

## **Homestead Road Independent Senior Housing Proposal for Inclusionary Zoning compliance**

The Homestead Independent Seniors Housing project delivers points of concurrence with the Town's desire to provide housing diversity in new projects. This proposal indicates:

- Compliance with the 2020 plan for both affordable and moderately priced housing,
- The basis for a payment in lieu for this project in relation to previous similar projects, and
- Compliance with the inclusionary zoning statements in the Ordinance.

### **Project Description**

The description of the project is 190 active adult rental apartments serving exclusively a 55+ segment of the population. 109 of the units are one bedroom, 81 of the units are two bedroom. Included in the monthly rent is a "grab and go" breakfast, valet service for trash removal at each resident door, educational and social events, supervised recreational activities and scheduled transportation. These services are specifically exclusive of any health related services. It is the intent of this project to provide a rental opportunity for a population segment that wishes to live in an age restricted community offering specific services that are tailored to their age requirements. It is not focused on the segment who finds it necessary to live in a health care related or assisted community. Currently, rental opportunities for this segment of the population either do not exist in Chapel Hill or are extremely limited.

### **Compliance with the 2020 Plan**

The project fulfills a community need of having rental housing as opposed to for-sale housing for this segment. Currently there are no other age restricted rental opportunities in the Chapel Hill market that allow for active adult rental without an additional healthcare or assisted living payment requirement associated with the rent. Older members of the Chapel Hill community who are not property owners, or wishing to live in primarily student and young professional projects, do not currently have any options for remaining in Chapel Hill. Opportunities for this segment of renters is available in Durham, Chatham, Alamance and Wake Counties. The lack of rental opportunities for this segment of the population forces people to either leave the community or live in facilities that do not meet their needs for aging in place. Typically rental facilities in Chapel Hill are focused on millennials and students. The services and support desired by an aging population are not included in these offerings. Nor is the social network that aids aging in place available in those communities for rental users. Although the North Carolina General Statute regulates 55+ as an age isolator that does not impact fair housing guidelines, the typical market for these facilities is for people in their mid-seventies.

We believe that this project, will materially fulfill one of the mandates of the 2020 plan. It will offer the opportunity for Chapel Hill to maintain a diversity of income levels and ages through moderately priced rental housing for this age group.

## Basis for a payment in lieu

It is recognized that the Chapel Hill Land Use Ordinance does not address a payment in lieu requirement for rental housing in Chapel Hill. Over the past several years, however, rental projects have come before the Town Council for approval and have voluntarily proposed affordable housing in their programs as either providing units on site or as payments in lieu for rental housing as a condition of their achieving a Special Use Permit. The number of units and the payments have not been consistent. Based on Town provided information, the previous projects are as follows:

Project	Total Units	Affordable Units	% Affordable	Payment in Lieu	Payment per unit
Grove Park	346	6	1.7%	0	0
Alexan	266	0	0	0	0
Graduate	100	15	15%	0	0
Timber Hollow	307	14	4.5%	0	0
Lux Apartments	194	0	0	\$120,000	\$618.56
Carolina Commons	300	0	0	\$250,000	\$833.33
Evolve	154	0	0	\$233,000	\$1,512.99
Shortbread	85	0	0	\$25,000	\$294.12
Woodmont	60	9	15%	\$320,000	\$5,333.33
<b>TOTALS</b>	<b>1,812</b>	<b>44</b>	<b>2.4%</b>	<b>\$948,000</b>	<b>\$523.17</b>

This represents a series of negotiations on each project as it was presented. Grove Park, the Alexan, Shortbread Lofts, The Graduate and Lux are primarily student housing. Timber Hollow is an addition to an existing 25 year old development that houses both moderate income as well as students. Carolina Commons is part of a mixed use project funded through the University with no land cost. Charterwood is a mixed use project.

The average provision of affordable housing where that option was selected is 2.4% of the number of total units developed. For the Homestead Road project this would translate to 4.56 units.

The average provision of a payment in lieu is \$523.17 per unit developed. For the Homestead Road project this would translate to a payment in lieu of \$99,402.30

We are proposing a payment in lieu for the Homestead Road project of \$220,000. This equates to \$1175.89 per unit developed.

## Inclusionary Zoning Statements

North Carolina General Statute 41A – Fair Housing recognizes 55+ as an age restriction for serving a particular population segment while providing all fair housing goals. The town’s statement of inclusionary zoning states:

***“This section promotes the public health, safety and welfare of the town by promoting housing of high quality located in neighborhoods throughout the community for households of a variety of income levels, ages and sizes in order to meet the town’s goal of preserving and promoting a culturally and economically diverse population in our community.”***

Of importance in this statement is provision for households representing a variety of income levels, ages and sizes. Provision of rental housing for moderate income seniors is currently a missing component of housing opportunities in Chapel Hill. While there is housing associated with some level of health related care available in Chapel Hill, there is no independent 55+ rental availability.

The inclusionary zoning portion of the ordinance addresses the need to provide housing opportunities in Chapel Hill not only for groups that are economically diverse, but also for groups that experience age diversity as a challenge in meeting housing needs. Although the NC General Statute recognizes 55+ as an age distinction, the overwhelming market for this population is typically in their mid 70s. They are physically and intellectually vital - not in need of health related services - and may or may not have the resources to purchase housing in Chapel Hill. The contribution of this age group to the character of Chapel Hill is enormous as witnessed by the extent of volunteerism in this group and their participation in town politics, events and activities. The intent of inclusionary zoning addresses both cultural as well as economic factors.

The housing characteristics of a 55+ rental community are unique. The rental rates are aimed at moderate income households. Higher income households typically will purchase within age restricted communities such as the Courtyards next door to this project. The market depth for rental is severely restricted by the 55+ limitation placing a burden on the leasing and management operations. The services provided to the tenants are specific and aimed at addressing the needs of a cohort that wishes to age in place. These services are not available in other rental projects that are aimed at students and young professionals. These services are also specific to those renters who do not have pressing health care needs that require them to join a health-related facility.

## Conclusion

We believe that this project, by its very nature, brings a component of inclusionary housing opportunities to Chapel Hill in its provision of rental housing to an age specific market that is under-served or not served at all in Chapel Hill. It adds to the cultural diversity of the town. This proposal is compliant with the intent of the 2020 Plan as well as the intent of the Inclusionary zoning portion of the Chapel Hill Ordinance.

The voluntary \$220,000 contribution as a payment -in-lieu to affordable housing represents an amount consistent with and at the high end of other project contributions for rental projects to date. It also is at the limit of allowing the project to be financially viable in Chapel Hill instead of inducing the developer to build in our neighboring communities.