

Inclusionary Zoning in Lawrenceville: Interim Planning Overlay District (IPOD-6)

July 16, 2019



Overview

- IPOD Overview
- Changes in Pittsburgh's Housing Market
- Affordable Housing work to date
- Inclusionary Zoning in Lawrenceville
- Changes in Lawrenceville's Housing Market
- Need, Purpose and Intent
- Inclusionary Zoning Policy Standards
- Planning Commission

Interim Planning Overlay District (IPOD)

- Inclusionary Zoning Interim Planning Overlay District (IPOD-6)
- What is an IPOD?
 - Tool that provides **TEMPORARY** zoning controls in a specific area of the City where existing zoning doesn't provide sufficient standards for the area's current activities.
 - Does not replace an area's base zoning.
 - Can only add more controls, cannot add incentives.
 - Once approved by City Council, an IPOD is in place for 18 months. It can be extended an additional six months by Council.
 - Intent is to be replaced by permanent zoning informed by Pilot + further study

Interim Planning Overlay District (IPOD)

- **Recent IPODs**

- IPOD-4: Uptown (2015)

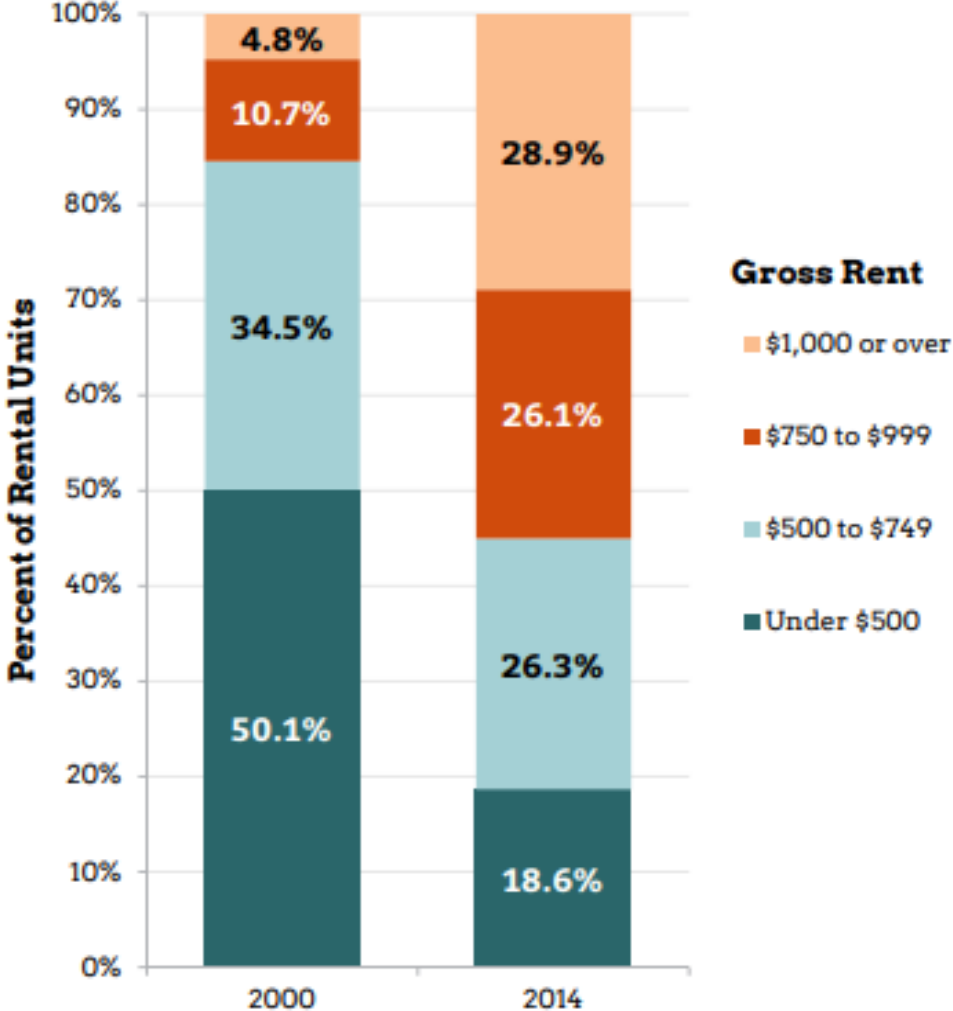
- Expired and replaced with new zoning developed during through community planning

- IPOD-5: Riverfront (2016)

