



OXFORD

PLANNING
DEPARTMENT

Memorandum

To: Mayor and Board of Aldermen
From: Judy Daniel, AICP, Director of Planning
Date: June 19, 2018
Re: First Reading - Affordable Housing Incentives Ordinance

Comments: As one step, and as a first step, toward increasing the supply of housing available to Oxford residents who are finding it difficult to afford “market rate” housing, the attached ordinance will provide incentives to encourage such housing options on a limited basis. These incentives are geared to help developments that will offer housing affordable to those whose annual household income is at 60% to 80% of the area median income (AMI), as adjusted annually by the United States Department of Housing and Urban Development. The AMI is a standard measure of determining those who face housing stress because the market is not providing options that work for their income levels.

In Oxford, a large percentage of our workforce falls into this category; as the majority of rental and for sale housing offered is either specifically for students (the “purpose built student housing” model that rents “by the bedroom”); or for higher income groups. The City is committed to finding incentives that will encourage a broader range of housing options for its residents.

Other measures will be needed, and modifications will likely be required, as this concept is refined. These will be considered in coming months; but this is an important first step that will hopefully spur some developers to build rental or for sale housing (attached, detached, or multi-family) that is affordable and will remain affordable for a sufficient amount of time to warrant this commitment by the City.

Recommendation: Staff recommends adoption of these incentives.

(Ordinance 2018-)

ORDINANCE ESTABLISHING OPTIONAL INCENTIVES FOR AFFORDABLE HOUSING DEVELOPMENT IN THE CITY OF OXFORD

BE IT ORDAINED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF OXFORD, MISSISSIPPI AS FOLLOWS:

SECTION I. Whereas the City of Oxford wishes to support and encourage the construction of housing affordable to those residents in our workforce finding it difficult to secure market rate housing to buy or rent, and

Whereas certain costs related to the development process are eligible for reduction at the discretion of the Mayor and Board of Aldermen;

Therefore, the following incentives may be extended to developments proposing housing that will serve these populations – at the discretion of the Mayor and Board of Aldermen, upon recommendation from the Planning Commission. Such incentives will be weighed individually for each project based on its merits related to the percentage of affordable housing offered, the affordability level of the housing, the location of the project, or other standards peculiar to the project or the location that are deemed important factors.

These incentives shall be available for development that offers rental or for sale housing that is affordable to those with household incomes below 80% of the standard area median income [as defined by HUD]. This is a standard method of calculating populations facing housing challenges. The most recent AMI (provided by HUD) will be used in the assessment. The schedule for the incentives shall be:

- Developments offering 100% of their units to be affordable as defined above may receive up to 100% of the incentives if the units will remain affordable for a minimum of 15 years, 75% if they remain affordable for 10 years – with a minimum 10-year affordability requirement. The method to guarantee affordability must be presented and approved.
- Developments offering percentages of units affordable below 100% will be considered for incentives equivalent to the percentage of affordable units offered, with a minimum of 50% required for consideration – if the units are to remain affordable for 15 years. The percent of incentives offered will be reduced by another 5% if the units are to remain available for 10 years – with a minimum 10-year affordability requirement. The method to guarantee affordability must be presented and approved.

SECTION II. INCENTIVES

The incentives that may be offered shall include:

1. **Reduction or Elimination of City Fees** – The waiver or reduction of city permit fees is commonly used incentive to support affordable and workforce housing. A partial or full waiver may be offered, related to the characteristics of the proposed development.
 - Plan Review Permit Fees
 - Variance and Special Exception Review Fees
 - Building permit Fees
 - Water Connection Fees
 - Sewer Connection Fees

2. **Bonding** - Oxford's bonding requirements are intended to make the developer pay money in case the developer goes out of business and the City has to sod the dirt. It is basically insurance that could be waived if the developer has a good reputation in doing prior work with the City and has been found trustworthy.

3. **Tree Mitigation** – The Tree Mitigation requirement could be reduced or eliminated. Alternatively, if the Tree Escrow Fund governance can be modified to allow its use on private property for a use which is found to have an important public purpose, the tree mitigation money could be used to plant trees required to meet Tree Mitigation requirements.

4. **Stormwater and Other Utility Requirements** – Mississippi developments must construct storm water and utility infrastructure to standards set by MDEQ, but Oxford has substantially higher standards. On sites where Stormwater runoff is unlikely to be a substantial problem, the City standards could be reduced to meet just the MDEQ standards. Also, the City could choose to pay for any required Lift Station Upgrades necessary for the development.

Section III. EFFECTIVE DATE

All ordinances shall take effect and be in force as provided by law.

The above ordinance having being first reduced to writing and read and considered section by section at a public meeting or the governing authorities of the City of Oxford Mississippi on motion of Alderman _____, seconded by Alderman _____, and the roll being called, the same by the following votes:

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| Alderman Addy | voted |
| Alderman Huelse | voted |
| Alderman Antonow | voted |
| Alderman Howell | voted |
| Alderman Taylor | voted |
| Alderman Bailey | voted |
| Alderman Morgan | voted |

APPROVED, this day the _____ of _____, 2018.

ROBYN TANNEHILL, MAYOR

ASHLEY ATKINSON, CITY CLERK