

# Inclusionary Zoning Monitoring and Procedures Manual

*The New Haven Affordable Housing Manual*

## City of New Haven, Connecticut



v. May 22, 2023

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Effective Date: February 18, 2022

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## Acknowledgements

*This manual was developed in 2022 and 2023 by the City Plan Department based on a series of meetings with a City and Elm City Communities Staff working group designed to clarify and improve implementation processes for the Inclusionary Zoning Ordinance. We would like to thank the many staff who contributed many hours in preparation for passage of this ordinance as part of Mayor Justin Elicker’s Housing for All Task Force including Michael Piscitelli, Aicha Woods, John Ward, Kevin Alvarez, Pat King, Mehul Dalal, Maritza Bond, Kyle Buda, Will Long, Wildaliz Bermudez, Esther Rose-Wilen, Laura Brown and Dijonee Talley as well as contributors to the working group including Will Long, Laura Brown, Clay Williams, Esther Rose-Wilen, Nathan Hougrand, Roderick Williams, Michael Pinto, Arlevia Samuel, Mark Wilson, Cathy Schroeter, Corey Evans, Alex Pullen, Jim Turcio, Karen Dubois-Walton and Coreen Toussaint.*

# PART I – Inclusionary Zoning Policy & Development Guidelines

## About the Program

Effective February 18, 2022, the City of New Haven, Connecticut (the “City”) passed an Inclusionary Zoning Ordinance (“Ordinance”) as set forth in the New Haven Zoning Ordinance. The Ordinance supports New Haven’s housing needs through the creation and preservation of affordable housing units that the market would not otherwise build. It requires that qualifying Project Sponsors of market-rate housing create affordable housing units by:

- Providing a set-aside of new Inclusionary Zoning units (IZ Affordable Units) built to be priced affordably for households at designated area median income (AMI) levels; or
- Contributing an in-lieu fee to support affordable housing in the City; or
- A combination of these options.

The full language of the Ordinance is included in the City’s Code of Ordinances here [https://library.municode.com/ct/new\\_haven/codes/zoning](https://library.municode.com/ct/new_haven/codes/zoning).

## About this Manual

This Manual provides the operational procedures required to administer the Inclusionary Zoning Ordinance, guidance on the underlying policy as well as implementation protocols. This builds upon guidance provided in the Ordinance, which includes objectives and requirements for construction and preservation of IZ Affordable Units or provision of an in-lieu fee as part of new multi-family rental development in New Haven. The originally adopted draft text of this Manual was substantially revised through a process of engagement with those City of New Haven Departments that will be involved in implementation of the Ordinance. Monthly meetings of these staff were facilitated by the City Plan Department and revisions were generated by this working group. No revisions resulted in any change in policy. In the event of any inconsistency between this Manual and the Code of Ordinances, the Code of Ordinances shall prevail. Capitalized terms used in this Manual are defined in the Appendix.

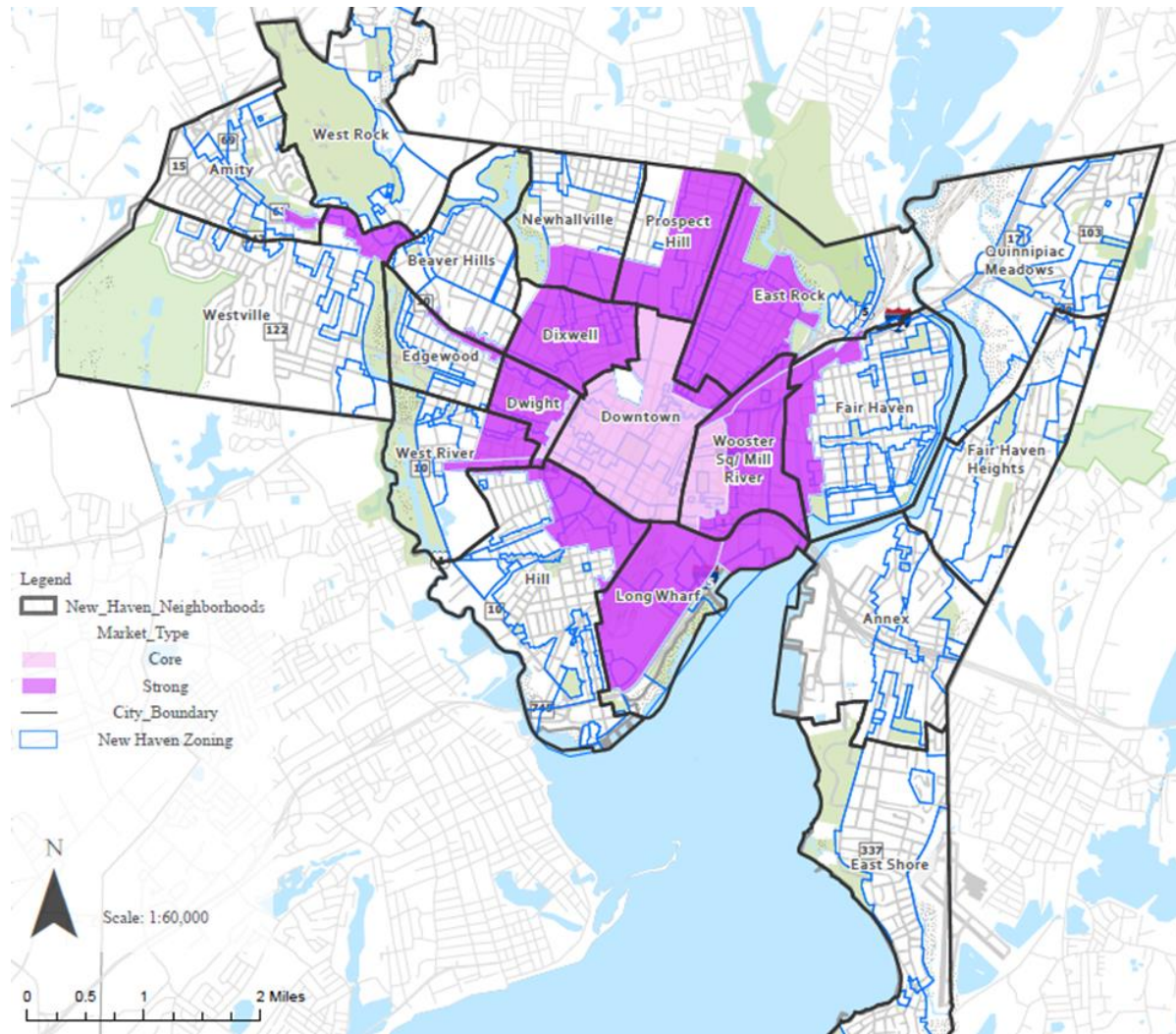
## Market Areas

Policy requirements will be applied based on the location of the proposed Project. The Ordinance defines two sub-districts. The boundaries of these areas are defined on the map entitled “Inclusionary Zoning: Overlay District and Markets.” The Core Market and Strong Market areas as defined below comprise the Inclusionary Zoning Overlay District.

