

# **INCLUSIONARY ZONING PROGRAM POLICY AND PROTOCOLS**

**Adopted by the Inclusionary Zoning Oversight Committee: September 21, 2007**

## **Contents:**

### **Part I: INCLUSIONARY DWELLING UNITS AND PLANS FOR DEVELOPMENT**

- A: Application, Meetings, and Definition of Terms**
- B: Revenue Gap Offsets Analysis**
- C: Waiver Standards and Process**
- D: City Monitoring of Compliance with the Plan**

### **Part II. ELIGIBLE BUYERS**

- A: Families and Households**
- B: Non-profit Agencies**

### **Part III: PRICE, PURCHASE AND REALES OF INCLUSIONARY DWELLING UNITS**

- A. Initial Sales Price**
- B. Refinancing**
- C. Foreclosure**
- D. Resale**
- E. Sales Procedures and City's Option to Purchase**

### **Part IV: CITY PLAN FOR PURCHASE OF INCLUSIONARY UNITS**

### **Part V: ANNUAL REPORT**

Note: This is an amended version of the "Policies and Protocols" Document adopted by the Council on January 2, 2007, and incorporates the ordinance revisions adopted by the Common Council on July 13, 2006. This document clarifies current policies of the inclusionary dwelling unit program, and should be read in tandem with the Inclusionary Dwelling unit ordinance and other documents to be found on the IZ web site at [www.cityofmadison.com/cdbg/iz](http://www.cityofmadison.com/cdbg/iz). The Inclusionary Zoning Oversight Advisory Committee will continue to review and improve the policies as it monitors the experience and effectiveness of the program.

## **INTRODUCTION:**

On October 3, 2006 the Common Council of the City of Madison created an Inclusionary Zoning Oversight Advisory Committee by adoption of resolution id #04568, and delegated additional charges by adoption of resolution id #04926 accepting changes in the policies document. The purpose of the Committee is to:

- a) Evaluate housing needs studies;
- b) Evaluate gap analysis and waiver methodologies;
- c) Revise the policies document;
- d) Make recommendations regarding the marketing of the program;
- e) Seek public input and make recommendations for improvement in the program; and
- f) Report annually in July to the Common Council.

## **Part I: INCLUSIONARY DWELLING UNITS AND PLANS FOR DEVELOPMENT**

### **A: POLICIES RELATED TO THE DEVELOPER'S APPLICATION, THE INCLUSIONARY DWELLING UNIT PLAN, AND DEFINITIONS OF THE INCLUSIONARY DWELLING UNIT.**

In order to facilitate the development and sale of inclusionary dwelling units, the City will publish information needed for developers, lenders, realtors, and buyers of inclusionary dwelling units, and maintain this information on a web site ([www.cityofmadison.com/cdbg/iz](http://www.cityofmadison.com/cdbg/iz)). The “developers’ toolbox” will include these policies and other items, such as expected sales prices, a chart of the development review process, sample forms and documents, and other items that may help developers and buyers in understanding or using the City’s inclusionary zoning program. This “Policies” document has been reviewed and approved by the IZ Oversight Committee.

#### **1. Application Submittal Requirements**

- a. The Developer/applicant shall submit an Inclusionary Dwelling Unit Plan to the Director of the Department of Planning and Community & Economic Development (hereafter the “Department”) concurrent with the submittal of any other application required by M.G.O. Chapter 28 or any other applicable City ordinance. The City may reject the inclusionary dwelling unit plan if the proposal is incomplete, based on the information listed in 1b).

City staff shall send a copy of the proposed plan (including the proposed offsets) to the neighborhood association registered with the City of Madison for the area in which the development is proposed, if any, and to the alderperson for said area.

