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Title: Discussion of Possible Incentive Program for Development of New Affordable and Workforce Housing as Recommended by the Housing Commission (2/26 WS)

Sponsors: Tom Marsh, Kathleen Sauseda

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5/14/2019	1	Work Session	acknowledged	
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DATE: May 1, 2019

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Vernon Gerth, Assistant City Administrator - Community/Economic Development
Tom Marsh, Building and Neighborhood Services Director
Kathleen Sauseda, Housing Development Coordinator

SUBJECT:
Discussion of Possible Incentive Program for Development of New Affordable and Workforce Housing as Recommended by the Housing Commission (2/26 WS)

Purpose

The purpose of this memorandum is to provide information to the Board of Mayor and Aldermen (BOMA) concerning establishment of an incentive program that will encourage the development of affordable/workforce housing in the City of Franklin.

Background

The Board of Mayor and Aldermen has recognized the positive impact affordable and workforce housing has on the Franklin community by helping to provide safe, secure housing for people of all income levels. Accordingly, the Board requested the Housing Commission study and propose an incentive program to encourage both non-profit and for-profit developers to build new affordable housing units.

It has been suggested that development impact fees are a barrier to the development of affordable or

workforce housing within the City. Through significant discussion, the Housing Commission decided to propose an incentive to address impact fees. The Housing Commission recommends that the City provide funds to pay Road and Parkland impact fees applicable to construction of new housing units that meet certain criteria. The primary criteria to qualify for the incentive would be the sales or rental price of the new dwelling unit and long-term deed restrictions that would keep the price of the home at an affordable level for a designated period.

Using a four-person household as an example, the initial sales price of a home would currently be a maximum of \$248,000. The monthly rent for a 2 BR unit could not exceed \$1,002. These prices would be deemed affordable to a household earning eighty (80%) of the median income for the Metropolitan Statistical Area.

The Housing Commission recommends that funds be appropriated for the program from the General Fund through the budget process. The funds would be set aside on an annual basis, but only expended as eligible projects are brought forward, applications approved, and construction started.

Financial Impact

The Housing Commission recommends the Board make an initial appropriation of one-million-dollars (\$1,000,000.00) from the General Fund for the proposed program. This amount would pay the Road and Parkland Impact Fees for up to 78 single family homes. Ongoing funding for the program would be requested through the budget process each year.

Recommendation

The Housing Commission voted to recommend this incentive program to BOMA. If the Board supports this recommendation, the Commission will work with City staff to complete details of the program and bring forth amendments to the Municipal Code to enact the program.