

Division 10-30.20:
Affordable Housing Incentives

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10-30.20.010 Purpose

This division implements the City's Incentive Policy for Affordable Housing (IPAH), which is intended to foster the preservation and production of permanent affordable housing units. The division encourages the preservation and production of affordable units by providing increased residential densities and other developer incentives for developments that guarantee that at least a portion of the housing will be affordable. The intent is to narrow the housing deficit for households that cannot afford market-priced rental or for-sale housing. In conjunction with market dynamics, the Council shall set policies on the area median income the City will serve. This information will be updated in the IPAH document. Affordable housing must meet applicable regulations of the Federal government, Arizona Revised Statutes, and all other appropriate regulating entities.

10-30.20.020 Applicability

In order to be eligible for the incentives provided by this division, a proposed development shall voluntarily comply with the following requirements and satisfy all other provisions of this Zoning Code.

- A. **Location.** Affordable housing shall be allowed where residential uses are allowed in the City.
- B. **Housing Section Proposals.** The Housing Section will be provided the opportunity to propose development and/or redevelopment as affordable housing for City-owned surplus property, where the Council deems appropriate, except for land with a current and adopted master plan.
- C. **Minimum Percentage.** A minimum of 10 percent of the total number of proposed units must be affordable housing, as defined in Section 10-30.20.050, Density Bonus.
- D. **Housing Variety.** A variety of housing types, mixed income, and affordable housing developments are encouraged throughout the City and within each neighborhood. Mixed income means that the development includes at least 10 percent affordable housing units that are preserved as permanently affordable.
- E. **Other Regulations.** Affordable housing that must comply with other Federal, State, or local preservation time periods and applicable regulations shall also be considered to meet the permanent affordability standards.
- F. **Grandfather Clause.** Opportunities to utilize the IPAH may be available for developments that have not received final platting or site plan approval and that offer a minimum of 10 percent affordable housing. The owner, developer, or applicant, as applicable, is responsible for all modifications to plans and initiating the benefits of the incentives.
- G. **Housing Preservation.** If an applicant is considering permanently preserving housing stock that had an expiring period of affordability, they may take advantage of any incentives that are applicable to their application. The applicant must also meet all other applicable requirements in order to receive IPAH incentives.
- H. **Site Control.** Applicants wishing to exercise the incentives in this division must have site control of the land.
- I. **Requirements in Urban Growth Boundaries.** Developments providing permanent affordable housing located within City Urban Growth Boundaries 1 and 2 (as defined in the General Plan) will be eligible for IPAH, as long as the development contains at least one of the following:

1. The proposed development must have a bus route located within one-half mile of the development by the time 80 percent of the development is completed;
2. The development must secure acceptance from the Director for a strategy to provide access to alternative transit. This strategy could include vanpool, park-n-ride, Flagstaff Urban Trails System (FUTS) trail access, or service plans for seniors and persons with disabilities. It could also include direct access to several land uses that service residential customers, such as food sales, banking, general retail and other key services; or
3. The development must present documentation from Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) that future service plans will establish a bus route within previously defined distances to the site and funding has been identified for this route.

10-30.20.030 Administration

A. The City, or an agency designated by the City, shall monitor ongoing affordability of affordable housing units.

1. The applicant must demonstrate compliance with the approved pricing structure and shall be required to execute an agreement, restrictive covenants, or other binding affordability restrictions that run with the land. These affordability covenants or deed restrictions must be in place as a written agreement that is recorded with the deed of the property and limits transfer of the property to another qualified household. The covenants or deed restriction will apply permanently.
2. The applicant shall be required to provide tenant income qualification reports to the City for monitoring on an annual or biennial basis.
3. If an applicant is planning to utilize a third party entity to provide and manage the affordable units, the applicant and the third party must enter into an agreement that clarifies the management, use and oversight of the affordable components. This agreement is in addition to a deed restriction and/or affordability covenant discussed in subsection (A)(1) of this section.
4. Council will determine the income ranges associated with the four categories for housing affordability provided in Table 10-30.20.040.A and Table 10-30.20.040.B, and this income determination will be updated within the Incentive Policy for Affordable Housing (IPAH) document. Each of the four categories is described below. The specific income ranges associated with each category are provided in Appendix 7, Additional Information on Affordable Housing:
 - a. Category 1: This category provides permanent affordability through both rental and ownership opportunities.
 - b. Category 2: This category is reserved for ownership opportunities only.
 - c. Category 3: This category provides incentives for sustainability/green building provisions within the entire development.
 - d. Category 4: This category allows for short term affordability without any permanent affordable provision.