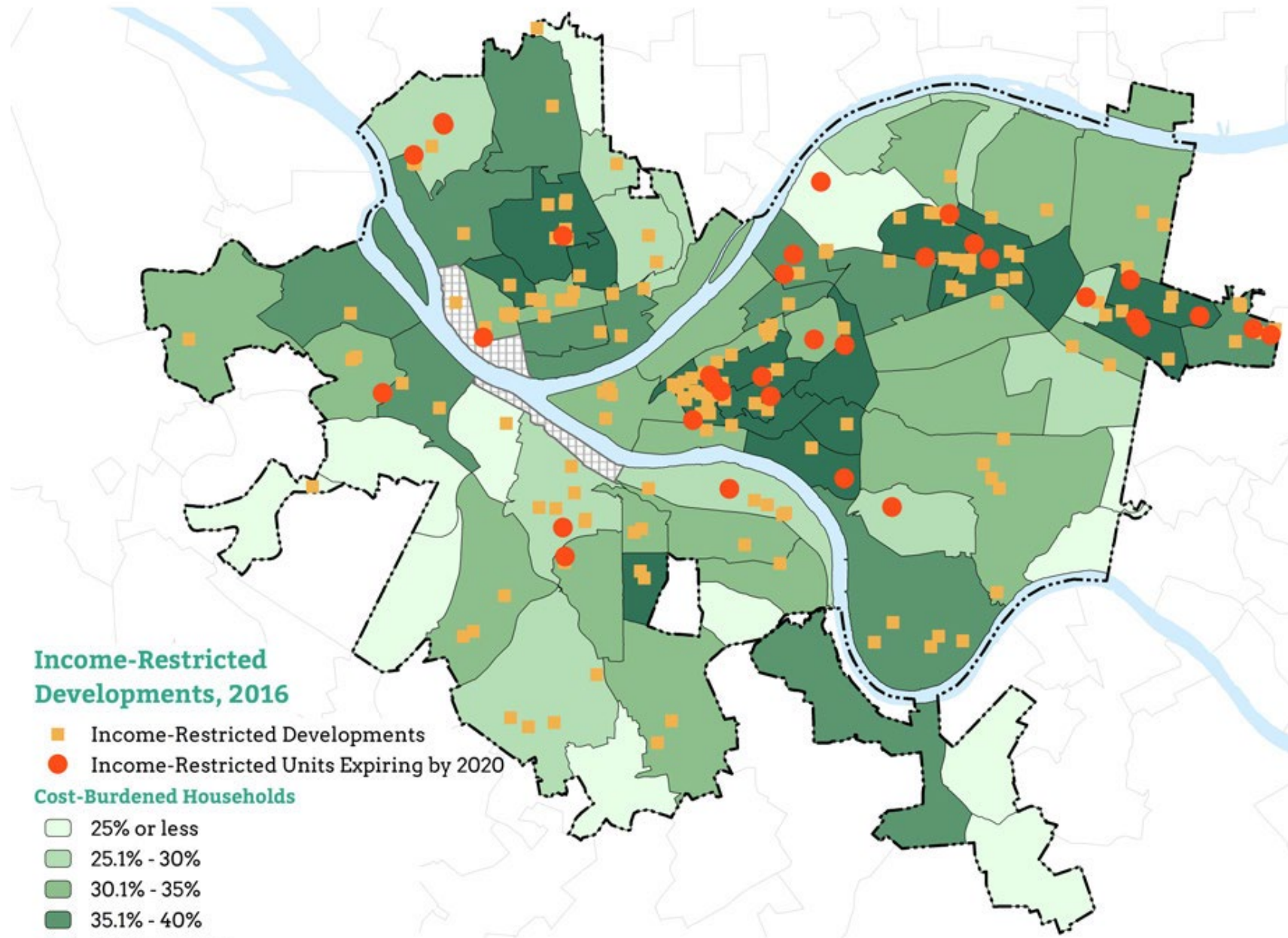
- Expired and replaced with new zoning developed through community process

Pittsburgh: Changes in Housing

Percent of Rental Units Grouped by Gross Rent, 2000-2014



If the 2000 categories were adjusted to represent 2014 dollars, they would be - Under \$687; \$688 to \$1,030; \$1,031 to \$1,373; \$1,374 or over.



Income-Restricted Developments, 2016

- Income-Restricted Developments
- Income-Restricted Units Expiring by 2020

Cost-Burdened Households

- 25% or less
- 25.1% - 30%
- 30.1% - 35%
- 35.1% - 40%
- 40.1% or more
- ▨ No Data

Source: Mullin & Lonergan Associates



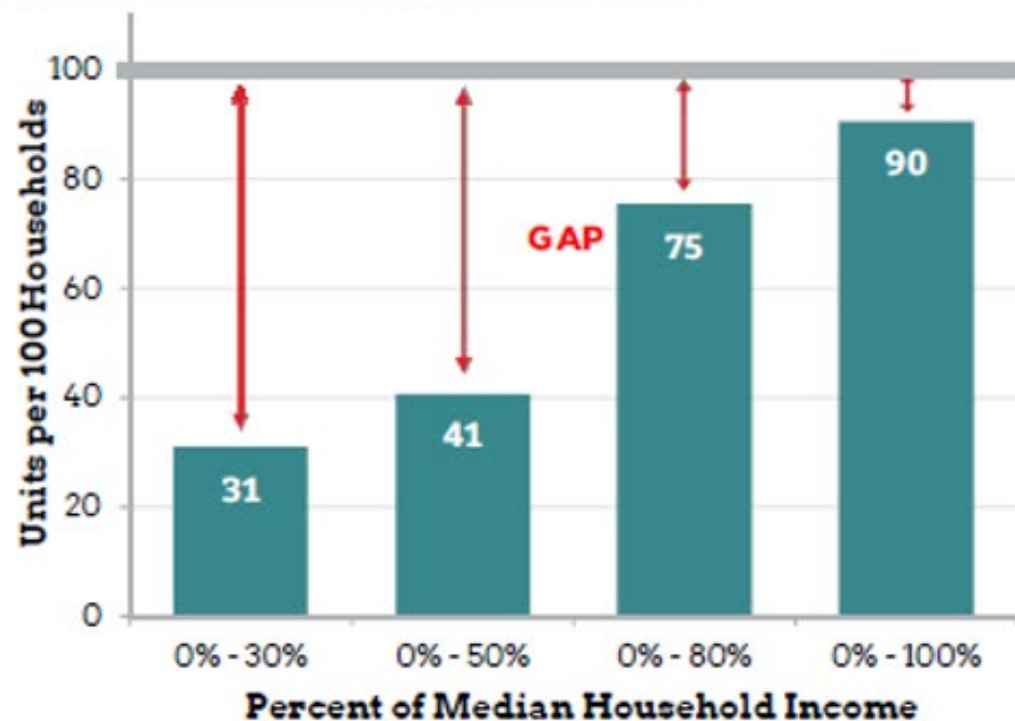
Affordable Housing Work To Date: Affordable Housing Task Force

