



## Guiding Principles for Considering Affordable Housing in New Rental Housing Development



*Housing Advisory Board Recommendations  
September 2022*

### Goal

The goal is for 15% of units in new rental developments to be designated as affordable for households with an income of 60% or below of the Area Median Income (AMI).

### Principles

- Affordable is defined as housing-related costs not exceeding 30% of a household's income. Calculation of housing costs should incorporate the following assumptions:
  1. Housing-related costs includes rent, utilities (heat, water, sewer, electric, and gas), and other required fees.
  2. Maximum housing costs are based on the Area Median Income for the Durham-Chapel Hill, NC HUD Metro Fair Market Rent Area published annually by the U.S. Department of Housing and Urban Development [here](#).
  3. When determining housing costs for a given unit size, developers should assume a household size of 1.5 persons per bedroom. The most recent housing cost data by household size is attached as Exhibit A.
  4. Orange County publishes estimated utility costs by housing type and bedroom size annually [here](#). Developers may also propose their own project-specific utility cost estimates for the Town's consideration, along with a method of estimating anticipated cost escalation over time.
- Strong preference to receive units on site rather than payments in lieu of units or land dedication.

#### On-site Units

1. Units should be physically indistinguishable from and a comparable mix to the rest of the development and interspersed throughout the development.
2. Affordable for at least a 30 year period.
3. Properties to accept housing vouchers.
4. May seek partnerships with affordable housing developers to create affordable housing on-site or pursue other creative solutions to create affordable housing on-site.
5. Dedicate all affordable units to households that are not comprised entirely of full-time students.
6. Promote access to housing, including by considering extenuating circumstances for applicants, such as criminal or credit issues, or a history of evictions.

#### Payments-in-Lieu

1. A payment-in-lieu of affordable units on site may be considered when:
  - The applicant is able to clearly demonstrate that providing units onsite would

- create an unreasonable financial hardship; or
  - The applicant is able to clearly demonstrate that the payment-in-lieu would directly provide an equivalent or greater amount of affordable units in a way that better achieves the Town's affordable housing goals than providing units on-site.
2. The payment should be based on the cost to provide an equivalent number of affordable housing units off site to households at 60% AMI and below.

#### Land Dedication

1. The dedication of a portion of the parcel for a future affordable housing project may be considered when:
  - The applicant proposes to donate the land at no or minimal cost to an affordable housing development partner.
  - The applicant proposes to complete and/or pay for construction of site infrastructure up to the parcel dedicated for affordable housing development.
  - The site will receive a competitive site score for 9% Low Income Housing Tax Credits or the applicant documents a viable pathway to financing the affordable project.
2. The applicant should document that the dedicated land can support the construction of affordable units that equate to at least 15% of the market-rate units the applicant is proposing.