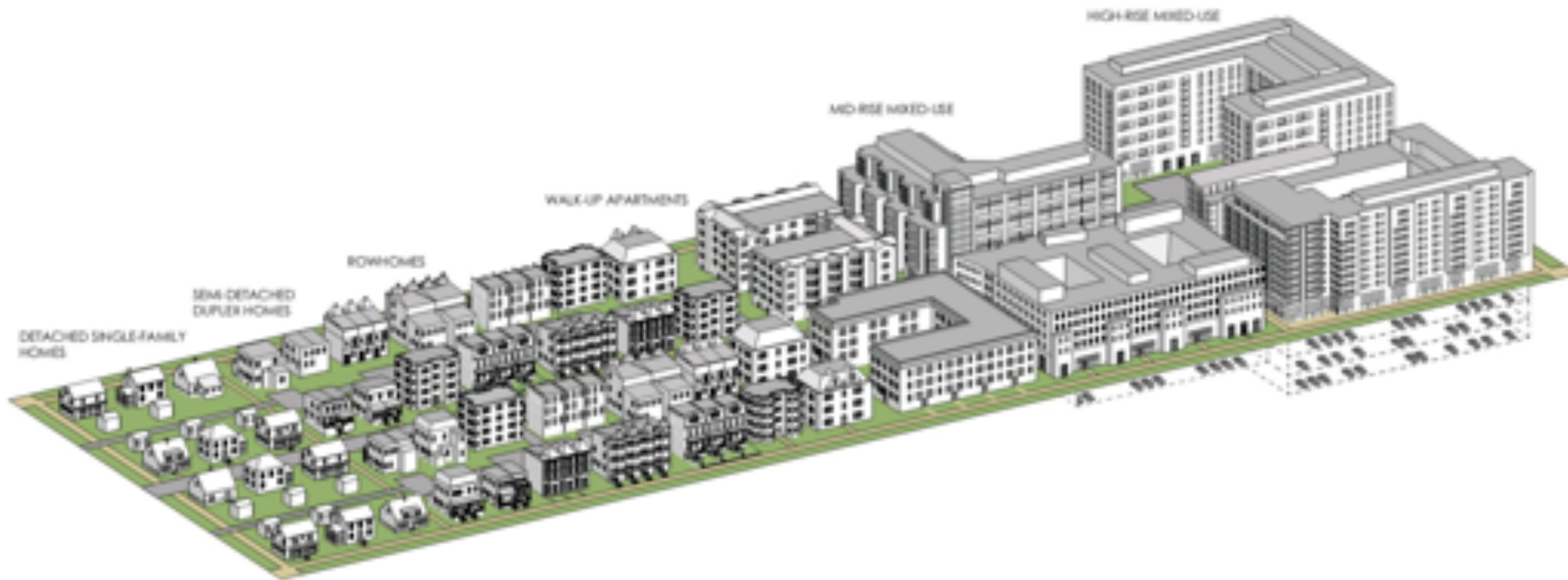


Z.C. Case 20-02

Expanded IZ Text Amendments



November 16, 2020

Changes to Proposal

- Escalating Floor-Area-Ratio (FAR) in increments of 0.5 to a sliding scale of percent-increase in density.
- Exclude the Northern Howard Road and Barry Farm zones.
- Allow a set-aside reduction for developments that include 3 bedroom or larger IZ Units to be permitted on a trial basis with a condition that OP submits a report to the Zoning Administrator.

A New Tool

- **Regular IZ:** Primary by-right tool for affordable housing production.
- **Expanded IZ:** Tool for affordable housing production above the Regular IZ requirement through map amendments.
- **PUDs:** Primary tool for increasing affordable housing production above the Regular IZ requirement and for benefits and amenities.

Expanded IZ Applicability

- **Applicability:**
 - Map amendments that would allow higher density residential development.
 - Planned Unit Developments (PUDS) would be exempt.
- **Set-Aside:**
 - Supersede the set-aside requirement of Regular IZ.
- **Program Requirements:** Other than modifying the set aside requirement, all other Regular IZ program requirements are proposed to remain the same, including bonus density of up to 20% FAR.

Expanded IZ Applicability

- **Appropriateness:**

- OP would recommend the appropriateness of applying Expanded IZ to the Zoning Commission based on analysis of the:
 - Local housing market;
 - Distribution of existing affordable housing;
 - Comprehensive Plan; and
 - Housing Equity Report.

Expanded IZ Set-Aside Requirement

- Received comments on economic model and set-aside requirements after filing public hearing report.
- Escalating Floor-Area-Ratio (FAR) in increments of 0.5 to a sliding scale of percent-increase in density.
- Goal → maximize productivity using Expanded IZ.

Expanded IZ Set-Aside Requirement

IZ Inclusionary Developments that do not employ Type I construction (non-steel) and are in a zone with a by-right height limit of 85 feet or less:

Percent Increase in FAR:	20%-40%	40.1%-60%	60.1%-80%	80.1% or Above
Set-Aside Requirement	14%	16%	18%	20%

IZ Inclusionary Developments that employ Type I construction (steel) or are in a zone with a by-right height limit greater than 85 feet:

Percent Increase in FAR:	20%-50%	50.1%-75%	75.1%-100%	100.1%-125%	125% or Above
Set-Aside Requirement	10%	12%	14%	16%	18%

Based on Expanded IZ applying to the entire residential density permitted under the new zone.

Expanded IZ Set-Aside Requirement

- Set-aside requirement based on increase in residential FAR resulting from rezoned.
- Increase in density = percent increase in FAR between the maximum by-right residential FAR in existing zone and maximum IZ FAR in new zone.
- Lots rezoned from PDR, unzoned land, or a D zone without a prescribed FAR would have 20% set-aside requirement.