- The **Core Market** represents locations where the majority of new market-rate development is occurring as of the effective date, rents are highest, and where the majority of new market-rate development is anticipated.
- The **Strong Market** represents areas that have potential to support new market-rate development today and in the immediate future.
- Other Areas – are all other areas within the City not defined in the Core or Strong Market areas.

The map of these areas is shown below in **Figure 1** and is also on file and available for public inspection with the City Plan Department (“City Plan”) and the Livable City Initiative (“LCI”). This map will be updated every two years by City Plan to ensure alignment with evolving market conditions. It is next scheduled to be updated in 2024. An online lookup tool is also available at <https://bit.ly/izlookup> and through the website <https://www.newhavenct.gov/cityplan>

Figure 1. Inclusionary Zoning: Overlay District and Markets



Source: City of New Haven City Plan Department

## Policy Applicability

IZ requirements apply to all multi-family rental Projects of ten (10) or more units that are located in Core and Strong Market locations and Projects of 75 or more units in the remainder of the City, unless otherwise stated in the Ordinance or in this Manual.

*As stated in the Ordinance, An Applicable Development means any plan or application for construction, development, or rehabilitation of real property for which the development application to the City agency with appropriate jurisdiction, including but not limited to, the Board of Alders, City Plan Commission, Board of Zoning Appeals, or Office of Building Inspection and Enforcement, was submitted on or after February 18, 2022 and is (a) new construction; or (b) constitutes rehabilitation, conversion, or renovation of any existing buildings if the value of such rehabilitation, conversion, or renovation is greater than fifty percent (50%) of the existing assessed value of the property; and (c) is a (i) Mandatory Market-Driven Inclusionary Development; (ii) Large-Scale Inclusionary Development; (iii) Voluntary Inclusionary Development; or (iv) an Applicable PDU/PDD Development.*

## Exemptions

The following Project types are exempt from the Ordinance:

- Any Project which is to be undertaken by the New Haven Housing Authority.
- Any Project that proposes student housing, dormitory, rooming houses, boarding houses, or lodging houses.
- Any development Project which is a Prior Approved Development, a Prior Submitted Development, or any development application subject to a Restricted Housing Agreement.
- Any PDD or PDU existing on the effective date of the Ordinance which contains a requirement concerning Restricted Units or Affordable Housing.
- Minor changes to approved site plan approvals which may be granted by the City Plan Staff under Section 64(f)(7)f.

Additionally, there are Projects at varying stages of the development approvals process which have pre-existing agreements in place with the City for the provision of affordable housing or other public benefits. Projects with prior Development and Land Disposition Agreements (DLDA), Land Use approvals, Community Benefits Agreements, or other relevant Project characteristics as of February 18, 2022 should contact staff about applicability. All Project Sponsors applying for approvals after that date will be subject to Inclusionary Zoning requirements as defined in the Ordinance.

## Voluntary Opt-In

Project Sponsors not subject to the requirements of the Ordinance may also opt-in and comply with the Ordinance requirement, setting aside the share of IZ Affordable Units as it applies in the Market location of the Project (10% or greater set aside plus 5% or more for Housing Choice Vouchers in Core Market locations and 5% or more set aside in all other Markets). In exchange for meeting inclusionary requirements, Project Sponsors will be eligible for corresponding incentives provided by the Ordinance.

The City may enter into Voluntary Inclusionary Zoning Agreements with Project Sponsors that voluntarily agree to record additional affordability restrictions on housing units above and beyond the requirements

established in the Ordinance. These agreements will be governed in whole or in part by this Manual, as established in the Voluntary Inclusionary Unit Agreement. Any additional Affordable Units may be governed in whole or in part by the Ordinance and Manual, to be defined based on a Voluntary Inclusionary Unit Agreement or Land Disposition Agreement as approved by the Board of Alders.

The City will consider concurrent or sequential applications on contiguous parcels under the same ownership or submitted by the same Project Sponsor to be one Project for the purposes of the Ordinance.



## Affordability Requirements

IZ Affordable Units are defined in the Ordinance by several criteria: 1) These units are restricted for occupancy by households that have a combined total annual income for all members that does not exceed fifty percent (50%) of the New Haven Area Median Income as defined by the US Department of Housing and Urban Development (“HUD”) at the time of initial occupancy; and 2) The costs for rent and utilities of the unit may not exceed thirty percent (30%) of household income.

- Core Market Area: For buildings with more than 10 units, 10% of the units must be IZ Affordable Units. An additional 5% of the units must be prioritized for persons or families with Housing Choice Vouchers.
- Strong Market: For buildings with more than 10 units, 5% of the units must be IZ Affordable Units.
- Other Areas: For buildings with 75 units or more, 5% of the units must be IZ Affordable Units.

The set-aside units must be priced using the AMI levels as defined by HUD and applied based on the requirements set forth by the City of New Haven and detailed in the *Calculating Affordable Rents* section of this Manual. The Project Sponsor will be required to record a Deed Restriction for affordability on the New Haven Land Records including Site Plan Approval, the IZ Affordable Unit Agreement, and the staff report with any required conditions of approval from the City Plan Commission, prior to financial closing. If federal funding is involved in the Project, the Livable Cities Initiative will be involved in the deed restriction.

Project Sponsors not subject to the requirements of the Ordinance may also opt-in and comply with the Ordinance requirement, setting aside the share of IZ Affordable Units as it applies in the market location of the Project (15% set aside in Core Market locations and 5% set aside in all other markets). In exchange for meeting inclusionary requirements, Project Sponsors will be eligible for corresponding incentives provided by the Ordinance.

The City may enter into Voluntary Inclusionary Unit Agreements with Project Sponsors that voluntarily agree to record additional affordability restrictions on housing units above and beyond the requirements established in the Ordinance. These agreements will be governed in whole or in part by this Manual, as established in the Voluntary Inclusionary Unit Agreement.

## Incentives

All applicable Inclusionary Developments, whether mandatory or voluntary, are eligible for four incentives intended to offset the cost burden of constructing and maintaining IZ Affordable Units. Additional information on the approval for incentives is provided in the *Permitting and Approvals* section of this Manual.