- Created in 2016 via Executive Order
- 26 members including:
 - elected officials,
 - housing developers (market-rate & affordable),
 - community organizers, and
 - advocates
- Four committees:
 - Policy and Recommendations
 - Community Engagement
 - Needs Assessment
 - Feasibility

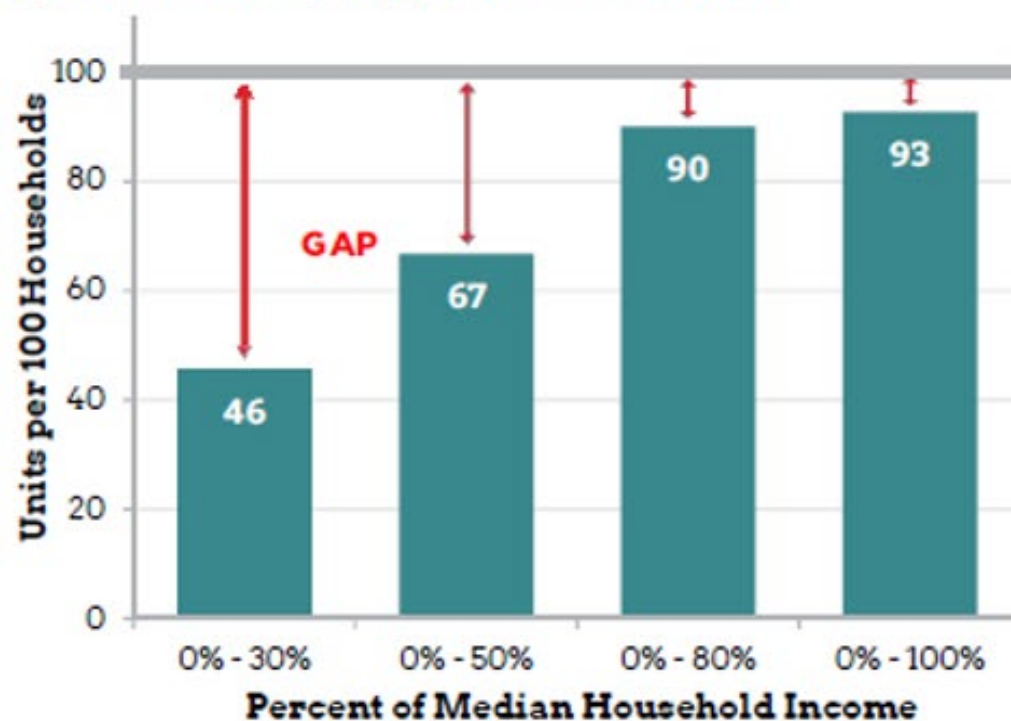


Affordable Housing Task Force Findings

Affordable Housing Gap for Renters, 2014



Affordable Housing Gap for Homeowners, 2014



Affordable Housing Task Force: Recommendations and Actions

- Creation of Housing Opportunity Fund
- Increase Utilization of 4% Low Income Housing Tax Credit
- Preservation of Existing Affordable Housing
- Protection of Existing Homeowners and Tenants
- **Inclusionary Housing**
 - Creation of Exploratory Committee & subsequent report
 - *Pilot Inclusionary Zoning Ordinance: Lawrenceville*



Affordable Housing Task Force
Findings and Recommendations to
Mayor William Peduto and the Pittsburgh City Council

May 2016

What is Inclusionary Zoning?

Inclusionary Zoning (IZ) is a tool that achieves the intent of creating affordable housing through:

- Tying the construction of market-rate housing to that of affordable housing.
- Requiring/incentivizing new residential development to make a percentage of the units affordable to residents of a certain income level (typically low-or-moderate-income residents).