B. **Dispersal of Units and Construction Phasing.** The affordable units shall be distributed proportionally throughout the development, appropriately designed and integrated with the market-rate units, and, as feasible, contain the same number of bedrooms as the market-rate units. Thirty percent of affordable units must be delivered in the first phase (where applicable) and the remainder of the units must be delivered proportionally based on the development build-out and phasing.

C. **Design Review.** Architectural standards and design review apply to multifamily and mixed-use developments. These standards may be referenced in Division 10-50.20, Architectural Design Standards, and Appendix 1.1, Design Guidelines.

D. In limited circumstances, where the applicant is unable to construct affordable housing, the City may permit the applicant to use incentives and provide a comparable land or financial donation in order to provide affordable housing in other locations. Opting to put forth a financial contribution must not be an incentive unto itself; it should accurately reflect the cost of land and development for affordable housing.

10-30.20.040 Affordable Housing Incentives

An applicant that meets the terms of this division may be eligible for certain incentives. Incentives can include reductions in resources protections, density bonuses, reduced parking and other modified Zoning Code requirements, including, but not limited to, a reduction in setback, square footage or landscaping requirements that result in identifiable, financially sufficient and actual cost reductions. Specific incentives can be found in subsection (B) of this section. Additional incentives, such as fee reductions, fee waivers, and expedited processing can also be found in the IPAH.

A. **Number of Incentives.** Based on the percentage of affordable units and the level of affordability (e.g., category 1 to 4), the City may grant the applicant incentives listed in subsection (B) of this section. The number of incentives increases as the percentage of affordable units increases as outlined in Table 10-30.20.040.A, Number of Incentives.

Table 10-30.20.040.A: Number of Incentives

Number of Incentives	Category 1 ¹ Permanent Affordability (% of Affordable Units)	Category 2 ¹ Permanent Affordability (% of Affordable Units)	Category 3 ¹ Permanent Affordability and Sustainable Building – Division 10-30.70 (% of Affordable Units)	Category 4 ¹ One-time Affordability (% of Affordable Units)
1	10%	10%	10%	10%
2	11%	12%	12%	
3	12%	14%	14%	
4	13%	16%	16%	
5 or more	14% or more	20% or more	20% or more	

End Notes

¹The income ranges associated with Categories 1 through 4 shall be determined by the Council in the most recently adopted IPAH document (see Appendix 6 (Additional Information on Affordable Housing)).

B. **Incentives Defined.** For the purposes of this division, developer incentives for affordable housing development are defined below.

1. **Resource Protection Standards.**

a. Where forest resources on a site overlap with steep slope resources, the forest resources in the steep slope area may be counted toward the required amount of forest resources for the whole site. (See Division 10-50.90, Resource Protection Standards.)

b. In addition, the forest resources that must be retained on-site in the Resource Protection Overlay (RPO) zone may be reduced for affordable housing developments based on the percentage of affordable units provided and the category of affordability. (Forest resource protection requirements are provided in Table 10-50.90.060.A, Forest Resource Protection Thresholds as a Percentage of Site Area, in Division 10-50.90, Resource Protection Standards.)

(1) The potential forest resource reductions for affordable housing are shown in Table 10-30.20.030.B, Reduction in Forest Resource Protection Thresholds for Affordable Housing Developments.

(2) For example, an affordable housing development in category 2 that provides 10 percent of the units as affordable could reduce the forest resource protection by 20 percent, so that 40 percent of the forest must be retained instead of 50 percent (i.e., the 50 percent requirement for forest resource protection [Table 10-50.90.060.A, Forest Resource Protection Thresholds as a Percentage of Site Area] is reduced by 20 percent).

(3) For categories 1 and 2, the forest resource reduction could be additive for a development, if the percentage of affordable units is met. Category 3 stands alone and cannot be combined with forest resource reductions in other categories. However, the maximum amount that forest resources may be reduced for an affordable housing development is 50 percent.

