

## Mixed-Income Housing Policy in the Twin Cities

Mixed-income housing policy, also known as inclusionary zoning (IZ), requires developers to build a percentage of housing units within market-rate developments that are affordable to low- or middle-income households. In recent years, such housing policies have been adopted by some Twin Cities metro area cities as one tool for increasing the supply of affordable housing units in their communities. This document offers a comparison of the existing policies for the cities of Bloomington, Edina, and Minnetonka as they apply to rental housing developments.



POLICY FEATURE	CITY OF BLOOMINGTON	CITY OF EDINA	CITY OF MINNETONKA
Policy Trigger	Developments with 20 units or more	YES construction or rehab that includes 20 units or more AND if the development requires a zoning change or a comprehensive plan amendment or city financing is involved	YES if the development is new construction or rehab that includes 10 or more units AND if the development requires a zoning change or a comprehensive plan amendment or city financing is involved
Affordability Requirements	9% of units affordable at 60% area median income (AMI) or below	20% of total project units at 60% AMI or 10% of total project units at 50% AMI	New construction or rehab only (NO zoning changes, comprehensive plan amendment, or city financial assistance): 5% at 50% AMI Zoning change or comprehensive plan amendment: 10% at 60% AMI and 5% at 50% AMI City financing: 20% of units affordable at 50% AMI or 40% of units affordable at 60% AMI
Affordability Term	20 years	20 years	30 years
Opt-Out (Alternatives)	<ol style="list-style-type: none"> <li>1. New construction off-site</li> <li>2. Payment-in-lieu of units developed based on leasable square feet of market rate area; \$9.60 per livable square foot paid prior to certificate of occupancy of development</li> <li>3. Payment-in-lieu assigned to another development equal to 20% affordable at 60% AMI</li> <li>4. Dedication of land – value <math>\geq</math> payment-in-lieu amount</li> </ol>	<ol style="list-style-type: none"> <li>1. New construction at a different site</li> <li>2. Cash payment fee of \$100,000/unit to the city in lieu of units; dedication of existing units equal to 110%, must be equivalent quality</li> <li>3. Participation in construction of affordable units by another developer within the city</li> </ol>	Waivers may be granted on a case-by-case basis to developers who provide evidence of extraordinary costs that prohibit the inclusion of affordable units
Cost Offsets (granted on a case-by-case basis)	Density, floor-area ratio (FAR), or height bonuses; parking reduction; enclosed parking space conversion allowance; reductions in unit size or storage space; alternative exterior materials; development fee deferments or reimbursements; expedited plan review; land write down on city-owned land; housing TIF; project-based vouchers	Density bonus, reduced development requirements, housing TIF, property tax abatement, deferred low-interest loans from Edina HRA or Edina Housing Foundation	Not specified in the written policy, but may be offered on a case-by-case basis
Other	Bloomington offers IZ unit occupants assistance for up to 2 years if their income decreases; tenants whose incomes increase to 140% or less of AMI may remain in units for up to 5 years	Edina employs a dedicated affordable housing administrator who also is affiliated with the Edina Housing Foundation. Cities might want to consider whether there exists an opportunity to partner with a community foundation to help meet their program administration needs	Owners and managers of units produced as a result of this policy must not discriminate against tenants who can pay their rent with federal, state, or local public assistance, including, but not limited to, rent supplements and Housing Choice Vouchers
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