Inclusionary Zoning Exploratory Committee: Composition

Low – Moderate income residents

- Michael Wilson, Glen Hazel Tenant Council
- Paul Champlin, Century Building resident

Housing Advocate Organizations

- Adrienne Walnoha, Community Human Services
- Ed Nusser, Lawrenceville Corporation

Community and Non-Profit Development Groups

- Linda Metropulos, ACTION Housing
- Maelene Myers, ELDI

Public and Private Finance Institutions

- Tamara Dudukovich, BNY Mellon
- Dwayne Rankin, Bridgeway Capital

Market-Rate Real Estate Developers

- Mark Minnerly, Mosites
- Derrick Tillman, Bridging the Gap
- Steve Guy, Oxford

Legal Experts

- Sara Davis Buss
- Bob Damewood

Inclusionary Zoning Exploratory Committee: Process

Committee meetings

Inclusionary Housing Calculator

Analysis and Recommendations

- Scope of Program (% of units, applicability)
- Type and Tenure of Development
- Project threshold size
- Income Qualifications & Pricing
- Section 8
- 4% LIHTC
- Duration of Affordability Requirements
- Off-Site Performance Option
- Other Alternative Compliance Options (No in-lieu fee)
- Design Standards
- Location & Access
- Other Benefits
- Program Monitoring & Compliance text

Inclusionary Zoning in Pittsburgh

- Where?
 - Uptown Public Realm (UPR) - adopted December 2017, incentivized
 - Riverfront Zoning District (RIV) - adopted July 2018, incentivized
 - Urban Industrial (UI) - Introduced by City Council but not passed, mandatory
- How?
 - In UPR and RIV, Incentive-based through use of Performance Points
 - # Points earned depend on level of affordability
 - Points can be used for additional height (in both districts) or to build closer to the river (RIV)

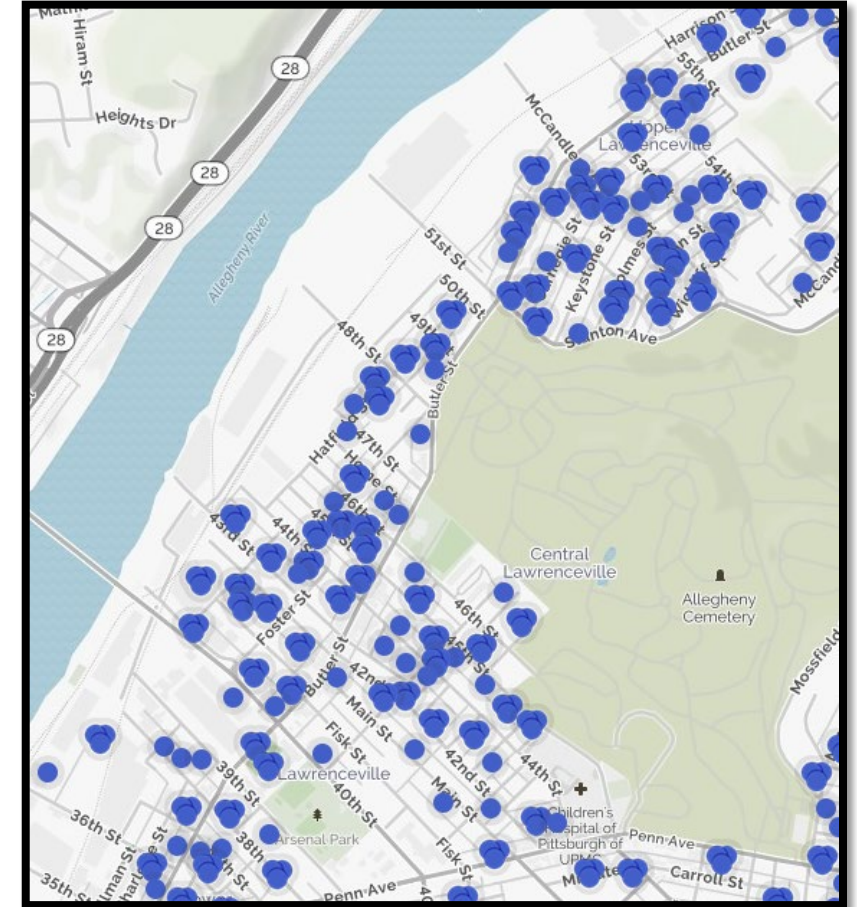
Inclusionary Zoning in Lawrenceville

- Led by Lawrenceville United (LU), Lawrenceville Corporation (LC), Councilwoman Deb Gross, and the Department of City Planning we co-hosted three “Housing For All” community meetings:
 - **Meeting 1:** September 25, 2018
 - **Meeting 2:** October 17, 2018
 - **Meeting 3:** November 5, 2018
- Interest and support expressed at those meetings resulted in Lawrenceville volunteering to become the pilot neighborhood for an Inclusionary Zoning IPOD.



Lawrenceville: Changes in Housing

- Over a 15% increase in housing units in Lawrenceville.
- Increase in multi-family residential
- Lawrenceville among top neighborhoods for # of residential building permits issued.