- b. The developer will provide the following materials as part of the general application and the Inclusionary Dwelling Unit Plan:
  1. Statement describing the general character of the intended development.
  2. Description of the total number of inclusionary and market-rate dwelling units that will be constructed, and the breakdown of unit size by number of bedrooms;
  3. Projected sales prices and targeted Area Median Income range for the inclusionary dwelling units, and a statement of the market value of the inclusionary units.
  4. Offsets sought from the City for the construction of the inclusionary dwelling units.

**Note:** The applicant/developer may submit a proposal seeking alternatives to on-site inclusionary dwelling units, including assignment of responsibility for inclusionary dwelling units, off-site units, and cash payment in lieu of producing the units or some

combination of on-site, off-site, and cash payments. An applicant developer/developer may also seek a reduction in the proposed percentage of inclusionary dwelling units if they meet the requirements of “financial infeasibility”. (See Section C: Waiver.)

5. Physical plan or sketch of the proposed project showing sufficient detail to make possible the evaluation of the approval criteria, including the arrangement of buildings and their architectural character, and the location and distribution of the inclusionary dwelling units throughout the development.

6. General outline of the intended organizational structure, agreements, bylaws, deed restrictions or covenants related to the property owners’ association, condominium association or homeowners association, if applicable:

7. Identification of the current owner, the proposed developer, and any entity that has an option to purchase or contractual interest in the property that is the subject of the application.

8. Construction schedule indicating the approximate dates when construction of the project and each of its phases can be expected to begin and be completed, and within each phase the schedule for completion of the inclusionary dwelling units.

9. Legal description of the property.

Note: It should also be noted that depending on the type of development approval requested, the level of detail for each of the items above might vary. For example, when the application submitted involves a plat and a zoning map amendment, depending on the type, the applicant may have insufficient information to fully comply with the submittal requirements. In these cases, the City will require compliance by recording deed restrictions against the lots rezoned and platted, with revisions to be made during the final land use approval process. The deed restrictions shall require compliance with the inclusionary zoning ordinance prior to City issuance of other permits, and will not be satisfied until the future land uses restriction agreement is recorded according to the revised final land use approvals.

## **2. Developer meetings with City staff regarding the Inclusionary Dwelling Unit Plan.**

The developer should discuss or meet with the Community Development Block Grant Office staff (hereafter referred to as Community Development) to review the inclusionary zoning plan or other related issues prior to the submission of an inclusionary dwelling unit plan.

## **3. Definition of Terms**

The City will use the following definitions in its review of the application and inclusionary dwelling unit plan.

### **“Bedroom” as Distinct from a “Den”**

The City shall use the definition of a ‘bedroom’ by the minimum bedroom standards as required by the State of Wisconsin Building Codes, as indicated at SS and. MGO 24.... Factors to be considered include lighting, ventilation, and closets, and the Director of the Neighborhood Preservation and Building Inspection Division shall be the local authority on whether a room qualifies as a ‘bedroom’ for the purposes of these policies.

### **“Contiguous” Parcel (Section (26(c) 1 and 2)**

The city shall use a definition to include common ownership or substantial ownership participation by the same person or entity, of adjacent parcels or parcels even if separated by an alley, easement or street. “Ownership” includes land contract interests as well as fee simple ownership.

### **Covered Developments**

If an applicant seeks an amendment to an approved Planned Unit Development General Development Plan at the time the Specific Implementation Plan is submitted, then the Specific Implementation Plan will be subject to the inclusionary zoning requirements, provided that there

is an increase in the number of dwelling units proposed or other modifications deemed to be major amendment by the Director of the Department. Factors considered in determining if a change is a minor alteration or a major amendment include:

- a) Increase in the number of dwelling units.
- b) Change in the mix between owner and rental housing,
- c) Major alterations to the street layout, the size and height of buildings, the size of lots and their location and the provision of public parklands and their locations.