- **Floor Area Ratio (FAR) Bonus:** The Inclusionary Development is entitled to a bonus in FAR of up to 25% over the permitted FAR in the underlying zone in which the property is located but may be otherwise limited by height restrictions and other bulk area requirements of the underlying zone.
- **Waived Parking Minimums:** The Inclusionary Development does not have a minimum amount of automobile parking required for residential uses but may elect to include parking as part of the development. [Sections 29 \(Residence District: Parking\)](#) and [45 of the Zoning Ordinance](#), (Business and Industrial Districts: Regulations for parking, loading, automotive, and drive-in establishments)

related to parking for Residential uses, are waived. Inclusionary Developments must, however, comply with bicycle parking requirements. Where (i) the Inclusionary Development is mixed-use with a commercial component, or (ii) parking is provided voluntarily, the Inclusionary Development must also include loading spaces in accordance with Section 45(a)(1)b of the New Haven Zoning Ordinances. An Inclusionary Zoning application to the City Plan Commission shall include a Traffic Impact and Multi Modal Transport Safety Study<sup>1</sup> as part of the development application for any Applicable Development involving new construction of more than seventy-five (75) residential units, more than fifty thousand (50,000) gross square feet of floor area in one structure, or the addition of two hundred (200) or more parking spaces. The study shall show the amount and direction of traffic to be generated by the proposed development and shall estimate its effect on the roadway capacity as well safety with regards to pedestrian, bicycle, and transit patterns. Furthermore, the traffic study shall provide an analysis of pedestrian, bicycle and transit infrastructure within one-quarter (¼) mile radius of the development and include best practices in site plan design to connect safely to and enhance multi modal transportation options.

- **Density Bonus:** An Inclusionary Development is entitled to a density of six hundred (600) square feet for the average of gross floor area per dwelling unit, regardless of density limitations in the underlying zone. (The Citywide Zoning regulations allow one thousand (1,000) square feet for the average of gross floor area per dwelling unit.) This reduction for Inclusionary Development is applicable to all structures, regardless of age and lot size, whether conforming or nonconforming, so long as they are otherwise permissible under applicable building codes. The Inclusionary Development Density Bonus represents a proportion of 60% allowance compared to the 1,000 square foot bonus Citywide. In zones that do not have a minimum gross floor area per dwelling unit, the density bonus may be applied to the lot area per dwelling unit proportionately (60%). For example, in the RM-2 zone, the minimum lot area per dwelling unit is 2,000 square feet and the bonus would allow for 1,200 square feet of lot area per dwelling unit.
  
- **Fixed Tax Assessment:** As described in this Manual, Developments may receive a standard by-right 10-year fixed tax assessment as follows for each tiered area:
  - **Core Market:** 70% fixed tax assessment for 10-year period
  - **Remainder of City:** 95% fixed tax assessment for 10-year period

Fixed tax assessments shall be applied across the assessed value of the property. If residential uses make up less than 80% of the square footage of an Inclusionary Development, then the fixed tax assessment will be applied only to the residential portion. Fixed tax assessments can be applied alongside other incentives, such as the assessment deferral program, but Projects may not use the IZ Affordable Units to qualify for benefits in other City incentives. For example, a Project may receive assessment deferral program benefits alongside the IZ Fixed Tax Assessment. The Permitting and Approvals section of this Manual provides additional information on the

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<sup>1</sup> More information about multi-modal transportation planning can be found at [https://www.vtpi.org/multimodal\\_planning.pdf](https://www.vtpi.org/multimodal_planning.pdf)

process for confirming an IZ Fixed Tax Assessment with the City and coordination with other financial incentives made available by the City.

### Calculating Affordable Rents

The City bases its determination on maximum monthly rent for IZ Affordable Units using the most recent data for the HUD Home program 50% rent limit, as published by HUD, Department of Housing and Urban Development (US HUD) at [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_RentLimits\\_State\\_CT\\_2022.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_RentLimits_State_CT_2022.pdf). Income limit area definitions are typically updated by HUD in the second quarter of each calendar year.

If the tenant is responsible for the cost of utilities, the monthly utility allowance shall be deducted from the maximum monthly rent summarized above. Other mandatory fees charged for use of the property must also be deducted from the maximum monthly rent. Utility allowances for IZ Affordable Units will be based on the Utility Allowance Schedule published by Elm City Communities.

Current utility allowances are provided below. Utility allowances are typically updated in June of each calendar year. The City of New Haven will update utility pricing within one month of the release of the updated utility allowance schedule by HUD/ECC. Property Owners will be required to update utility data pricing within one month of the release of updated information published by HUD/ECC in the same calendar year unless otherwise noted by the City.

**Figure 2: Utility Allowance Schedule**

		Bedroom Count					
Service	Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5-BR
Heating	Natural Gas	\$30	\$33	\$36	\$39	\$42	\$44
	Electric	\$35	\$41	\$55	\$69	\$83	\$97
	Electric – Heat Pump	\$31	\$36	\$43	\$48	\$53	\$59
	Fuel Oil	\$65	\$76	\$89	\$101	\$113	\$125
Cooking	Natural Gas	\$4	\$5	\$7	\$9	\$12	\$14
	Electric	\$9	\$11	\$15	\$20	\$25	\$30
Water Heating	Coal (Kerosene)	\$10	\$12	\$17	\$22	\$27	\$33
	Electric	\$23	\$27	\$25	\$42	\$50	\$58
	Propane/Bottle Gas	\$19	\$22	\$32	\$42	\$52	\$62
Other Electric		\$34	\$40	\$56	\$72	\$88	\$104
Cold Water		\$39	\$41	\$54	\$74	\$94	\$110
Sewer		\$28	\$28	\$41	\$62	\$84	\$105
Refrigerator		\$19	\$19	\$19	\$19	\$19	\$19
Range/Stove		\$17	\$17	\$17	\$17	\$17	\$17
Gas Service Fee/Other		\$15	\$15	\$15	\$15	\$15	\$15

[1] Effective January 1, 2020 to Dec. 31, 2022 (note the new schedule was not posted upon date of this publication).

Source: ECC, HUD

### In-lieu Fees

Project Sponsors have the option to pay an in-lieu fee instead of constructing IZ Affordable Units. A Project Sponsor may build a portion of the required IZ Affordable Units and provide a payment in-lieu of the remainder of the required units.

The in-lieu fee aligns with the Market geographies as defined by the Ordinance. Current fees per affordable unit are detailed below and are on file with the City Plan Department and LCI. Reassessment of in-lieu fees will be included in the IZ policy update scheduled to occur every three years.

**Figure 3: In-lieu Fees per Affordable Unit**

Market	In-lieu Fee per Affordable Unit (2022)
Core Market	\$214,200
Strong Market	\$171,360
Other Areas	\$171,360

[1] Effective through December 31, 2023

In-lieu fee amounts will escalate by 2% annually upon the adoption of the Ordinance, to take effect January 1 of each year. To reflect evolving housing market conditions over time, in-lieu fee amounts will be reset as part of the IZ policy update scheduled to occur every two years. The next IZ policy update is scheduled to occur in 2024.