From: pittsburghpa.buildingeye.com

Median Home Sale Prices '00-'16

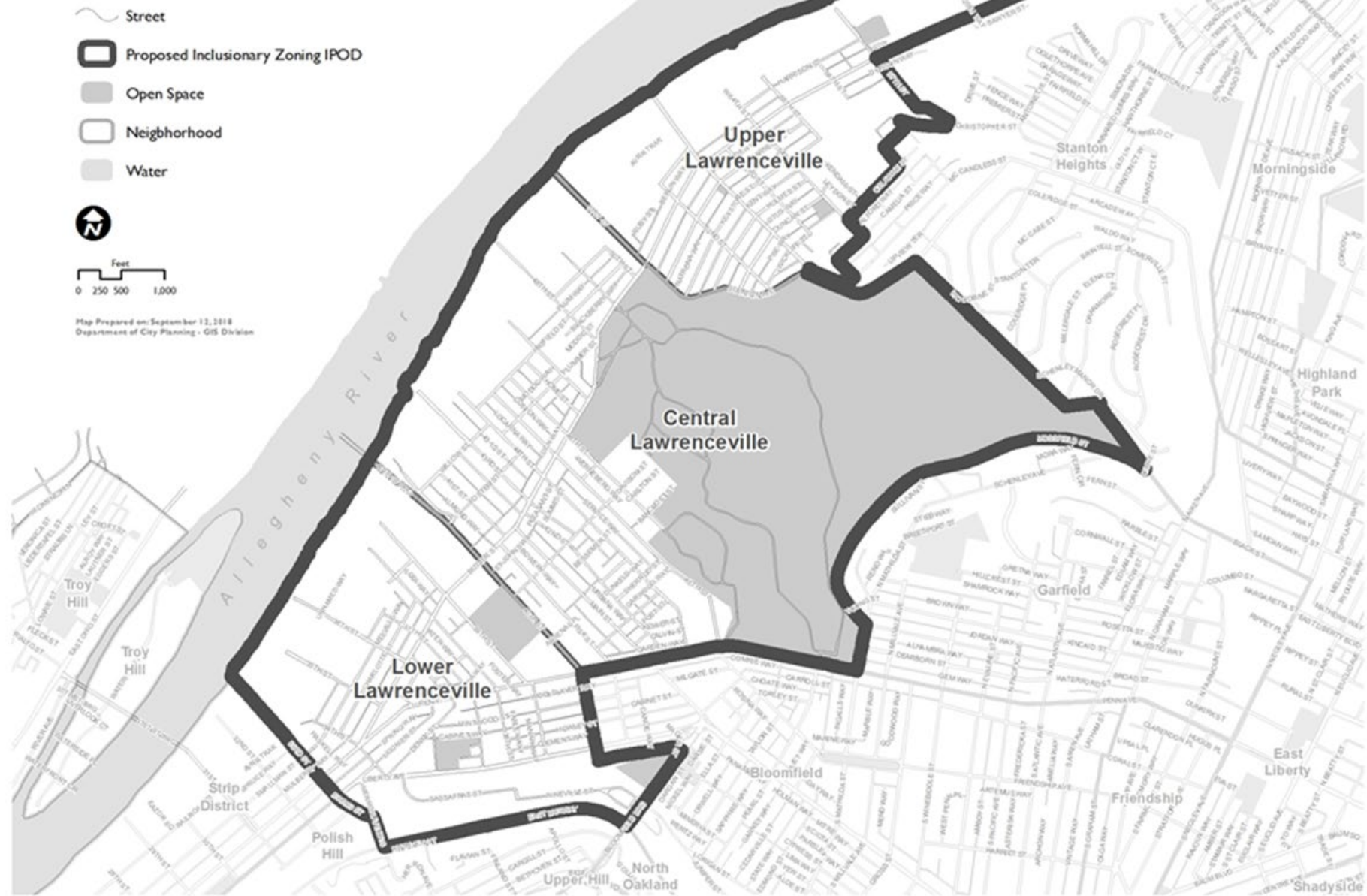


Lawrenceville: Changes in Housing

- Increase in multi-family development: complete, underway, or approved

| Project | Units |
|----------------------------|------------|
| Milhaus Phase I | 243 |
| The Foundry | 191 |
| Mews on Butler | 67 |
| Doughboy Square Apartments | 45 |
| Heartland Homes | 31 |
| McCleary School Condos | 25 |
| The Wainwright | 15 |
| Mintwood Warehouse | 17 |
| Bayard School Lofts | 11 |
| Butler Street Lofts | 13 |
| Squareview Apts | 11 |
| Shoppes at Doughboy | 11 |
| 3719 Butler | 25 |
| TOTAL: | 705 |

Lawrenceville Proposed Inclusionary Zoning IPOD



Purpose & Standards

"The IZ IPOD is intended to promote the public health and welfare by increasing the supply of affordable housing for a range of family sizes and promoting economic integration within the District boundaries.

Specifically, the intent of the Inclusionary Housing IPOD is to encourage quality, economically-balanced development by:"

Purpose & Standards

Leveraging development pressure by connecting the production of affordable housing with the current market production of housing units.

Purpose & Standards

Leveraging development pressure by connecting the production of affordable housing with the current market production of housing units.

What type of projects will need to provide affordable units?

- Every new construction, substantial rehabilitation, or conversion/reuse project with **20 or more residential units** for sale or for rent.

Purpose & Standards



Foundry at 41st Street: 191 units



Bayard School Lofts: 11 apartments

Purpose & Standards

Leveraging development pressure by connecting the production of affordable housing with the current market production of housing units.

How many of the units will need to be priced affordably?

• **10% of units**, rounding up if a fraction.

Example: 100 units constructed, $100 \times .10 = 10$

So 10 units would be priced affordably.