However, if these modifications are consistent with the goals of the General Development Plan they shall not be considered major amendments to the General Development Plan. Small changes, such as changes in the address numbering system or the location of a small number of inclusionary units, may be approved through the minor modification process with the approval of the alder and Director of the Department

### **Family**

The inclusionary zoning ordinance is part of a broader City Ordinance M.G.O. 28 that defines ‘family’ in part as “an individual, or two or more persons related by blood, marriage or legal adoption, living together as a single housekeeping units in a dwelling unit. (See M.G.O. 28.03 for complete definition).

### **Similar**

In the Inclusionary Zoning Ordinance, the word “similar” is used to compare the market rate and inclusionary dwelling units in terms of the: appearance of inclusionary dwelling units, the proportion of attached and detached units to be provided, the mix of units based on number of bedrooms, the proportion of rental and owner-occupied units, and the dispersion of units throughout the development. For the purpose of this ordinance, the term similar shall mean that the inclusionary dwelling units must be comparable to the market-rate units in all respects under each of these sections of the ordinance, unless approved as part of the Revenue Offset/Gap Analysis or Waiver. The Inclusionary Dwelling Unit Plan must document how the proposed development will comply with the provisions of the ordinance.

The physical exterior appearance of inclusionary dwelling units shall be similar to the market-rate units. Staff will use the type of building materials provided on the market-rate units and the inclusionary dwelling units to determine whether this requirement has been met. All architectural details will be included in this review, including entrance doors, lighting, window trim, siding, roof materials, front porches, columns, fascia and soffits.

### **Similar Schedule**

The City will use this term to indicate that the pace of the construction of inclusionary dwelling units will be defined by the mix of inclusionary zoning and market rate units in each phase in which construction has begun according to the approved plan.

### **Square Footage of Units**

The City will use the gross square footage (minus the garage, attic, and unfinished basement) to calculate the minimum dwelling size of inclusionary dwelling units

## **B: REVENUE GAP OFFSETS ANALYSIS**

The City requires a developer to provide 15% of the dwelling units as affordable units. The developer may seek City approval of some combination of on-site inclusionary units, off-site inclusionary units, and in-lieu payments sufficient to balance the offsets offered by the City, if the

offsets do not cover at least 95% of the revenue differential gap as defined by the City during the revenue gap offset analysis process.

If the City agencies recommend against the approval of any offsets sought by the developer under this ordinance, the agency shall provide in writing the reasons for their recommendation.

The offsets may include such items as added density, extra floors, cash subsidy, park fee and park development credit, and expedited decision processes.

For the purposes of establishing an inclusionary zoning revenue gap, the City will use the following policy assumptions in the calculation of the 'Revenue Gap Offset Analysis':

1. Land as percentage of value: The City will use the following as a simplified method to value the cost of developed land: 21% of the projected sales price (or appraised value) for each additional bonus dwelling.
2. Margin on bonus unit: The City will use the assumption of 11.5% as the development's 'margin' for purposes of the gap/offset model.
3. Sharing of margin: The City will use the assumption of sharing the margin in the added density on a 50/50 basis with City and Developer, since both parties contribute to the added value of the margin.

If the analysis shows that the value of the offsets exceeds that of the revenue gap by 10%, the Plan Commission shall use the following procedure to prioritize the evaluation of incentives for potential removal:

1. Incentives for cash offsets (M.G.O. 28.04 (d) 2 e and f) will be reduced and park development fees will be restored to the point that the offsets cover no more than 105% of the revenue differential.
2. The Plan Commission will evaluate the following offsets to determine if they should be reduced or if the offsets should stay in place beyond 105% of the revenue differential because they achieve other goals of the City, and do not create excessive costs for the City of Madison:
  - a. Park Dedication requirements (MGO 28.04 (d) 2.c.)
  - b. Parking requirements (MGO 28.04 (d) 2.d)
  - c. Additional Story in downtown design zone (MGO 28.04 (d) 2.g)
  - d. 20% Inclusionary zoning free zones (MGO 28.04 (d) 2.h. and i.)
  - e. Residential parking permits (MGO 28.04 (d) 2.k)
  - f. Advanced neighborhood planning (MGO 28.04 (d) 2.n)
  - g. Expedited review (MGO 28.04 (d) 2.m)
  - h. Shifting commercial uses to residential (MGO 28.04 (d) 2.n.)
  - i. Reduced street widths (MGO 28.04 (d) 2. o)
  - j. Other (MGO 28.04 (d) 2.p.)
3. The density bonus (MGO 28.04 (d) 2.a.) and Inclusionary Zoning shift from single family to multi-family (MGO 28.04 (d) 2.j. offsets shall only be reduced in cases where they conflict with adopted City Plans or other stated City goals.