All in-lieu fees collected will be allocated to the City’s Affordable Housing Fund (“AHF”). The AHF will be dedicated to supporting the production and preservation of new affordable units in New Haven through gap financing assistance for either affordable homeownership or rental unit development.

### Development Requirements

Project Sponsors are required to meet the following conditions for all IZ Affordable Units developed under the Ordinance.

#### 1. Affordability Term

IZ Affordable Units will be income-restricted by deed for a minimum of 99 years, with prices established using AMI levels specified in the *Calculating Affordable Rents* section of this Manual. A deed restriction will be recorded on the New Haven Land Records prior to financial closing. Additional information on deed restriction recording is provided in Part II - *Permitting and Approvals* Section of this Manual.

#### 2. Equivalency of Units

- *Location of Affordable Units.* IZ Affordable Units shall be evenly distributed throughout the building and phases and not concentrated on particular floors, particular building sides, or particular locations. Additionally, all IZ Affordable Units shall have the same building access points and access to all property amenities as provided to market rate units.
- *Unit Types.* IZ Affordable Units shall reflect the composition of the overall development in number of bedrooms, exterior appearance, and overall quality of construction to market-rate units in the same Project. In the case that there are fewer IZ Affordable Units than types of units, IZ Affordable Units should be of the largest by bedroom number provided in the development.
- *Interior Features.* IZ Affordable Units must have comparable finishes and access to amenities to Market-Rate Units in the same building, but appliances need not be the same make, model, or style, so long as they are new and of good quality.
- *Accessibility.* IZ Affordable Units shall reflect the composition of the overall development in terms of accessible design (ANSI Type A and Type B).

### **3. Concurrency**

Affordable units are required to be built concurrently with market-rate units. If a Project is to be built in phases, IZ Affordable Units must be developed at a pace identical to market-rate units during each phase.

Project Sponsors shall apply for building permits and inspections for IZ Affordable Units concurrently with market-rate units.

## PART II – Permitting and Approvals

For new development Projects, Project Sponsors will be required to receive Site Plan Approval with a required Inclusionary Zoning Worksheet to ensure compliance with the policy throughout the development process. Inclusionary Zoning requirement review is integrated with the existing steps in the development approval process.

### Project Development and Site Plan Review

All Projects that include residential development are required to complete an Inclusionary Zoning Worksheet as part of the City Plan Commission Development Permit Application process. This Worksheet includes the IZ Affordable Unit Agreement that must be signed and notarized prior to submission.

#### How to Apply:

- [The Application for a Development Permit can be found online here.](https://www.newhavenct.gov/government/departments-divisions/city-plan)  
<https://www.newhavenct.gov/government/departments-divisions/city-plan>

The Project Sponsor will provide information on planned IZ Affordable Units for the Project or planned in-lieu fee payment, based on Ordinance requirements. City staff will review the Application and Worksheet to confirm planned IZ Affordable Units for the Project (if applicable), including the number of IZ Affordable Units, level of affordability, and relevant unit characteristics. Upon Application for Site Plan Review, the City Plan Department will submit the Project to the City Assessor to ensure it meets the criteria of an Applicable Development. Final approved plans will remain on record in the City Plan office. The Department of City Plan will forward approvals to the Department of Economic Development for review for tax deferral and abatement programs and to Elm City Communities if Housing Choice Voucher requirements are applicable. The Department of City Plan will also track number and location of approved affordable units.

The Project Sponsor will be required to record a Deed Restriction for affordability on the New Haven Land Records including Site Plan Approval, the IZ Affordable Unit Agreement, and the staff report with any required conditions of approval from the City Plan Commission, prior to financial closing. If federal funding is involved in the Project, the Livable Cities Initiative will be involved in the Deed Restriction.

If the Project Sponsor plans to provide an in-lieu fee payment, City Plan and LCI staff will confirm total in-lieu fee amount aligns with Ordinance requirements. Relevant requirements for adherence to the IZ Ordinance will be provided as conditions of approval on the Application approved by the City Planning Commission and will be reviewed prior to issuance of a building permit.

For Project Sponsors requesting an Exemption from Inclusionary Zoning for any of the reasons included in the *Applicability* subsection of this Manual, they will still be required to complete an Inclusionary Zoning Worksheet. On the Application, Project Sponsors can provide a claim for Exemption. These will be reviewed on a case-by-case basis.

It is recommended that Projects with 50 units or more meet with the Affordable Housing Commission as well as organize a community meeting with local stakeholder groups. The City Plan Department can provide contact lists for this purpose.

For Projects including Housing Choice Voucher priority units, Project Sponsors will also be required to meet with Elm City Communities to review Housing Choice Voucher requirements.

## Incentives Determination

Project Sponsors should disclose their intentions to make use of IZ or other incentives during the Development Permitting process for the City Planning Commission. This is integrated into the Development Permit Application. Tax Assessment Deferral does however require a separate application.

Once a Project Sponsor has received Site Plan Approval, they will be eligible to submit for an IZ fixed tax assessment from the City's Economic Development Administration. Project Sponsors must include their IZ conditions of approval as part of the Application for Tax Assessment Deferral as proof of planned inclusion of IZ Affordable Units and qualification for the IZ fixed tax assessment. Projects which are ineligible for IZ fixed tax assessment are still eligible for other abatements they qualify for.

### How to Apply:

- The [Application for Tax Assessment Deferral can be found online here.](https://www.newhavenct.gov/home/showpublisheddocument/8125/637825910934848103)
- Contact: Clay Williams - Economic Development Administration: Small Business Development Officer - (203) 946-7093, cwilliams@newhavenct.gov

## Building Permit

When Project Sponsors apply for a building permit with the City, LCI will confirm that development Project plans meet IZ requirements based on conditions noted in the City Plan Commission approval.

Deed restrictions and covenants for developments must be filed by the Project Sponsor with the City/Town Clerk for inclusion in the New Haven Land Records prior to financial closing.

Project Sponsors who opt not to develop IZ Affordable Units on-site must submit an in-lieu fee payment to the City's Affordable Housing Fund prior to obtaining a building permit. Proof of payment must be included in the building permit application materials.

### How to Apply:

- [Building Permits can be obtained from the Office of Building Enforcement & Inspection here.](https://www.newhavenct.gov/government/departments-divisions/office-of-building-inspection-enforcement/building-department-applications)

## Financial Closing and Certificate of Occupancy

Prior to financial closing, Project Sponsors must submit the following to the Livable Cities Initiative for review:

- Tenant Selection Plan
- Affirmative Marketing Plan
- Copy of Lease with Grievance Policy
- Deed Restriction (Covenant) Recorded Copy

At financial closing Project Sponsors must provide the following:

- IZ Agreement (to be recorded on Land Records at financing closing and with building permit application)

The Affirmative Marketing Plan must be submitted to LCI at least six (6) months prior to construction completion to gain approval and begin leasing prior to building completion. The Marketing Plan should include the Project Sponsor's strategy for connecting prospective tenants to the Project's IZ Affordable Units and process for screening prospective tenants. Project Sponsors may hire a third-party firm to market, screen, and fill IZ Affordable Units, or do it themselves.