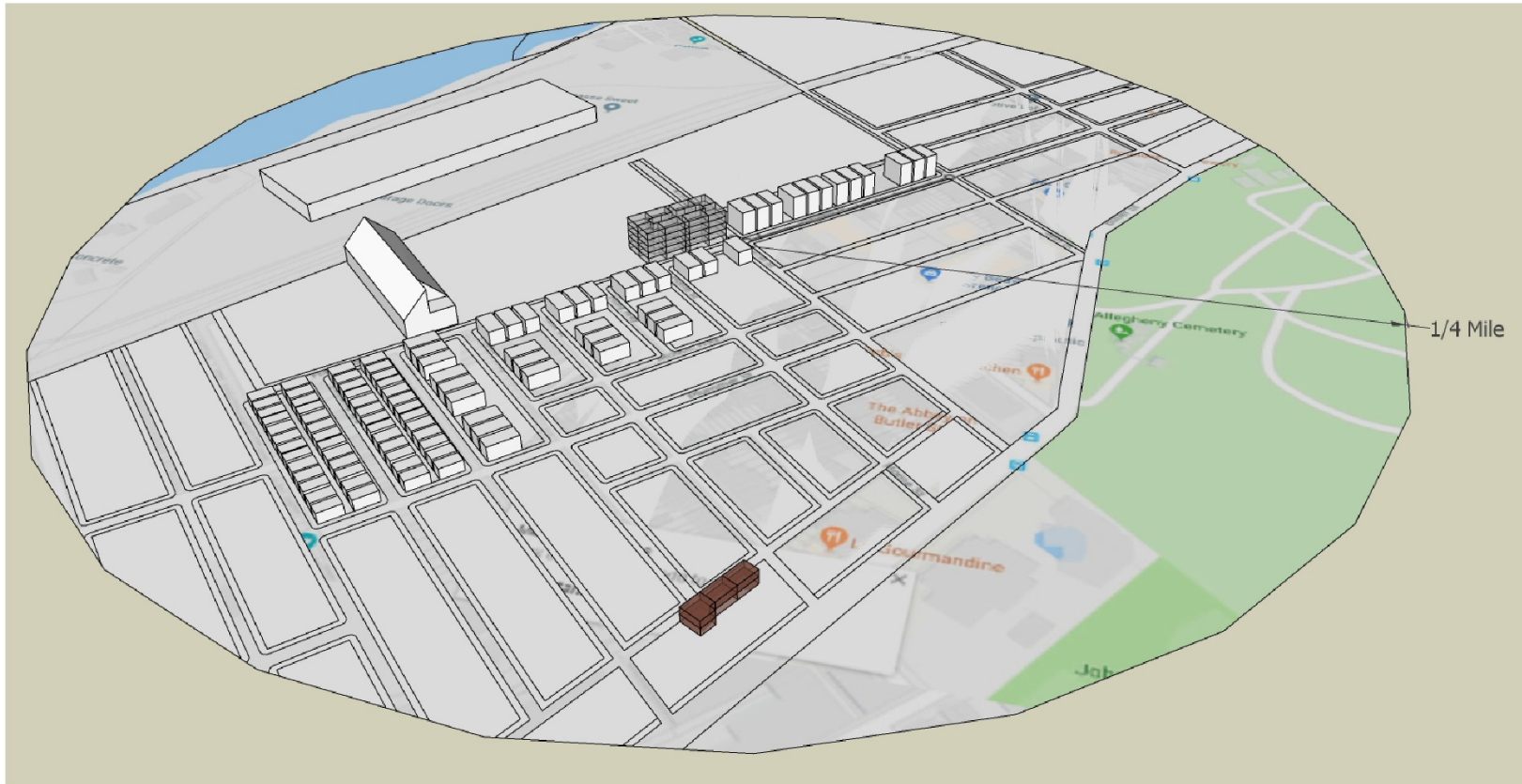
Purpose & Intent

Leveraging development pressure by connecting the production of affordable housing with the current market production of housing units.

Do the affordable units all need to be constructed on site?

- A developer can put affordable units on another site, as long as meet certain conditions:
 - **12% of the units** must be affordable
 - Located no more than **0.25 mile** from original site

Inclusionary Zoning Examples



Off-site Units

- 40 Unit Apartment Building with market rate units
- 6 Affordable units within a quarter mile radius from project site corresponding to 12%



Purpose & Intent

Encourage diverse and balanced housing available for households of all income levels and ensure that when developing the limited supply of developable land, housing opportunities for persons of a variety of income levels are provided.

Purpose & Intent

Encourage diverse and balanced housing available for households of all income levels and ensure that when developing the limited supply of developable land, housing opportunities for persons of a variety of income levels are provided.

What income levels may participate?

- To rent, a household can't earn more than **50% AMI**.
- To own, a household can't earn more than **80% AMI**.

Pittsburgh Area Medium Income (AMI) Levels

| Income Levels | | | | | |
|---------------|----------|----------|----------|----------|----------|
| | 1 person | 2 person | 3 person | 4 person | 5 person |
| 30% AMI | 16,000 | 18,250 | 20,780 | 25,100 | 29,420 |
| 50% AMI | 26,600 | 30,400 | 34,200 | 38,000 | 41,050 |
| 60% AMI | 31,920 | 36,480 | 41,040 | 45,600 | 49,260 |
| 80% AMI | 42,600 | 48,650 | 54,750 | 60,800 | 65,700 |

Source: HUD 2018

Purpose & Intent

Encourage diverse and balanced housing available for households of all income levels and ensure that when developing the limited supply of developable land, housing opportunities for persons of a variety of income levels are provided.

How will affordable units be priced?

