



**CONSIDER AN APPLICATION FOR PLANNED DEVELOPMENT-HOUSING SPECIAL USE PERMIT HOMESTEAD ROAD ACTIVE ADULT HOUSING, 2217 HOMESTEAD ROAD (PROJECT #17-096)**

**STAFF REPORT SERVICES**

TOWN OF CHAPEL HILL PLANNING AND DEVELOPMENT

Ben Hitchings, Director  
 Judy Johnson, Operations Manager  
 Aaron Frank, Senior Planner

<b>PROPERTY ADDRESS</b>	<b>DATE</b>	<b>APPLICANT</b>
2217 Homestead Road	August 14, 2018	Richard Gurlitz

**STAFF RECOMMENDATION**

That the Environmental Stewardship Advisory Board, Housing Advisory Board, Community Design Commission, Transportation and Connectivity Advisory Board, and Planning Commission review and make a recommendation on the application to the Town Council.

**STAFF ANALYSIS**

An accompanying application to rezone the property from Residential-2 (R-2) to Residential-5-Conditional (R-5-C) is also proposed, and this application proposes to meet standards in the Residential-5-Conditional (R-5-C) zoning district.

**PROCESS**

The application will be presented to Council for approval of a Special Use Permit. The Council must consider the **four findings** for approval of a Special Use Permit, which indicate that the use or development:

1. is located, designed, and proposed to be operated so as to maintain or promote the public health, safety, and general welfare;
2. would comply with all required regulations and standards of the Land Use Management Ordinance;
3. is located, designed, and proposed to be operated so as to maintain or enhance the value of contiguous property, or that the use or development is a public necessity; and
4. conforms to the general plans for the physical development of the Town as embodied in the Land Use Management Ordinance and in the Comprehensive Plan.

**DECISION POINTS**

- The applicant is proposing to provide an affordable housing payment-in-lieu in the amount of \$103,473 instead of providing 28.5 affordable units on-site. The payment-in-lieu amount being proposed is based on a formula developed by the applicant.
- The applicant proposes to utilize the Town’s affordable housing density bonus. In order to be eligible for the density bonus, a payment-in-lieu contribution must demonstrate a comparable contribution to affordable housing as an on-site unit,.
- Two points of vehicular access are provided; one from Homestead Road, and one in the southern portion of the site to the Courtyards at Homestead, as was anticipated through the approval of that development.

**PROJECT OVERVIEW**

The applicant proposes a Planned Development-Housing Special Use Permit to allow construction of a 190-unit, age-restricted multi-family residential development on 15.7 acres located south of Homestead Road. The project proposes 232,000 square feet of floor area, 235 vehicular parking spaces, and 81 bicycle parking spaces. An affordable housing contribution is proposed by payment-in-lieu.

The property is zoned Residential-2 (R-2) and a rezoning to Residential-5-Conditional (R-5-C) is proposed to allow this development.

Following the public hearing, staff will evaluate the evidence and comments received at the public hearing and will offer the Council a recommendation on the status of the Four Findings as they relate to this Special Use Permit Modification application.

**PROJECT LOCATION**



<b>ATTACHMENTS</b>	<ol style="list-style-type: none"> <li>1. Project Summary Form</li> <li>2. Resolution A</li> <li>3. Resolution B</li> <li>4. Application Form &amp; Materials</li> <li>5. Submitted Plans</li> </ol>
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**TECHNICAL REPORT**

**Background:**

2016: A Concept Plan was submitted for 102 Townhomes.

**Connections to other Documents:**

Town staff has reviewed this application for compliance with the themes from the [2020 Comprehensive Plan](#)<sup>1</sup>, the standards of the [Land Use Management Ordinance](#)<sup>2</sup>, and the [Town of Chapel Hill, NC : Design Manual and Standard Details](#)<sup>3</sup> and offers the following evaluation:

**Comprehensive Plan Themes:** The following are themes from the 2020 Comprehensive Plan, adopted June 25, 2012:

**Council Goals:**

<input checked="" type="checkbox"/>		Create a Place for Everyone	<input checked="" type="checkbox"/>		Develop Good Places, New Spaces
<input checked="" type="checkbox"/>		Support Community Prosperity	<input type="checkbox"/>		Nurture Our Community
<input type="checkbox"/>		Facilitate Getting Around	<input type="checkbox"/>		Grow Town and Gown Collaboration

Staff believes the Active Adult Apartments proposal complies with the above themes of the 2020 Comprehensive Plan.

