

**03-13-2019 Town Council Meeting**  
**Responses to Council Questions #1**

**ITEM #9: Explore Affordable Housing Strategies in the Blue Hill District**

**Council Question:** What percentage of housing units in the District are now affordable housing units?

**Staff Response:** *Currently, 57% of housing units in the Blue Hill District are affordable. This includes income restricted subsidized affordable housing such as the Greenfield Place and Greenfield Commons developments, as well as naturally occurring affordable housing such as the Park Apartments. Once The Park Apartments closes in June, 36% of housing units in the District will be affordable.*

**Council Question:** At this point, is there a clear sense of whether at the current rate or projections, whether the Town would meet its goal of having 20% of the new units within the District be affordable housing units?

**Staff Response:** *The goal of the District was to create 300 new affordable units or have 20% of the new units developed within the District to be affordable. The current five-year projection is that 1,015 residential units will be completed in the District by 2024. Of those 1,015 units, we are certain that the 149 units developed by DHIC in Greenfield Commons and Greenfield Place will be affordable to and occupied by households earning less than 80% of the Area Median Income. This would equate to almost 15% of the units in the District as affordable.*

*The current ten-year projection is 2,101 residential units will be completed in the District by 2029. In addition to the 149 units at Greenfield Place and Greenfield Commons, 155 units at the Park Apartments are projected to be affordable at 120% AMI and below for a total of 304 units. This would equate to just over 14% of the units in the district as affordable to 120% AMI and below, and 7% affordable at 80% AMI and below.*

**Council Question:** When will the Town receive the \$1.5M affordable housing payment-in-lieu?

**Staff Response:** *The Town will receive the \$1.5M affordable housing contribution to affordable housing from the developer of The Park Apartments at time of issuing the first building permit for construction. We anticipate this will take place before fall 2019.*

**Council Question:** Is there any potential (apart from interest) right now to do master leasing with any current housing units in the District?

**Staff Response:** *Town staff have not had conversations with the owners and developers of anticipated developments to determine their interest in master leasing. Should Council be interested in pursuing Strategy 3 in the report, staff would explore potential opportunities and*

**03-13-2019 Town Council Meeting**  
**Responses to Council Questions #1**

*estimate the subsidy needed for master leasing in current and/or future residential developments.*

**Council Question:** Which fund would such a dedication of a portion of incremental property tax revenue go toward (e.g. Affordable Housing Fund, other fund)?

**Staff Response:** *The property tax revenue would remain in the general fund and would be recorded as a transfer to an affordable housing fund. Where the funds go would be determined by Council at the time that funds become available. This decision would be brought to Council once the debt is paid off and funds become available to either set aside for affordable housing or remain in the general fund to account for the growth in the tax base.*

**03-13-2019 Town Council Meeting**  
**Responses to Council Questions #2**

**ITEM #9: Explore Affordable Housing Strategies in the Blue Hill District**

**Council Question:** When the Blue Hill district was enacted, three parcels across Elliott from Village Plaza South that had originally been slated to be included in the district were left out with the express purpose of seeing how affordable housing could be incented there, with the intention of including them in the district once affordable housing had been figured out. There is no mention of these parcels in the materials we received. What is the current thinking vis-à-vis these parcels?

**Staff Response:** *Strategy 4 in the staff report references an option the Council could consider to incentivize the development of affordable housing in the four areas along S. Elliott Road that were not rezoned when the district was established. Based on the Council's feedback tonight on Strategies identified in the staff report and other ideas, we will further research and develop options that could be applied to these properties.*

**Council Question:** Would you ask staff to expound on the second bullet point in Strategy 2 (p. 107 in packet, though it's not numbered) to explain how development review options would be tied to stormwater treatment?

**Staff Response:** *Yes, during tonight's presentation, staff will provide greater detail on Strategy 2 and how it ties into the proposed development review options for varying levels of stormwater treatment in the Blue Hill District.*

**Council Question:** In Strategy 4, staff earlier said that the topography of the parcels south of Elliott Road would make redevelopment quite costly, so we shouldn't consider it an option for affordable housing. What changed?

**Staff Response:** *Affordable housing consultants, David Rosen and Associates, conducted an analysis of the four Elliott Road areas that focused on the costs of developing affordable housing on these sites with and without Low Income Housing Tax Credits. If the Council is interested in further exploration of Strategy 4, staff could conduct analysis on additional types of projects, including mixed income projects.*

**Council Question:** Town staff has expressed reluctance to do master leasing, but now that is listed as an option (p. 117). What changed?

**Staff Response:** *There are benefits and challenges associated with master leasing as an affordable housing strategy. It can be an expensive strategy over time that does not provide permanent affordability, depending on how the master lease is structured. Master leasing can also be successful in immediately creating affordable housing opportunities, and targeting*

## **03-13-2019 Town Council Meeting** **Responses to Council Questions #2**

*specific populations, such as public employees, or populations that are otherwise difficult to find housing for, such as very low-income households.*

*There are two recent examples of master leasing. The first is the master leasing arrangement between the Town and Grove Park development where Grove Park has agreed to lease 6 units to the Town for \$1 per month, making this a cost-effective strategy that could also provide housing for targeted populations. The second example is the new master leasing pilot program through the Community Home Trust and Glen Lennox, which Council approved funding for in the recent Affordable Housing Development Reserve cycle.*

*We will learn from the master leasing pilot programs described above and share our findings to the Council.*

**Council Question:** Under Proposed Next Steps (p. 111), how much money do we expect to spend on subsidies, and where would the money come from? Would we be allowed to set a dollar-figure cap, not a percentage of the rent, for our contribution to each unit to guard against increases in the market rate?

**Staff Response:** *If the Council is interested in further exploration of the option of subsidizing development units, staff could conduct an analysis to understand the amount of subsidy that would be required to off-set the financial loss a developer would face by supplying affordable housing in a project. The Council could make a decision on the structure, source, and amount of any subsidy provided. Potential sources of funds for this subsidy might be one of the Town's local funding sources, or if supported by Council, from incremental property tax revenue generated by developments in Blue Hill as proposed in Strategy 5.*

**Council Question:** I know that NC law prohibits us from using zoning definitions to require affordable rentals (rent control) the way we do with for-sale housing (our inclusionary zoning ordinance). But it seems to me that if we could establish a reasonable standard, we could use a zone requirement to require a contribution to our affordable housing fund much as we do for recreation. Was that considered at all for Blue Hill?

**Staff Response:** *We will evaluate whether the Town has the authority to require a contribution to affordable housing as described.*