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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TOWNS AND CITIES - ZONING ORDINANCES

Introduced By: Senators Bates, Hodgson, Archambault, Cool Rumsey, and Sosnowski

Date Introduced: January 21, 2014

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-24-46.1 of the General Laws in Chapter 45-24 entitled "Zoning
2 Ordinances" is hereby amended to read as follows:

3 ~~45-24-46.1. Inclusionary zoning.~~ Inclusionary zoning – Affordable housing
4 requirements – Fees – In – Lieu of construction and provision of affordable housing. – (a) A
5 zoning ordinance requiring the inclusion of affordable housing as part of a development shall
6 provide that the housing will be affordable housing, as defined in section 42-128-8.1(d)(1), that
7 the affordable housing will constitute not less than ten percent (10%) of the total units in the
8 development, and that the units will remain affordable for a period of not less than thirty (30)
9 years from initial occupancy enforced through a land lease and/or deed restriction enforceable by
10 the municipality and the state of Rhode Island.

11 (b) A zoning ordinance which includes inclusionary zoning may provide that the
12 affordable housing must be built on-site or utilize one or more alternative methods of production,
13 including, but not limited to, off-site construction or rehabilitation, donation of land suitable for
14 development of the required affordable units, and/or the payment of a fee-in-lieu of the
15 construction or provision of affordable housing units. For projects utilizing any of the alternative
16 method or methods, the density bonus and all other incentives shall continue to apply.

17 (c) The fee-in-lieu of the construction or provision of affordable housing shall be the
18 choice of the developer or builder applied on a per-unit basis and may be used for new
19 developments, purchasing property and/or homes, rehabilitating properties, or any other manner

1 which creates additional low or moderate income housing as defined in subsection 45-53-3(9).

2 (i) For affordable single family homes and condominium units, the per-unit fee shall be
3 the difference between the maximum affordable sales price for a family of four (4) earning eighty
4 percent (80%) of the Area Median Income as determined annually by the U.S. Department of
5 Housing and Urban Development and the average cost of developing a single unit of affordable
6 housing. The average cost of developing a single unit of affordable housing shall be determined
7 annually based on the average per-unit development cost of affordable homes financed by Rhode
8 Island Housing over the previous three (3) years, excluding existing units which received
9 preservation financing.

10 (ii) Notwithstanding section (c)(i) above, in no case shall the per-unit fee for affordable
11 single family homes and condominium units be less than forty thousand dollars (\$40,000).

12 (d) The municipality shall deposit all in-lieu payments into restricted accounts, which
13 shall be allocated and spent only for the creation and development of affordable housing within
14 the municipality serving individuals or families at or below eighty percent (80%) of the area
15 median income. The municipality shall maintain a local affordable housing board to oversee the
16 funds in the restricted accounts and is encouraged to allocate the funds within five (5) years. The
17 municipality shall include in the housing element of their local comprehensive plan, if applicable,
18 the process they will use to allocate the funds.

19 (E) As an alternative to the provisions of subsection (d), the municipality may elect to
20 transfer in-lieu payments promptly upon receipt or within the five (5) year period after receipt to
21 the housing resources commission or the Rhode Island housing and mortgage finance corporation
22 for the purpose of developing affordable housing within that community.

23 SECTION 2. This act shall take effect upon passage, and it shall expire on December 31,
24 2014.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TOWNS AND CITIES - ZONING ORDINANCES

1 This act would allow inclusionary zoning ordinances to provide that affordable housing
2 must be built on-site or, in the alternative, be produced off-site, by donation of land and/or by the
3 payment of a fee-in-lieu of the construction or provision of affordable housing units.

4 This act would take effect upon passage, and would expire on December 31, 2014.

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