**Land Use Plan:** The [2020 Land Use Plan](#)<sup>4</sup>, a component of the 2020 Comprehensive Plan, designates this site for Medium Residential (4-8du/ac) land use.

**Water Features:** No floodplain, Resource Conservation District, or Jordan Buffer exists on the site.

**HOUSING REPORT**

**Affordable Housing:** The application is subject to the Town’s Inclusionary Zoning Provisions of the Land Use Management Ordinance and the applicant proposes a payment-

<sup>1</sup> <http://www.townofchapelhill.org/home/showdocument?id=15001>

<sup>2</sup> [https://www.municode.com/library/#!/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALOUSMA](https://www.municode.com/library/#!/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALOUSMA)

<sup>3</sup> <http://www.townofchapelhill.org/town-hall/departments-services/public-works/engineering/design-manual-and-standard-details>

<sup>4</sup> <http://www.townofchapelhill.org/home/showdocument?id=1215>

in-lieu rather than providing on-site affordable housing units. The applicant also proposes to utilize the affordable housing density bonus; projects utilizing a payment-in-lieu are eligible for the affordable housing density bonus; however, the contribution must demonstrate a comparable contribution to affordable housing as an on-site unit. The applicant proposes 232,000 sq. ft. of floor area, an increase of 5,742 sq. ft. above the permitted by-right amount in the Residential-5 district. The floor area bonus allows 4,400 sq. ft. per affordable unit provided, allowing a maximum of 125,400 sq. ft. of bonus floor area allowed for the payment in lieu proposed for 28.5 units.

A \$103,473 payment-in-lieu is proposed and results from a custom formula developed by the applicant. If the Payment-In-Lieu Formula for Rental Housing Developments recommended by HAB was applied, the payment-in-lieu amount would be \$2,359,800.

According to the applicant, the payment-in-lieu formula being proposed by the applicant is yearly representative to reflect current market rental costs in the Chapel Hill sub-market, and takes into account the construction cost of the project. The construction cost requires an adjustment ratio to align the payment in lieu with the scale of the construction costs (luxury levels will pay more towards payment-in-lieu than an affordable project), referred to as the Cost Adjustment Ratio. The value of the payment-in-lieu is based on 28.5 units (15% of 190 units proposed); 16.14 one-bedroom units and 12.36 two-bedroom units. The number of affordable units required is used as a multiplier for determining the amount of payment in lieu, and a final multiplier (30) is applied to the number of units and base cost to express the coverage of subsidy for affordable rental housing for a period of 30 years allows the applicant to cover in an initial payment the subsidy determined to be applicable for the duration of a typical mortgage term.

The payment-in-lieu formula contains several elements:

FMR = HUD Fair Market Value determined from HUD website

RA= Required number of affordable units

CAR = Cost Adjustment Ratio – is a constant

YRS = Years of Mortgage Duration

CC= Construction Cost (expressed per \$100,000)

$FMR \times (CC/CAR) \times RA \times YR =$   
Payment in Lieu

UNIT DESIGNATION		FMR FMR	CAR CAR	CC Construction Cost/100,000	RA Required Affordable	30 30 Yrs	PIL Payment in Lieu
80%AMI	1BR	\$ 834	2000	270	8.07	30	\$ 27,258
	2BR	\$ 978	2000	270	6.18	30	\$ 24,478
65%AMI	1BR	\$ 834	2000	270	8.07	30	\$ 27,258
	2BR	\$ 978	2000	270	6.18	30	\$ 24,478
<b>Total</b>							<b>\$ 103,473</b>

Additional information may be found in the applicant's materials.

**EMERGENCY SERVICES REPORT**

This section of the report addresses public safety access.

**Fire Access:** The cross-access between the Courtyards at Homestead and this site provides a second point of access for emergency service vehicles. Fire access for aerial apparatus is provided in the circular parking lot.