- Units will be priced at no more than **30% of income** (based on AMI)

What is Allowable Pricing in Pittsburgh?

| Housing Costs | | | |
|---------------|---|---------------|------------------------------------|
| | 50% AMI Rent* | 60% AMI Rent* | 80% AMI Ownership |
| 1 bedroom | \$713 | \$855 | \$922 (\$105,000) |
| 2 bedroom | \$855 | \$1,026 | \$1037 (\$128,000) |
| 3 bedroom | \$988 | \$1,186 | \$1152 (\$146,000) |
| 4 bedroom | \$1,103 | \$1,323 | \$1245 (\$155,000) |
| | *Rent Figure Assumes Utility Costs included | | \$ monthly cost (\$purchase price) |

Source: HUD 2018

Purpose & Intent

Encourage diverse and balanced housing available for households of all income levels and ensure that when developing the limited supply of developable land, housing opportunities for persons of a variety of income levels are provided.

How long will units remain affordably priced?

- Rental and for-sale units will remain affordable for a **minimum of 35 years.**

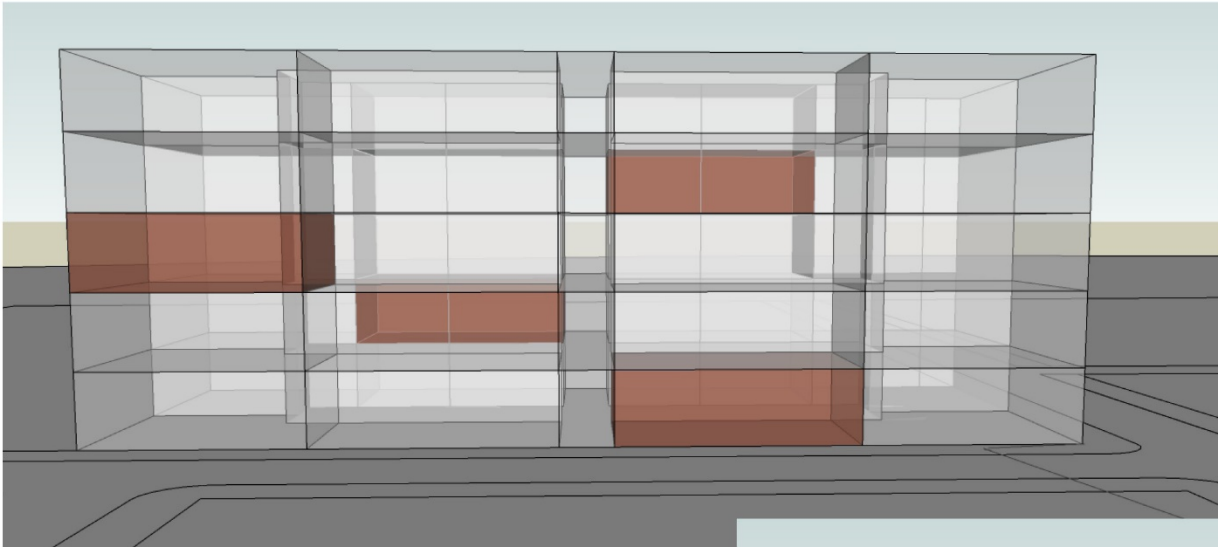
Purpose & Intent

Encourage diverse and balanced housing available for households of all income levels and ensure that when developing the limited supply of developable land, housing opportunities for persons of a variety of income levels are provided.

Will affordable units be different from market-rate units?

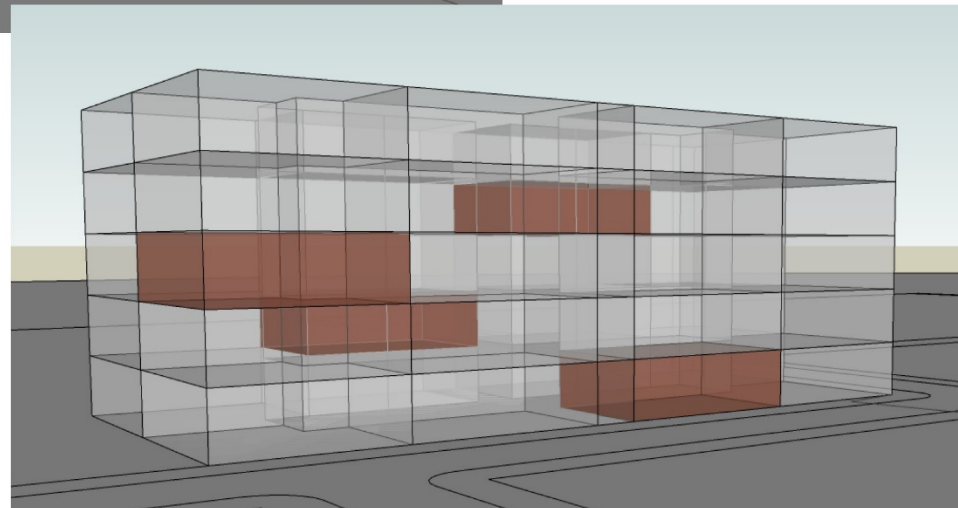
- No.
- Units will need to be integrated within, and distributed throughout the building.
- Units will be the same size, have the same finishes, and have access to the same amenities.