If the developer plans to provide inclusionary dwelling units off-site, the developer shall provide the units within one year of the date when they would have otherwise been provided consistent with the phasing approved in the Inclusionary Dwelling Unit Plan and the provision of off site units shall be proportional to the construction of the market units.

### **C: WAIVER STANDARDS AND WAIVER PROCESS POLICIES**

In developments where the revenue gap offset analysis shows that the City offsets do not cover at least 95% of the revenue differential, and where providing the inclusionary dwelling units on-site, off-site or a payment in lieu would still render providing the inclusionary dwelling units “financially infeasible” according to adopted City standards, a developer may request a waiver to reduce the percent or number of inclusionary units to the point where the project becomes financially feasible.

The developer must request a waiver as part of the submittal of the inclusionary dwelling unit plan or its revisions, and provide evidence regarding why this request for a waiver should be granted.

The City shall restrict or deny access to any record, as that term is defined under sec. 19.32(2) of the Wis. Stats., or portion of a record submitted to the City under MGO 28.04 if the applicant identifies the information as being confidential, and

- (a) The record contains information that is competitively sensitive to the person submitting the record requested and
- (b) The City determines that restricting or denying access to the record or portion of a record outweighs the public interest in full access to the record or portion of the record involved.

Community Development Office staff will analyze this evidence and make a recommendation to the Plan Commission as to whether to grant a waiver as part of the Inclusionary Dwelling Unit Plan review.

Staff will select the offsets that the developer will use to base the claim of financial infeasibility and staff will select the combination of reduction alternatives (on-site, off-site or payment in lieu) for the purpose of the waiver analysis

The Plan Commission shall review the developer evidence, staff recommendations, and testimony taken at a public hearing to review a waiver request.

If the project meets the threshold criteria, and the revenue gap and the gross profit margin differential can be demonstrably linked to one of the criteria A through D outlined below, the Plan Commission may determine that all or part of the inclusionary dwelling unit component of the project is “financially infeasible” at the ordinance goal of 15% of the project’s units. If the Plan Commission makes such a finding, the Plan Commission may reduce the number of inclusionary dwelling units (on-site, off-site or payment in lieu) that must be achieved to the point where the project becomes financially feasible, according to the adopted City standards.

The Plan Commission shall consider the following in recommending a reduction in the required percentage of inclusionary units or their alternatives:

- A) Projected resident condo fee on the inclusionary dwelling unit, in addition to the regular payments for mortgage, taxes, and insurance would substantially exceed the inclusionary dwelling unit affordability standards of 30% of income due to high condominium fees; or,
- B) Site development costs of the project (excluding land acquisition costs) involve extraordinary site development costs such as contaminated soil or water drainage issues; or,
- C) Estimated marginal costs of on-site inclusionary dwelling units exceeds the overall revenue added to the total development through the value of the offsets provided by

- the City, including such items as added density, cash subsidy, park fee and park development credit, or expedited decision processes, or
- D) Acquisition and site development costs associated with sites available on the market or available to the developer cost more than the on-site project and exceed the value of the offsets offered by the City. Furthermore the developer must demonstrate a good faith effort to contact other developer/builders and arrange for the assignment of the obligation to provide the targeted number of comparable inclusionary dwelling units within the time frame outlined in the ordinance.