For Housing Choice Voucher priority units in the Core Market, Project Sponsors must meet with Elm City Communities to screen potential voucher tenants and fill units. Projects within the Core Market must meet [Elm City Communities' Inspection Standards](#) as part of the Housing Choice Voucher certification process for at least 5% of the IZ Affordable Units. Additional detail on the tenant selection and screening process is provided in the *Tenant Selections & Protections* section of this Manual.

### **Incentives Approval and Underwriting**

The Ordinance notes that developments, whether mandatory or voluntary, are eligible for zoning and financial incentives to offset the cost burden of constructing and maintaining Affordable Units.

#### Zoning Incentives

The Ordinance provides three types of zoning incentives for Projects providing IZ Affordable Units: FAR bonuses, waived parking minimums, and density bonuses (based on average gross floor area per unit). All zoning incentives will be available by-right to Project Sponsors who receive approval during the Site Plan Approval process.

#### Financial Incentives

Projects meeting IZ requirements can benefit from a 10-year tax fixed tax assessment provided for. IZ fixed tax assessments are provided as follows for each tiered area:

- **Core Market:** 70% fixed tax assessment for 10-year period
- **Remainder of City:** 95% fixed tax assessment for 10-year period

IZ fixed tax assessments shall apply to the assessed value of the full development, so long as at least 80% of space is residential. Otherwise, the incentive will only apply to the value associated with the residential portion of the building. As noted previously, IZ fixed tax assessment can be applied alongside other incentives, such as the assessment deferral program but Projects may not use the Affordable Units provided through IZ to qualify for benefits in other City incentives.

Project Sponsors are not required to submit a development pro forma as part of their application for IZ fixed tax assessment, this will be provided by-right based on receipt of IZ conditions of approval in the Site Plan Approval process.



## PART III – Tenant Selection & Protections

### Administration of Tenant Selection

Property Owners will be responsible for administering the tenant selection process for IZ Affordable Units, including the marketing, screening, and recertification of tenants for IZ Affordable Units. If desired, Property Owners may choose to contract marketing, tenant screening, and tenant approval of IZ Affordable Units to a third-party company. All fees incurred from third-party support will be the responsibility of the Property Owner. Regardless of status, owners remain liable for non-compliance and subject to remedial actions. For all IZ Affordable Units, Property Owners must identify any planned third-party support within their Marketing Plan submitted as part of the approval process.

#### Housing Choice Voucher Priority Units

For all Housing Choice Voucher (HCV) priority units in the Core Market, all marketing, tenant screening, and tenant placement are required to be completed by an approved third-party. Property Owners will contract with the third-party and the third-party may charge a fee to the property owner for these services, reflective of the direct cost required to provide the services. Elm City Communities is the approved third-party operator. Property Owners may also request a different third-party group to manage the marketing, screening, and recertification of tenants for HCV priority units; third-party groups aside from Elm City Communities must be approved by the City as part of a Property Owner's-submitted Marketing Plan.

Property Owners with developments located in the Core Market must be approved as a Housing Choice Property Owner prior to building completion, as detailed in the Certificate of Occupancy Section.

## Tenant Qualification Criteria

### Income Limits

To determine income-eligible households, the City will use the most recent household income limits as published annually by HUD based on household size. Income limit area definitions are typically updated annually each April. The City of New Haven will update income limits for tenants eligible for IZ Affordable Units within one month of the release of updated income limit information by HUD.

Income Limits for IZ Affordable Units will be based on those shown in Figure 4 below. If any discrepancies arise between City of New Haven Income Limits and the income limits published by HUD, the rent limits indicated by HUD shall take precedence.

**Figure 4: City of New Haven Income Limits**

Income Level	Household Size							
	1	2	3	4	5	6	7	8
30% AMI	\$27,300	\$27,050	\$30,550	\$33,800	\$36,550	\$39,250	\$41,950	\$46,630
50% AMI	\$39,450	\$45,050	\$50,700	\$56,300	\$60,850	\$65,350	\$69,850	\$74,350
80% AMI	\$62,600	\$71,550	\$80,500	\$89,400	\$96,600	\$103,750	\$110,900	\$118,050
100% AMI	\$78,850	\$90,100	\$101,350	\$112,600	\$121,650	\$130,650	\$139,650	\$148,650

Source: HUD 2022 [https://www.huduser.gov/portal/datasets/home-datasets/files/HOME\\_IncomeLmts\\_State\\_CT\\_2022.pdf](https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_CT_2022.pdf).  
Charts above are developed by City Plan and LCI staff.

Households interested in the Housing Choice Units must have a pre-existing Housing Choice Voucher. For units occupied by a Housing Choice Voucher Holder, Property Owners will be entitled to current Fair Market Rent, though the tenant will be responsible only for the determined share of rent based on their income. Project Sponsors must provide ECC with a copy of the executed Request for Tenancy Approval (“RTA”) form and the unit must pass inspection and final approval received by ECC prior to lease signing.

### Determining Household Income

Household incomes for IZ Affordable Unit applicants shall be determined in accordance with the *Internal Revenue Code Section 42, Low-Income Housing Credit Guide* and 24 CFR 5.609. Gross household income is the sum of all income sources for every adult (18 years or older) living in the IZ Affordable Unit. Income sources include, but are not limited to:

- Wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- Net income from the operation of a business or profession;
- Interest, dividends, and other net income of any kind from real or personal property;
- The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts;
- Payments in-lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; and
- Welfare assistance payments.
- Other contributions to income.

Income earned from minors (household members less than 18 years of age) and live-in aides are to be excluded from gross household incomes for each household.

For all Housing Choice Voucher priority units in the Core Market, Voucher holders will be subject to the same income guidelines established as part of Elm City Communities' Housing Choice Voucher program.

### Documentation to Verify Sources of Income

Documentation that will be requested in order to verify sources of income may include, but are not limited to:

- Recent pay stubs for the four (4) most recent pay periods if weekly payments, or two (2) most recent pay periods if biweekly payments;
- W2 forms for the most recent filing year;
- 1099 forms for the most recent filing year;
- Signed copies of most recent federal tax return;
- If self-employed, the net income from the operation of the business; or
- Third-party verification of employment and/or income. If self-employed and filing taxes, a letter of filing from the IRS with Schedule C or if not filing taxes, a letter of non-filing.

