

**POLICY 7-H
INCLUSIONARY HOUSING POLICY**

1. PURPOSE

- 1.01 The purpose of this Inclusionary Housing Policy (Policy) is to meet the City of Hopkins' (City) goal of preserving and promoting economically-diverse housing options in our community by creating high quality housing for households of various income levels, ages, and sizes.

2. INCLUSIONARY HOUSING POLICY STATEMENT

- 2.01 The City recognizes that developing and maintaining a healthy mix of affordable housing options fosters a diverse and resilient community by bringing workers and residents closer to their jobs, schools, and necessary services. Providing a range of housing affordability allows people across income levels to benefit from the opportunities of living in Hopkins.

The City is adopting this Policy to encourage development of housing units that are affordable to low and moderate income households. The requirements set forth in this Policy further the housing goals stated in the City's 2040 Comprehensive Plan, Cultivate Hopkins, to:

- Maintain an inventory of housing that is affordable to low and moderate income households.
- Maintain neighborhoods with a choice of quality housing options, including those meeting the needs of a variety of household types and life stages.

These requirements are intended to provide a structure for participation by both the public and private sectors in the production of affordable housing.

3. DEFINITIONS

- 3.01 Affordable Dwelling Unit: A dwelling unit within a residential project subject to this Policy that meets the applicable affordability standards in Table 1.
- 3.02 Financial Assistance: Funds derived from the City or HRA, including but is not limited to funds from the following sources:
1. The City of Hopkins
 2. Community Development Block Grant(CDBG)
 3. Tax Increment Financing (TIF) & Tax Abatement
 4. Housing and Redevelopment Authority (HRA) Funds
 5. Land Write-downs
 6. Other Government Housing Development Sources

4. APPLICABILITY AND MINIMUM PROJECT SIZE

- 4.01 This Policy applies to any new or existing residential project that meets one or more of the

following criteria:

1. A market-rate residential rental project that adds or creates twenty (20) or more residential units and that receives:
 - Discretionary land use approvals including a comprehensive plan amendment, zoning code text or map amendment or approval pursuant to a planned unit development (PUD); or
 - Financial assistance from the City or Housing and Redevelopment Authority (HRA)
2. Any residential development for which the developer voluntarily chooses to provide affordable dwelling units pursuant to this Policy.

5. AFFORDABLE DWELLING UNITS

- 5.01 General Requirement. A development that is subject to this Policy must include affordable dwelling units. The minimum number of affordable dwelling units required will be determined based on the affordability standard chosen by the developer according to the following criteria:

Table 1

Options (choose one)	Minimum Number of affordable units required	Minimum affordability standard
1	At least 5% of total project units	Affordable for households at 50% Area Median Income (AMI)
2	At least 10% of total project units	Affordable for households at 60% AMI

- 5.02 Calculation of Units Required: The number of affordable dwelling units required will be based on the total number of dwelling units approved by the City. If an occupied property with existing dwelling units is expanded by at least 20 units, the number of required affordable dwelling units will be based on the total number of units following completion of expansion.
- 5.03 Calculation of Rent: The maximum monthly rental price for affordable dwelling units will be based on the applicable AMI for the metropolitan area that includes Hopkins, adjusted for bedroom size, as calculated by the U.S. Department of Housing and Urban Development and published annually by the Minnesota Housing Finance Agency.
- 5.04 Tenant Income: Affordable dwelling units shall be rented only to income-eligible households during the period of affordability. For purposes of this Policy, Area Median Income means the Area Median Income calculated annually by the Minnesota Housing Finance Agency for establishing rent limits for the Housing Tax Credit Program.

- 5.05 Period of Affordability: All affordable dwelling units must remain affordable for at least twenty five (25) years.
- 5.06 Location of Affordable Dwelling Units: All affordable dwelling units must be located within the development that is seeking City approvals and must be reasonably spread among market-rate dwelling units throughout the property. The affordable dwelling units may “float” within the property provided that the minimum number of units per bedroom size is maintained and the units are reasonably spread throughout the property. If the developer is proposing the units to float, a detailed management plan is required to track the affordable units and assure the minimum number and type of affordable units are met at any given time during the period of affordability.

6. STANDARDS FOR AFFORDABLE DWELLING UNITS

- 6.01 Size and Design: The size and design of the affordable dwelling units must at all times be consistent with and comparable to market rate units in the same development and must be approved by the City.
- 6.02 Exterior/Interior Appearance of Affordable Dwelling Units: The exterior and interior materials and design of affordable dwelling units must be the same in style and quality as comparable market-rate units in the same development.

7. INTEGRATION OF AFFORDABLE DWELLING UNITS

- 7.01 Distribution of Affordable Housing Unit: Affordable dwelling units shall be incorporated into the overall project and shall not be separated from market rate units.

8. NON-DISCRIMINATION BASED ON RENT SUBSIDIES

- 8.01 The owner or operator of the residential project must not decline to rent to, or otherwise discriminate against, potential tenants of affordable dwelling units who would pay their rent with federal, state, or local public assistance, or tenant-based federal, state, or local subsidies, including, but not limited to rental assistance, rent supplements, and housing choice vouchers.

9. DEVELOPMENT AGREEMENT, CONDITIONS AND RESTRICTIONS

- 9.01 The requirements of this Policy will be incorporated into a Development Agreement or other agreement between the City and the developer as applicable to their specific project. The agreement must be recorded against the property. The agreement shall include the following:
- A. the location, number, type, and size of affordable housing units to be constructed;
 - B. sales and/or rental terms of the units;
 - C. occupancy requirements of the units;
 - D. a timetable for completion of the units;
 - E. any restrictions to be placed on the units to ensure their affordability; and
 - F. any additional terms the City may require, including any third party monitoring and reporting requirements.

9.02 The applicant shall execute any and all documents deemed necessary by the City, including but without limitation, restrictive covenants and other related instruments as required to ensure the affordability of the Affordable Dwelling Units in accordance with this Policy. The applicant shall prepare and record all documents, restrictions, easements, covenants, and/or agreements that are specified by the City as conditions of approval of the application prior to issuance of a Building Permit for any development subject to this Policy.

10. EXEMPTIONS

10.01 The City acknowledges that not every development is alike and that, in some circumstances, it may prove difficult for a developer to meet the standards set forth in this Policy. In cases where a developer can demonstrate, in the sole judgment of the City Council, that the requirements represent an undue burden to their project, the City Council may grant a full or partial exemption from this Policy or may otherwise alter the requirements of this Policy.