If the Plan Commission or Common Council denies an offset as part of the Inclusionary Dwelling Unit Plan, for which the developer is eligible under City ordinances and for which the City staff has recommended adoption, the Plan Commission or Common Council shall grant a reduction in the number of the inclusionary dwelling units to a point that makes the provision of inclusionary dwelling units feasible.

Once the Plan Commission makes its determination, the developer can either agree with the determination or appeal the determination to the Common Council. The Common Council will consider the evidence that was put before the Plan Commission and decide whether to confirm the Plan Commission determination or not. If the Common Council does not confirm the Plan Commission determination the Council can make its own determination or refer the decision back to the Plan Commission for reconsideration.

Regardless of whether the Common Council confirms or modifies the determination of the Plan Commission, the developer can appeal to the Circuit Court.

#### **D: CITY MONITORING OF INITIAL DEVELOPER COMPLIANCE WITH THE INCLUSIONARY DWELLING UNIT PLAN**

The City will monitor the construction phases of the overall development, to verify progress in accordance with the zoning requirements, the Inclusionary Dwelling Land Use Restriction Agreement, and the subdivision improvement contract, where applicable. This monitoring shall include on-site visits as necessary. The Inclusionary Dwelling Land Use Restriction Agreement enforcing the City Council-approved Inclusionary Dwelling Unit Plan shall define the threshold requirements to move forward with each phase and shall outline requirements to be fulfilled prior to moving to the next phase of the development. The City may negotiate either deed restrictions or options to purchase undeveloped lots as a way to guarantee developer compliance with later phases of the Inclusionary Dwelling Unit Plan, but shall not impose a performance bond or letter of credit for such guarantee. If the inclusionary dwelling units are not built according to the approved Inclusionary Dwelling Unit Plan, the City may withhold approval of construction of the remainder of the project until the inclusionary dwelling units are provided or the marketing requirements are met.

The City will consider each phase that has been initiated when making a determination as to whether the developer is providing the appropriate proportion of inclusionary dwelling units and market rate units consistent with the approved plan. Any lots owned by the City will be considered complete regardless of the status of construction. The developer shall be responsible for guaranteeing that the units are provided as consistent with the Inclusionary Dwelling Unit Plan, including lots no longer under ownership by the developer.

The City may audit some inclusionary dwelling units on an annual basis to confirm that the household qualifying at the time of the last sale is indeed the occupant of the premises.

## **Part II: ELIGIBLE BUYERS**

Under the terms of the ordinance, the City uses the term “family” to include households of one person as well as households of two or more people.

### **A: “FAMILIES” AND HOUSEHOLDS**

Annually, the Department will issue income guidelines associated with inclusionary dwelling units. These guidelines will publish the income levels by family size, note the comparable dwelling unit size to be associated with each family size solely used to determine the sales price as defined in MGO 28.04(26)(e)2, and articulate the method for calculation and documentation of income. The City will use Areas Median Income (AMI) data provided by the Federal Department of Housing and Urban Development (HUD) as the figures for the standard metropolitan area.

A certifying agency (developer, non-profit agency, or developer agent) may use either a) gross income from the previous tax year, or b) projected income for the current tax year based upon current earnings to qualify a family for purchase of an inclusionary dwelling unit.

The certifying agency shall include the household income of the parents, guardian or a trust for purposes of determining income eligibility of any person who is dependent for more than half of their income on their parents, guardian or trust.

The certifying agency shall collect documentation that includes a copy of the filed income tax forms from the previous year, or three current wage receipts, depending on the method used to qualify the family for eligibility.

The City will expect the certifying entity to collect and retain the documents needed to establish eligibility for at least a three-year period starting from the date the family receives an accepted offer for the inclusionary dwelling unit home.