The Project Sponsor will then be permitted to deduct projected losses in income when major changes in life circumstances occur since the applicant's last year of employment. Life circumstance changes include retirement, job loss, or disability/death of a wage earner. In such instances, projected income losses may be deducted from the applicant's income from the previous year. Project Sponsors will need to provide the City with supporting documentation from the prospective tenant on changes in life circumstances and income losses as part of the monitoring process.

All documentation will be based on the applicant's income from the past year. Assumptions about bonuses, overtime, or other speculative projections of income will be based on what was earned in the previous year, unless clear documentation is presented to confirm a variation.

### Lease Requirements

Once prospective tenants have been approved and signed a lease, Property Owners must submit the signed lease to LCI within seven (7) days. LCI provides lease guidelines to be used by the Property Owner for each IZ Affordable Unit. General requirements include:

- Minimum Terms – All leases must have a twelve (12)-month term.
- Early Termination – Should a tenant need to terminate the lease, the tenant will provide the Property Owner with a written notice of their intentions and will be financially responsible for any incurred fees associated with early termination. Property Owners shall not assess, charge, or collect fees from former tenants once the IZ Affordable Unit has been released, in accordance with Connecticut law.
- Deposits – Deposit charges must not exceed one month's rent, unless Property Owners that allow pets charge an additional refundable pet deposit. In no instance may the pet deposit exceed one month's rent for the IZ Affordable Unit.
  - Pet deposits shall be reimbursed to the tenant unless any documented damages to the IZ Affordable Unit are attributed to the pet.
  - Property Owners may not collect deposits for documented service animals.

- **Late Payment Fees** – Late payment fees may be charged to tenants who fail to pay rent in full by the due date defined in the lease. Late payment fees may not exceed 5% of the IZ Affordable Unit rent in a given month.

Housing Choice Voucher holders, in addition to the lease requirements listed above, are subject to the terms of the [Housing Assistance Payments Contract](#).

## Tenant Requirements

Upon the execution of the lease between the tenant and Property Owner, tenants will be subject to the following terms, in addition to terms highlighted in the agreed-upon lease. Tenants who are found to be noncompliant with the provisions may be subject to termination of IZ Affordable Unit lease and/or eviction.

- **Occupancy:** All members of the household that applied must move into the IZ Affordable Unit within 60 days of the start of the lease and occupy the IZ Affordable Unit as their Primary Residence for at least 10 out of 12 months of each calendar year.
- **Subletting:** Renters may not sublet any part of the IZ Affordable Unit to anyone that is not a part of the household at any time. IZ Affordable Units cannot be subleased for long-term or short-term vacation rentals at any time. There is also no renting or subletting of a parking space or any other space (if provided with the unit). Any violation of this rule will lead to the termination of the lease.
- **Household Changes:** A Project Owner must not allow any changes to a lease for an IZ Affordable Unit within the first lease year, except in the following situations:

- Death of lessee
- Dissolution of marriage or domestic partnership within the household

The new Household must submit a new application for the IZ Affordable Unit and meet the current qualification standards. If a Household adds or removes anyone within the first twelve (12) months, the new Household income must be at or below the limit that was applicable at the time the continuing members of the Household initially applied. After the first 12 months, if the Household composition changes, the new Household income must remain at or below the allowable recertification limits.

- **Unit Maintenance:** Renters are responsible for making sure that their IZ Affordable Unit is not damaged and for maintaining the Unit in compliance with the terms of their lease. Project Sponsors are responsible for maintaining the IZ Affordable Unit in the same manner they maintain their market rate units.
- **Annual Recertification:** Each year, renters must provide Household income documentation and other applicable Household information to the Project Owner. Renters who fail to timely provide the required documentation are in violation of the Ordinance and will not have their lease renewed. Additional information on recertification is provided in the *Annual Recertification of Tenant Qualification* section of this Manual.

## Annual Recertification of Tenant Qualification

Prior to the lease renewal of an IZ Affordable Unit, the Property Owner shall recertify with the tenant that their household meets the eligibility and household size requirements for the unit. The same verification process and documentation will occur as with the initial lease up of the Unit. Tenants who fail to timely

provide the required recertification document(s) will be deemed in violation of the Ordinance and will be subject to having their lease terminated. After the first 12 months of occupying an IZ Affordable Unit, the gross household income may increase up to a maximum 100% of AMI, adjusted for Household size. If upon recertification the Household's income exceeds 100% of AMI, the Project Sponsor must reassign the next available equivalent unit as an IZ Affordable Unit.

The Project Sponsor or their representative shall collect and compile the necessary recertification documentation. The Owner or their representative shall maintain records of the recertification process and submit documentation to the City as described in greater detail in the *Annual Monitoring* section of this Manual.

Housing Choice Voucher holders must be recertified by the third-party contractors managing tenant selection for voucher priority units. All rules applying to Voucher holders as part of the Housing Choice Voucher program will still apply to voucher holders occupying IZ Affordable Units.

### Rent Increases

Project Sponsors may request rental increase at the time of tenant recertification no more than once in a twelve (12)-month period up to the Maximum Monthly Rent. Project Sponsors must not increase rent for an IZ Affordable Unit more than the rent change allowable based on the updated AMI, as identified by HUD and published by the City of New Haven. Project Sponsors must follow all applicable federal, state and local laws when increasing rent.

### Tenant Protections

The marketing and applicant screening of IZ Affordable Units must be in compliance with all applicable federal, state, and local laws related to Fair Housing and must not exclude or discriminate against any persons on the basis of religion, race, national origin, sex/gender identity, sexual orientation, health/disability status, familial status, English proficiency, and lawful sources of income. Additionally, the marketing and applicant screening of IZ Affordable Units must not exclude or discriminate against any person on the basis of citizenship.

Project Sponsors are required to use every good faith effort in marketing, tenant selection, recertification, and other administrative processes to engage income qualified households. This includes, but is not limited to, engagement and outreach members of the following underserved groups:

- People who may be racially or ethnically minoritized including those who identify as African American, Asian, Black, Native American, and Latino
- Women
- People who identify as Lesbian, Gay, Bisexual, Transgender, and Queer (LGBTQ)
- Families with dependents
- People with a physical and/or mental impairment that substantially limits major life activities
- Seniors (residents over 65 years of age)
- Veterans

## Part IV – Monitoring and Enforcement

*Note: This section is currently undergoing review and revision by the Livable Cities Initiative and the City Plan Department.*

### Annual Monitoring

Property Owners are required to provide information and documentation regarding occupancy status, insurance and any other information deemed necessary by LCI and other City departments to determine compliance with the Ordinance. The New Haven Inclusionary Zoning Compliance Form shall be submitted to LCI and other City departments. Property Owners should be prepared to disclose total household size, income, date of initial occupancy, unit number, unit location, unit size, unit AMI level, and current monthly rent, as well as additional information regarding tenants of IZ Affordable Units to LCI and other City departments as they may deem relevant for monitoring or compliance purposes. This information shall be submitted to LCI and other City departments annually by July 1st each calendar year.

