

# Fair Housing Workgroup: Inclusionary Zoning Draft Proposal

## **BACKGROUND**

C.G.S. 8-2i authorizes municipalities to enact inclusionary zoning by the authority of their local governing boards. Inclusionary zoning is an ordinance or regulation that requires a certain percentage of units in a newly constructed housing development—either single family or multifamily developments—to be set aside as affordable to persons of low and moderate income. The affordability of the units are guaranteed through deed restrictions, covenants, or other means. The statute, as it is currently written, authorizes municipalities to award density bonuses to developers, in exchange for requiring affordable units, and also allows developers to pay into a housing trust fund in lieu of setting aside affordable units in a development.

## **SUMMARY**

The draft proposal rewrites the existing statute and makes inclusionary zoning a mandatory zoning requirement in every municipality across Connecticut—with exceptions and waiver provisions based on opportunity areas.

- **“Median income” definition** — The definition for “median income” is updated to mean the “lessor of” the area median income or state median income.
- **Density Bonuses** — A “density bonus” definition has been incorporated into the definition of “inclusionary zoning”. Upon approval of the development by the local body, the zone shall be eligible for not less than a 25% bonus in permitted density.
- **“New multifamily housing development” definition** — We’ve this definition for clarity, and ensured that this IZ proposal only applies to 10+ unit developments and will not apply to detached single family homes.
- **Original language** — We’ve maintained some of the original language in C.G.S. 8-2i; to ensure that municipalities have flexibility when it comes to their ability to enact other zoning provisions which encourage the development of affordable housing.
- **12% of units required to be affordable** — The affordable, set-aside is 12%. The set-aside units must be reserved at or below 60% of AMI/SMI—with at least 3% of the total units in the development set-aside at or below 30% of AMI/SMI.
- **Exemption Language** — In the exemption provision, we did not include the “Pay-in-lieu” language. This means that developers will not be allowed to pay into a municipal housing trust fund, in lieu of setting aside affordable units. The exemption does include “supportive housing,” “assisted living facilities,” and developments with <10 units. Two major pieces are blanket exemptions for developments located in “distressed municipalities” as well as developments in “very low opportunity” and “low opportunity” census tracts.
- **Waiver Provision** — We’ve included a waiver provision. In this version, a development which is located in a census tract that qualifies as “moderate opportunity,” “high opportunity,” or “very high opportunity” can be issued a waiver. The Commissioner of Housing may issue such a waiver on a case-by-case basis if he or she has received a feasibility study from the developer that demonstrates the affordable set-aside provision would render the developer financially infeasible.

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- **Financial Assistance** — The DOH Commissioner is empowered to set aside funding within available resources for these units. We've drafted these financial incentives to be similar in scope to the Incentive Housing Zone statute, which allows the DOH Commissioner to provide up to \$2,000/unit to a developer to off-set the cost associated with deed-restricting the housing units.
- **Impact on Other Statutes** — We've included clarifying language to ensure this statute does not limit or supersede the zoning authority afforded to municipalities in other areas of the general statutes.