### **B: NON-PROFIT AGENCIES**

The City will recognize a non-profit agency as an ‘income eligible family’ upon official review of the non-profit agency’s application to the Community Development Office for certification, and the determination that it meets the following conditions:

- a) Registered and in good standing with the State of Wisconsin as a not-for-profit organization with affordable housing as a stated objective;
- b) Applied for, and received Federal tax-exempt status;
- c) Demonstrates two years of continuous operation in housing development, property management or housing counseling;
- d) Commits to providing a full accounting of its finances either through an annual audit or a public financial statement;
- e) Demonstrates willingness to enter into an option to purchase with the City to provide affordable housing under the terms of the ordinance; and.
- f) States its intention to either rent or purchase an inclusionary dwelling unit for the purpose of renting or selling the unit itself to an income-eligible family.

A non-profit agency may apply to the Community Development Office for City certification as an income-eligible family at any time during the year, but need become certified only once unless it changes its basic qualifying characteristics.

Note: The ordinance named the Madison Community Development Authority as an “eligible family” for the purposes of the inclusionary zoning ordinance.

### **Part III: SALES PRICE, PURCHASE, RESALE AND REFINANCING POLICIES FOR INCLUSIONARY DWELLING UNIT OWNERS**

#### **A: INITIAL SALES PRICE TARGETED FOR OWNER UNITS**

The City will calculate the maximum household share of the sales price of the inclusionary dwelling unit based upon the average household’s ability to pay 30% of their family income for principal, interest, taxes, insurance, and, if applicable, homeowner or condo fees. The City will base this calculation on the following sources:

- 1) Applicable family income by household size, using HUD area median income figures
- 2) Principal and interest: average 30-year mortgage low rate published by Freddie Mac each January 1, April 1, July 1, or October 1 or soon thereafter;
- 3) Calculation of taxes based upon the average fair market value, as determined by the City Assessor using the mill rate set annually as of January 1 of each calendar year;
- 4) Calculation of insurance for a similar size and type of property, as determined by the City Risk Manager x/\$1000, or as adjusted by staff for specific developments based on insurance coverage included in the condominium or resident association fee.
- 5) 5% down payment and the correlating private mortgage insurance
- 6) Condo or homeowner resident association fee (excluding any component already covered above) that is applicable to the inclusionary dwelling unit home, (such as building structure insurance if included in the condo fee). Condo fees will only count for the portion of the condo fees that are for housing costs as defined in the ordinance, and exclude such items as maintenance fees or utilities or supportive services for the resident. Homeowner association fees for detached housing will be counted as housing costs.

In determining the initial sales price (and later sales price) of a home, the City will use the definition of dwelling unit in Chapter 28 that includes a full kitchen facility (including at a minimum a stove and refrigerator) in the targeted sale price of the unit. The costs of additional appliances, a higher level of finish or landscaping, or optional upgrades, (such as an additional parking stall in a condo development where the parking is sold separately for non-IZ units) and that may increase the purchase mortgage amount, shall not be considered as part of the IZ target price.

#### **B: REFINANCING**

For inclusionary dwelling units where the owner wishes to refinance the property, the owner will notify the Director of the Department or assignee of the amount and term, the interest rate, the refinancing fees and the lending institution that will approve the terms of the refinance agreement.

If there is a refinance where the homeowner does not withdraw any equity from the home, the Director of the Department must be notified. If there is a refinance where the homeowner does withdraw equity, the Director of the Department shall determine if the homeowner has sufficient equity to offset the refinance amount and any related costs, will inform the lending institution the maximum amount of equity available to the homeowner, and approve such a request. It is the seller’s responsibility to provide proof of improvement equity if they want to receive improvement equity.

### **C. FORECLOSURE**

In case of foreclosures involving an inclusionary dwelling unit, the City will review the notice of foreclosure required of the family by the City's exclusive option to purchase agreement. The Community Development staff would determine whether to exercise its option to buy or transfer the property to the City of Madison Community Development Authority or a non-profit agency, or forego its interest in the property, based upon the criteria in E. The City's lead contact shall be the Community Development Office.