LCI will oversee the monitoring of compliance and review all documentation submitted for IZ Affordable Units. At its discretion, LCI and other City departments may require additional documentation related to IZ compliance. The City will not consider requests for subordination, capital improvements, title change, or other requests if a Project Sponsor is non-compliant with any Ordinance rule.

The City reserves the right to inspect IZ Affordable Units to ensure maintenance of IZ Affordable Units to acceptable standards of health and safety and that they remain in line with market rate units in the same building.

### Non-compliance / Violations

As specified in the Ordinance, upon a violation of any of the provisions of the affordable housing agreement, the Zoning Enforcement Officer will give written notice to the developer or property owner specifying the nature of the violation and require corrective action within a reasonable period of time. If the developer or property owner does not reply or correct the violation within the time specified, they will, for each and every violation, be fined up one hundred dollars (\$100), or the maximum allowed by state statutes for each day that such violation continues after such notice.

All monetary fines collected by the City for IZ noncompliance will be placed in the Affordable Housing Fund (AHF) to support housing affordability initiatives in New Haven.

Any tenant that has been subject to being overcharged by a Property Owner will be referred to the Fair Rent Commission for remedy.

### Tenants

Tenants who are found to be noncompliant with the provisions of their lease, as illustrated in the *Tenant Requirements* section, may be subjected to termination of IZ Affordable Unit lease, eviction, and/or additional penalties. Furthermore, tenants will also be subject to termination of lease based on the same noncompliance standards applied to market rate units in the building.

### Appeals

See IZ Ordinance Section §50(l) – Right of Appeal

## APPENDIX: Definitions

In the case of any discrepancies between the definitions provided here and the New Haven Code of Ordinances or New Haven Zoning Code, the Code of Ordinances or Zoning Code shall prevail. Definitions are subject to change in future versions of this manual.

**APPLICABLE DEVELOPMENT** - means any plan or application for construction, development, or rehabilitation of real property for which the development application to the City agency with appropriate jurisdiction, including but not limited to the Board of Alders, City Plan Commission, Board of Zoning Appeals, or Office of Building Inspection and Enforcement, was submitted on or after February 18, 2022 and is (a) new construction; or (b) constitutes rehabilitation, conversion, or renovation of any existing buildings if the value of such rehabilitation, conversion, or renovation is greater than fifty percent (50%) of the existing assessed value of the property; and (c) is a (i) Mandatory Market-Driven Inclusionary Development; (ii) Large-Scale Inclusionary Development; (iii) Voluntary Inclusionary Development; or (iv) an Applicable PDU/PDD Development, as defined in Section 50(b).

For the purposes of the applicability of Article VI, § 50, Applicable Development does not include any Prior Approved Development, Prior Submitted Development, or any development application subject to a Restricted Housing Agreement.

**AREA MEDIAN INCOME (AMI)** – Median income, by household size, for New Haven County, as adopted by the US Department of Housing and Urban Development (HUD) and defined in the New Haven-Meriden HUD Metro Fair-Market Rent Area (HMFA).

**AVERAGE GROSS FLOOR AREA PER DWELLING UNIT** – means the gross floor area of the principal building or buildings divided by the total number of housing units in the inclusionary development.

**BOARD OF ALDERS** – The City’s legislative body.

**CITY PLAN COMMISSION (CPC)** – Body charged with reviewing development plans, including those with planned IZ Affordable Units.

**CITY PLAN DEPARTMENT (CPD)** – City department which oversees planning and zoning in New Haven, including the Inclusionary Zoning Overlay District and Inclusionary Zoning requirements.

**CORE MARKET** – Defined area of New Haven in which multi-family housing developments with ten or more units must provide at least 10% of units for households earning 50% of AMI or below PLUS an additional 5% of units must be prioritized for persons or families with tenant-based Housing Choice Vouchers. A map of the area defined as Core Market is included as **Figure 1** in this Manual. Additionally, it is on file and available for public inspection with the City Plan Department and the Livable City Initiative (LCI) As well as online here: <https://www.newhavenct.gov/government/departments-divisions/city-plan/zoning-and-regulations/inclusionary-zoning-ordinance>

**DEED RESTRICTION** – Legal conditions attached to the ownership of land which dictates requirements imposed on the land; with regard to Inclusionary Zoning requirements, these requirements pertain to developing and maintaining Affordable Units.

**DEVELOPER AND LAND DISPOSITION AGREEMENTS (DLDA)** – Agreement between the City of New Haven and a Project Sponsor for private development on a parcel of City-owned land. DLDA's require approval from the New Haven Board of Alders.

**ELM CITY COMMUNITIES (ECC)** – ECC is the City of New Haven's housing authority and oversees the City's Housing Choice Voucher program. Project Sponsors will coordinate with the ECC to ensure that Housing Choice Voucher Units are developed and operated, where required, in compliance with local, state, and federal regulations pertaining to the Housing Choice Voucher program.

**EXEMPTIONS** - An agreement allowing a Project to opt out of providing IZ Affordable Units due to defined proper characteristics (e.g. Project size, location, or grandfathering status).

**EXTENSION** – A temporary delay granted to Projects for providing IZ Affordable Units.

**FAIR MARKET RENT** – The City bases its determination on maximum monthly rent for IZ Affordable Units using the most recent data as published by HUD for Small Area Fair Market Rents published annually for New Haven based on bedroom count and zip code of the Project. Source: US Department of Housing and Urban Development (US HUD)  
[https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2022\\_code/select\\_Geography\\_sa.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2022_code/select_Geography_sa.odn)

**FLOOR AREA RATIO (FAR)** – The ratio of the gross floor area of the principal building or principal buildings on a lot to the total lot area.

**HOUSING CHOICE VOUCHER (SECTION 8 VOUCHER) PROGRAM** – Federal government housing assistance program which allows for low-income families, the elderly, and the disabled to afford decent and safe rental housing. Participants in the tenant-based voucher program are issued a rental voucher, which can be used in the private market for rental assistance. In New Haven, the Program is administered by ECC. A share of IZ Affordable Units in Core Market locations is prioritized for tenant-based voucher holders. No Project-based voucher units are included as part of IZ Affordable Unit development.

**IN-LIEU FEE** – Fee paid by Project Sponsors in place of providing IZ Affordable Units on-site as part of a new development. Funds generated by the in-lieu fee are put into the City's Affordable Housing Trust Fund to support affordable housing programs/development throughout the City. The price of in-lieu fees charged to a Project Sponsor selecting this option are based upon a tiered system that aligns with Project locations shown in **Figure 4** of this Manual.

