units shall be limited to household earning up to 100% of median income, adjusted for household size.

(8) Limitations

(a) Priority given to residents of Allentown for a minimum of one year or employed by a business located in Allentown.

(b) Must use unit as principal place of residence.

(c) Occupancy of any inclusionary unit shall not be limited by any conditions that are not otherwise applicable to all units within the covered project.

Section 4. Calculating Rents and Sales Prices. The following provision shall apply to the calculation of rents, selling prices and/or carrying charges of inclusionary units:

(1) Average Rent. Inclusionary rental units shall be rented at a price which, on average, is affordable for a household with an annual income that is no more than 100% of median income adjusted for household size.

(2) Average Sales Price. Inclusionary units for sale shall be sold at a price which, on average, is affordable for a household with an annual income that is no more than 100% of median income adjusted for household size.

(3) Sales Price Calculation. With respect to inclusionary units offered for sale, prices will be calculated on the basis of:

- An available fixed-rate, thirty-year mortgage, consistent with the average rate published from time to time, typically quarterly, by Freddie Mac or its equivalent.
- A down payment of no more than five (5) percent of the purchase price.
- A calculation of property taxes.
- A calculation of homeowner insurance.
- A calculation of condominium or homeowner association fees.
- Other monthly fees, as allowed by the City, such as monthly land lease fees.

(4) Rent Calculation. With respect to inclusionary units offered for rent. initial rents are calculated based on HUD Area Median Income (AMI) for the City of Allentown. Maximum monthly rents would be 30% of designated AMI, divided by twelve based on the number of bedrooms. Any Owner who charges rent in violation of this provision shall refund excess to tenant.

Section 5. Continued Affordability Requirements. All covered projects shall comply with the following provisions to ensure continued affordability of inclusionary units provided under this ordinance and units required to be continually inclusionary hereunder.

(1) 99 -Year Requirement. All inclusionary units shall remain inclusionary for a period of no less than ninety-nine (99) years commencing from the date of initial occupancy of the units.

(2) Affordability Instruments. Provisions to ensure continued affordability of inclusionary units shall be embodied in legally binding agreements and/or deed restrictions, which shall be prepared by the City of Allentown and agreed to by the developer and upon execution, shall be recorded and filed.

(3) Rent Increases. Provisions for continued affordability of inclusionary rental units shall limit annual rent increases to the percentage increase in the median household income within the City of Allentown. Any Owner who charges rent in violation of this provision shall refund excess to tenant.

(4) Phasing of Inclusionary Units. Inclusionary units shall be made available for occupancy on the same schedule as a covered project's market-rate units, except that certificates of occupancy for the last 10% of the market-rate units shall be withheld until certificates of occupancy have been issued for all of the inclusionary units. A schedule setting forth the phasing of the total number of units in a covered project, along with a schedule setting forth the phasing of the required inclusionary units shall be established prior to the issuance of a building permit for any development subject to the provisions of this ordinance.

(5) Certificate of Occupancy. No certificate of occupancy shall be issued for a covered project unless all inclusionary units within the covered project are eligible for a certificate of occupancy; except that with respect to covered projects to be constructed in phases, certificates of occupancy may be issued on a phased basis consistent with the provisions of paragraph (4) Phasing of Inclusionary Units, above.

Section 6. Fee-In-Lieu of and/or Building-In-Lieu of.

(1) Fee-In-Lieu of

- a. An applicant may pay a fee in-lieu for up to 10% of the required minimum number of inclusionary units required by any development listed above.
- b. The City shall establish by resolution the amount of the fee-in-lieu of payment per unit following written recommendation by the City and adopt it as part of the City's schedule of fees. The per-unit amount shall be based on an estimate of the actual cost of providing an inclusionary unit

using actual construction cost data, which shall include a consideration of land purchase costs. The per-unit amount shall be provided in accordance with the policy and procedures manual for administration of the program.

- c. All fee-in-lieu payments received pursuant to this ordinance shall be paid directly to the City and be used to further the City's mission of providing housing opportunities by purchasing, rehabilitating and selling homes in the City to income-qualified buyers and/or providing rentals to income-qualified renters. The City shall create and administer an Inclusionary Housing Fund for such payments.

(2) Building-In-Lieu of

- a. At the sole discretion of the City, approval may be granted for the contribution of building(s) in lieu of construction of inclusionary units within the proposed development subject to the following requirements:
 - i. The Contribution shall be used to create workforce housing within the city of Allentown.
 - ii. Such contribution of building(s) may be in combination with the fee-in-lieu of construction of affordable housing. The total fair market value of the contribution (building(s) and/or fee) must be at least equal to the amount of 10% of the contribution that would be required to construct the inclusionary units.
 - iii. Contribution of building(s) should increase diversity of housing choices in the immediate area and not lead to further concentrations of affordable housing.