Table 10-30.20.040.B: Reduction in Forest Resource Protection Thresholds for Affordable Housing Developments

Category 1 ¹ (Permanent Affordability)		Category 2 ¹ (Permanent Affordability)		Category 3 ¹ (Permanent Affordability and Sustainable Building – Division 10-30.70)	
Percentage of Affordable Units	Resource Reductions	Percentage of Affordable Units	Resource Reductions	Percentage of Affordable Units	Resource Reductions
10%	25%	10%	20%	10%	25%
11%	30%	12%	25%	12%	30%
12%	35%	14%	30%	14%	35%
13%	40%	16%	35%	16%	40%
14%	45%	18%	40%	18%	45%
15%	50%	20%	45%	20%	50%

End Notes

¹ The income ranges associated with Categories 1 through 3 shall be determined by the Council in the most recently adopted IPAH document (see Appendix 6 (Additional Information on Affordable Housing)).

2. **Density Bonus.** Affordable housing developments may be eligible for a density bonus if at least 10 percent of the proposed units are affordable in compliance with Section 10-30.20.050, Density Bonus.

3. **Parking Incentives.**

a. The number of required parking spaces for affordable housing is reduced as specified in Table 10-50.80.040.A, Number of Motor Vehicle Parking Spaces Required; and

b. Modifications to parking requirements for affordable housing developments within one-quarter mile of a transit stop may be reduced up to 15 percent.

4. **Adjustment of Building Form Standards.**

a. Affordable housing can utilize Planned Residential Development (Section 10-40.60.280) in any zone to provide flexibility in the application of building form requirements and to increase the potential building types.

b. Minor modifications to building form standards for affordable housing developments (e.g., setbacks, height, coverage, area, lot size, or other lot requirements) may be modified up to 15 percent.

5. **Landscaping Standards Reductions.** Minor modifications to landscaping standards for affordable housing developments may be reduced by no more than 10 percent.

(Ord. 2016-07, Amended, 2/16/2016 (Res. 2016-02))

10-30.20.050 Density Bonus

A. An applicant may be eligible for a density bonus if at least 10 percent of the proposed units are affordable. The density bonus is an increase in residential units over the maximum residential density listed in the building form standards (Chapter 10-40, Specific to Zones). The units gained from qualifying for a density bonus can be rented or sold at market rates without affordability covenants or deed restrictions, as long as the proposed percentage of affordable units is satisfied.

B. The density bonuses apply to non-transect and transect zones.

C. In determining the number of density bonus units to be granted pursuant to this section, before the density bonus is added the maximum residential density for the site shall be multiplied by the percentage of density bonus listed in Table 10-30.20.050.A, Percentage of Affordable Units and Corresponding Density Bonus, based on the percentage of affordable units provided for each category. All density calculations resulting in fractional units shall be rounded to the next whole number. For example:

For a site that has a maximum density of 100 units and provides 12 units (12 percent) affordable to Category 2 households, the density bonus would be 22 percent. The density bonus would be calculated as: $100 \times 0.22 = 22$ units. The total units constructed would be 122 units (100 units + 22 density bonus units).

D. For Categories 1 and 2, the density bonus could be additive for a development, if the percentage of affordable units is met. Categories 3 and 4 stand alone and cannot be combined with density bonuses in other categories.

Table 10-30.20.050.A: Percentage of Affordable Units and Corresponding Density Bonus¹

Category 1 ² (Permanent Affordability)		Category 2 ² (Permanent Affordability)		Category 3 ² (Permanent Affordability and Sustainable Building – Division 10-30.70)		Category 4 ² (One Time Affordability)	
% of Affordable Units	% of Density Bonus	% of Affordable Units	% of Density Bonus	% of Affordable Units	% of Density Bonus	% of Affordable Units	% of Density Bonus
10%	20%	10%	15%	10%	25%	10% or more	5%
12%	23%	11%	18%	11%	28%		
14%	27%	12%	22%	12%	32%		
16%	32%	13%	27%	13%	37%		
18%	37%	15%	32%	14%	42%		
20% or more	45%	20% or more	40%	20% or more	50%		

End Notes

¹The percentages provided in this table represent the City’s expectation for affordable housing units and associated density bonuses. The density bonus percentages may be increased or decreased by as much as 3% by the Director; provided, that an applicant can justify in writing that a proposed development provides comprehensive overall community benefits beyond those provided by the additional provision of affordable housing units.

²The income ranges associated with Categories 1 through 4 shall be determined by the Council in the most recently adopted IPAH document (see Appendix 6 (Additional Information on Affordable Housing)).

(Ord. 2016-07, Amended, 2/16/2016 (Res. 2016-02))

10-30.20.060 Appeals

Any person, firm, or corporation aggrieved by a decision of the Director regarding a requested incentive may file an appeal as specified in Section 10-20.80.030, Appeals of Permits and Other Approvals.