**INCLUSIONARY DEVELOPMENT** means a development containing both affordable and market-rate units.

**INCLUSIONARY ZONING OVERLAY/INCLUSIONARY ZONING OVERLAY DISTRICT- (IZO)** - The Core Market and Strong Market areas comprise the Inclusionary Zoning Overlay District.

**INCLUSIONARY ZONING (IZ) UNIT AGREEMENT** - All Inclusionary Zoning applications will be formalized with an Affordable Unit Agreement. The Affordable Unit Agreement is required for all Applicable Projects. The IZ Affordable Unit Agreement must be to the satisfaction of the Director of the Livable City Initiative before the Project's Site Plan Review or Detailed Site Plan Review application is reviewed by the City Plan Department.



**IZ AFFORDABLE UNIT** – A residential dwelling unit, which is a required or voluntarily set aside unit under this Section 50 and which is restricted for occupancy by households that have a combined total annual income for all members that does not exceed fifty percent (50%) of the New Haven Area Median Income as defined by HUD at the time of initial occupancy; and for which the costs for rent and utilities do not exceed thirty percent (30%) percent of household income.

**INCOME LIMITS** – The maximum amount of income a household can earn to qualify for an Inclusionary Zoning unit.

**LARGE-SCALE INCLUSIONARY DEVELOPMENT** means a development anywhere in the City that proposes seventy-five (75) or more residential dwelling units, which is required to be an Inclusionary Development under the Inclusionary Zoning policy.

**LIVABLE CITIES INITIATIVE (LCI)** – City agency overseeing the design and implementation of housing programs and enforcement of the City’s housing code. LCI oversees the administration and compliance with the Ordinance, including reviewing proposed Projects and ensuring operational compliance with the Ordinance, among other tasks.

**LODGING HOUSES** – Any dwelling in which more than two (2) sleeping units are rented to two (2) or more persons other than family members of the lessee, tenant, or owner.

**LOW-INCOME HOUSEHOLD** – A household in which the combined total annual income for all members of a household does not exceed fifty percent (50%) of the area median income. These income limits are adjusted by household size based on multipliers used by HUD to adjust area median income by household size.

**MARKETING PLAN** – Document detailing a Project Sponsors’ strategy for attracting and screening prospective tenants to the Project’s IZ Affordable Units. Project Sponsors must submit a Marketing Plan to LCI six (6) months prior to construction completion of new multi-family housing that will include IZ Affordable Units. The plan must be approved before a Project Sponsor can obtain a Certificate of Occupancy. Marketing Plan applications are available from the City.

**MARKET-RATE UNITS** – Housing not restricted to low-income households that may sell or rent at any price that the market may bear.

**PRIOR APPROVED DEVELOPMENT** means an otherwise Applicable Development for the construction, development, or rehabilitation of real property for which the development application to the City agency with appropriate jurisdiction, including but not limited to the Board of Alders, City Plan Commission, Board of Zoning Appeals, or Office of Building Inspection and Enforcement, was submitted prior to February 18, 2022, and which has received the required approval of one or more of the City agencies with appropriate jurisdiction, but which requires the approval of one or more additional City agencies, and for which the application to such agency is submitted on or after February 18, 2022.

**PRIOR SUBMITTED DEVELOPMENT** means an otherwise Applicable Development for the construction, development, or rehabilitation of real property for which the development application to the City agency with appropriate jurisdiction, including but not limited to the Board of Alders, City Plan Commission, Board of Zoning Appeals, or Office of Building Inspection and Enforcement, was submitted prior to February 18, 2022.

**PROJECT** – Multi-family building or development which may be subject to providing IZ Affordable Units, based on requirements and guidelines established in Inclusionary Zoning Ordinance and in this Manual.

**PROJECT SPONSOR** – Owner and/or developer of a Project.

**PROPERTY OWNER** – Person or entity who holds the legal title (ex: deed) for the building and/or land containing a Project.

**RENT LIMIT** – The maximum monthly rent that can be charged for an Affordable Unit. If the tenant is responsible for the cost of utilities, the monthly utility allowance shall be deducted from the maximum monthly rent to determine the rent limit.

**RESTRICTED HOUSING AGREEMENT** means an agreement or a commitment to enter into an agreement existing and in force on the Effective Date between an owner of property, a developer of property, or a lessee of property with (i) the City of New Haven, including but not limited to a Development and Land Disposition Agreement, a grant agreement, a loan agreement, and/or a tax abatement agreement, (ii) another governmental entity, including but not limited to the State of Connecticut Department of Housing or the Connecticut Housing Finance Authority, or (iii) a third party for low-income tax credits which requires a property, Project, and/or a development to provide Restricted Units (whether or not such Restricted Units meet the definition of Affordable Units and/or such agreement complies with the Inclusionary Housing Set-Aside requirements of Section 50(c)(3)).

**ROOMING OR BOARDING HOUSES** – A group living facility which is used as a sleeping place or lodging for six (6) or more non-related persons. Rooming houses typically do not include additional provisions such as custodial, laundry and/or meal services.

**SENIOR LIVING FACILITIES** – Housing which includes assisted living facilities, independent living facilities, or group housing for the elderly. Senior living facilities are specifically designed for the needs of an elderly person or persons and conform to the requirements of state and/or federal programs providing for housing for the elderly and deed restricted as such.

**STRONG MARKET** – Defined area of New Haven in which new multi-family housing Projects with ten or more units must provide at least 5% of units for households earning 50% of AMI or below. A map of the area defined as the Strong Market is included as Figure 1 in this Manual. Additionally, it is on file and available for public inspection with the City Plan Department and the Livable City Initiative (LCI).

**STUDENT HOUSING** – A subtype of the multi-family residential dwellings that principally houses undergraduate or graduate college students. Student Housing is leased by room or bed rather than entire dwelling unit and may be on or off campus. Leases for student housing sometimes, but not always, follow an academic calendar schedule or last for less than 1-year terms.

**UTILITY ALLOWANCE** – A monthly allowance for utilities and services (excluding telephone services), if tenants are responsible for paying utilities. For properties in which tenants are responsible for paying utilities, the utility allowance will be deducted from the maximum rent to determine the monthly rent limit. Utility allowances for IZ Affordable Units are based on the Utility Allowance Schedule published by ECC and HUD.

**VOLUNTARY INCLUSIONARY UNIT AGREEMENT** – A voluntary contract between the City and a Project Sponsor for a set-aside of Affordable Units to be included in a planned Project.

**WAIVER** – A temporary agreement allowing Projects which would normally be subject to the providing HCV priority units as part of their IZ requirement to instead provide units affordable at the 80% AMI level.