Expanded IZ Set-Aside Requirement

- Set-aside reduction of 20% if:
 - All IZ units reserved for households earning equal to or less than 50% MFI; or
 - Half of IZ units are 3 bedrooms or larger.

Expanded IZ Set-Aside Requirement

- OP report to the Zoning Administrator based on defined criteria to reduce set-aside for 3 bedroom or larger:
 - Does the proposed project have important family-oriented design elements, such as access to common areas and outdoor activity space and a concentrated share of both market rate and IZ three-bedroom units; and
 - Does a market study conclude there is demand for family sized IZ units based on neighborhood amenities such as parks and proximity to schools.

Expanded IZ Economic Model

Purpose: Test the Feasibility and Productivity Across Multiple Locations, Transitions in Density and Project Types

Goals:

1. Maximize potential production of affordable housing; and
2. Ensure Expanded IZ is economically feasible for private sector.

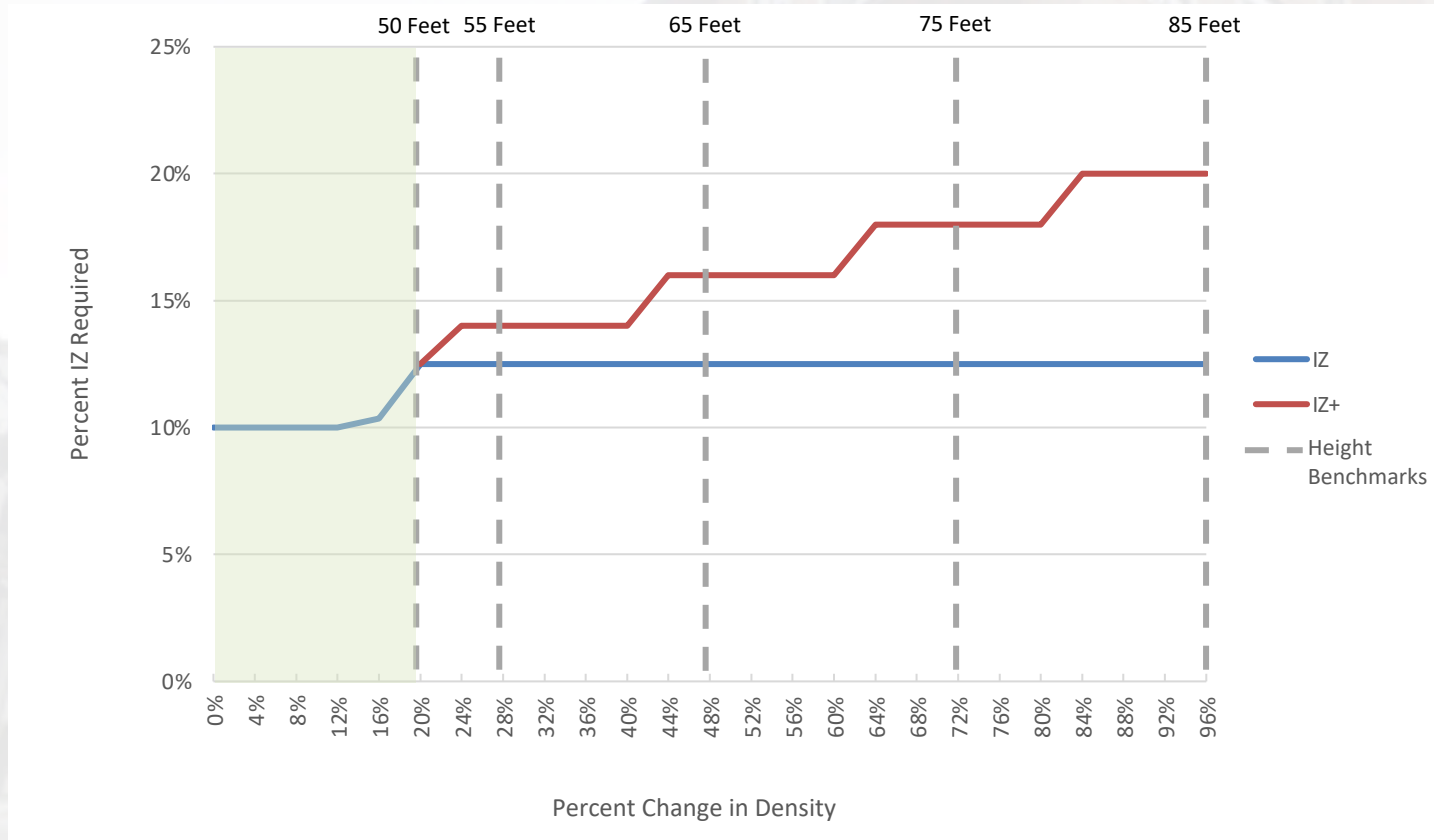
Summary of Stakeholder Feedback

Stakeholder Feedback

1. Model needed to include the marginal change in construction costs for every additional floor above four;
2. Hard construction costs were eight to ten percent too low;
3. Soft construction costs generally represent 25% hard costs
4. Total Project return was too low due to:
 - a) Annual rates of return to equity that were too low; and
 - b) Discretionary processes adds time to the investment period.

Sample Density/Affordability

Illustration of MU-4 Base and Expanded IZ Requirements with Approximate Construction Benchmarks



Thank you!

- Request Zoning Commission take proposed action on Thursday, November 19, 2020.
- Request flexibility to work with OAG on refining the zoning text.