Inclusionary Zoning Examples

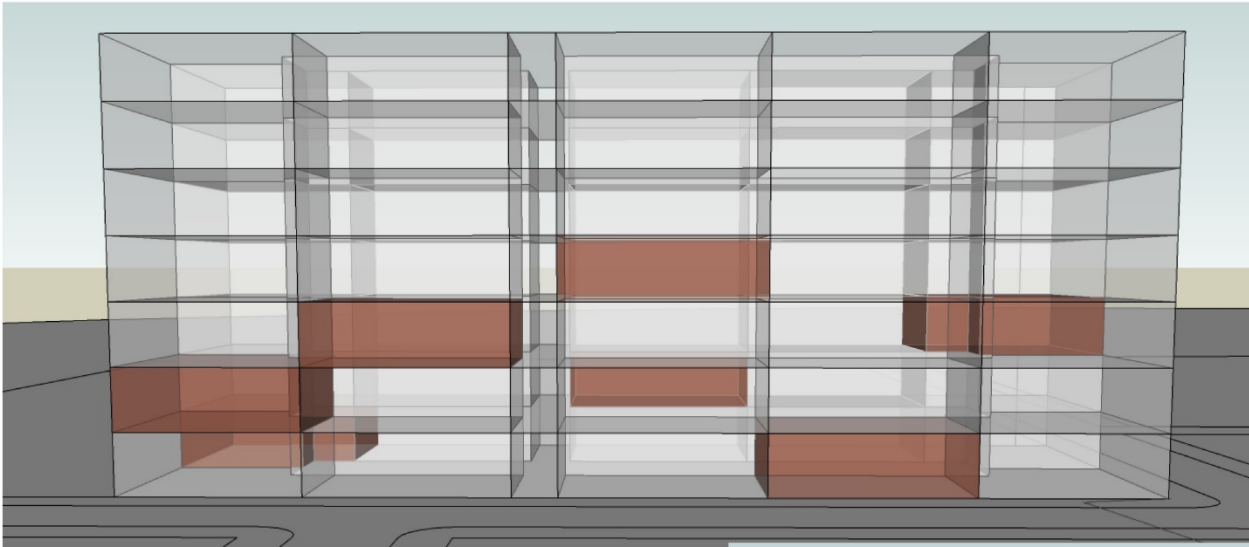


5 Story Building

- 40 Unit Apartment Building with 4 affordable units
- Top floor without affordable units

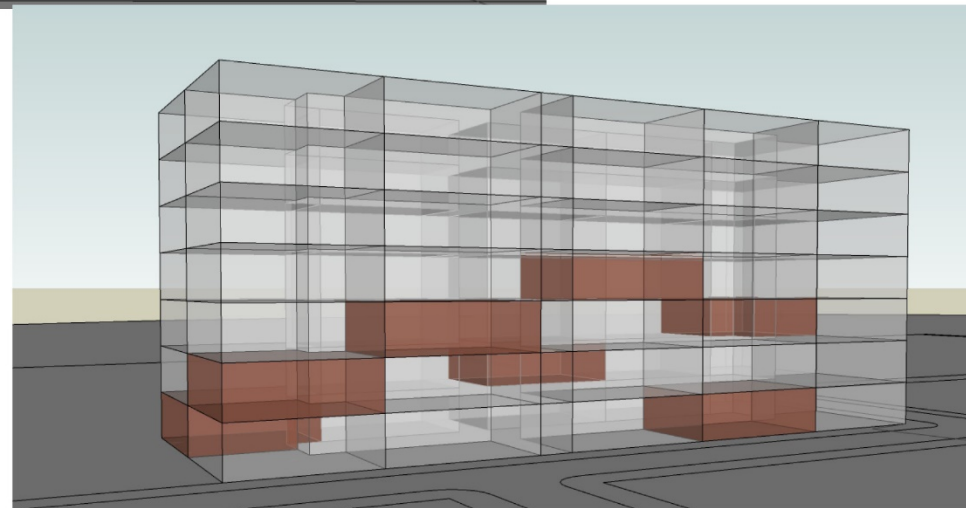


Inclusionary Zoning Examples



7 Story Building

- 70 Unit Apartment Building with 7 affordable units
- Top 3 floors without affordable units



Purpose & Intent

Utilize sites in IPOD-6 as opportunities to build mixed-income developments. Because remaining land appropriate for residential development within the IPOD-6 is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to low- and moderate-income people.

Opportunities for Inclusionary Zoning Units



Planning Commission Process

- Pre-Planning Commission Hearing mailings to 4,396 recipients; responses sought.
 - 8.2% response rate. Of those who responded:
 - 47% were in favor.
 - 51% were opposed.
 - 2% were undecided.
- On Tuesday, April 23rd, 43 community members offered testimony to Planning Commission about the proposed IZ IPOD.
 - All but two were in favor. (1 against, 1 undecided)

Planning Commission Process

- Planning Commission voted unanimously to recommend that Council approve the Inclusionary Zoning IPOD, with the following conditions:
 - ✓ Amendment to the definition of “Administrative Agent” to clarify the DCP is the approval authority for its designation.
 - ✓ Inclusion of a time limit to the “Substantial Improvement” definition.
 - ✓ Edits to 907.02.K.7(b) that ensure that the intent, which is that a development subject to these provisions that chooses to place the Inclusionary Units off-site is required to provide 12% of the total number of units to be developed as Inclusionary units instead of 10%, is clearly stated in the Code;
 - ✓ Edits to the Ordinance regarding capitalization and consistency of defined terms.