### **D. RESALES**

The seller of an inclusionary dwelling unit, where the City (and its assignees) has refused to exercise its option to purchase, must sell the unit/property at no less than the assessed value to a bona fide disinterested party, unless the seller receives a written determination from the Director of the Division of Economic and Community Development that the inclusionary dwelling unit could be sold at less than current City assessed value. These circumstances will be narrowly confined to cases of hardship for the seller, such as short-notice job transfers outside of Dane County, a sudden drop in value not recognized in the official Assessor's figures, or unanticipated events outside of the control of the seller (such as rising medical bills).

### **E. SALES PROCEDURE AND CITY OPTION TO PURCHASE**

The City shall exercise its option to purchase an inclusionary dwelling unit offered for resale unless one of the following occurs:

- a) The value of the city's share of equity in the inclusionary dwelling unit is less than 95% of the funds needed to keep the unit affordable to the subsequent buyer at the same AMI% as the current owner. Or
- b) The value of the City's share of equity in the inclusionary dwelling unit is at least 95% of the funds needed to keep the unit affordable to the subsequent buyer at the same AMI% as the current owner, but existing funding sources are insufficient to cover the shortfall amount needed, or
- c) The home is nearing the end of its useful life or the physical condition of the unit is such that it makes more sense to capture the City's equity share before the value of the home stagnates, keeping the home affordable through market forces, or
- d) The value of the property has increased disproportionately to the value of the surrounding properties and the value of the equity share could be better used to create additional housing units.

The Council has authorized Community Development staff to exercise the option to purchase on behalf of the City of Madison Community Development Authority or a qualifying non-profit agency. If staff determines that the City (or its assignees) should not purchase the property offered by sale, then the Community Development Office will report its determination to the Common Council. The Community Development Office may assign the City the option to purchase a unit to a qualified non-profit or to the CDA.

## **Part IV: CITY PLAN FOR PURCHASE OF INCLUSIONARY UNITS**

The City's role in purchasing inclusionary zoning lots or dwelling units will be to facilitate transfer to an income eligible family. The City does not intend to own and operate the inclusionary dwelling units on a long-term basis.

The City, working with the City of Madison Community Development Authority, will produce a purchase plan for how many units the City of Madison Community Development Authority and other certified nonprofit agencies can purchase in a year. (Example: The City of Madison Community Development Authority may establish a goal to purchase at least 10% of the available inclusionary zoning owner units.) The plan shall include the number of units proposed to be purchased for homeownership and the criteria for determining where the units will be purchased including how this meets the goals of the City of Madison Fair Share and Diversity Plan.

The City shall expect that any inclusionary dwelling units abide by the covenants and restrictions of the particular condo or resident association. The CDA or another qualified non-profit may occasionally arrange a lease-purchase sale if permitted by the particular condo or residence association, if applicable.

For City of Madison Community Development Authority owned inclusionary zoning properties, the Community Development Authority shall pay a payment in lieu of taxes (PILOT) to the City of Madison. If the City of Madison Community Development Authority does not have the resources to purchase the units, the City will designate particular agencies as "eligible families."

The City may arrange with the developer, as part of the Inclusionary Dwelling Unit Plan review, to purchase a set number of units or parcels for residential use, which will be stipulated in the approved Inclusionary Dwelling Unit Plan. Lots would be purchased for transfer to the CDA or certified non-profit agencies. The City will exercise its initial option to purchase lots or newly built inclusionary dwelling units during the appropriate development phase.

## **Part V: ANNUAL REPORT**

The Planning Division and the Community Development Office shall submit a report on the Inclusionary Zoning Program within six months after the end of the calendar year to be reviewed by the Common Council, Housing Committee, Plan Commission, and related city policy bodies. The City may also share the report with other public and private groups, such as the Madison Metropolitan School District, to encourage discussion about the status of the inclusionary zoning program and changes for its improvement.