

# **Independent Senior Living Facility**

## **WRITTEN NARRATIVE**

### **SITE DESCRIPTION**

The subject parcel is located on 15.76 acres located at 2217 Homestead Road in Chapel Hill, North Carolina. It currently has one single family residence. The portion of the site with visibility to Homestead road is partially wooded, but mostly is lawn and residential garden with a gravel driveway. There is a storage shed towards the mid-portion of the site. The rear nearly 8 acres of the site is completely wooded in primarily mature hardwoods. The site is bordered on the north by Homestead Road, and on the east and south by the University of North Carolina's North Campus property which is vacant and is being used for public trails and park. The property on the west boundary is currently under construction with a single family age-restricted residential development. The site has vehicular access to Homestead Road and the age restricted development to the west has stubbed out one of its internal roads to the common property line. The University property bounding the south and east lot lines are designated as Permanent Open Space and allow for the Gross Land Area (GLA) to maximize at Net Land Area plus 10%.

The property gently slopes towards Homestead Road. There is no Resource Conservation District, Jordan Buffer, perennial or ephemeral streams on the property per a stream determination performed by the Town of Chapel Hill. The property is currently zoned R-2 and this Special Use Permit and Rezoning is requesting a re-zoning to R-5.

### **PROPOSED DEVELOPMENT**

#### **BUILDING**

The proposed use is a 190 unit residential for-rent apartment development. The units are age restricted to tenants over the age of 55. The project will include a single four story building of approximately 250,000 SF. There will be 109 one bedroom apartments and 81 two bedroom apartments. The project also includes roughly 12,000 SF of common activity area, which includes meeting rooms, activity areas, food service and administration. All circulation and common areas are interior to the building. The building will not exceed the 60' secondary height maximum.

#### **SITE DEVELOPMENT UTILITIES AND STORMWATER**

The site development will include 254 parking spaces, of which five are ADA and three additional are ADA van accessible. There will be 38 bike storage areas included. The number of parking spaces falls within the minimum and maximum requirements of the LUMO. The bike storage has been reduced to accommodate the projected use for this population, a demographic that is less inclined to biking. As the project is a single building, the setbacks substantially exceed the required. The LUMO street setback of 20 feet on the north property line, and the LUMO solar setback of 8' also on the north is expected to be approximately 700'. The LUMO interior setback of 6' is expected to be approximately 140'. The project has approximately 503 LF of street frontage along Homestead Road. The stormwater BMP will be developed at the low point of the site bounded by Homestead Road on the north, the project entry road on the East and the adjoining property line to the west. Sewer and water will be provided by OWASA, Duke Energy is providing power, Spectrum will provide the cable and internet access.

## **RECREATION**

It is anticipated that 25% of the required recreational space will be provided as a payment in lieu, per the request of the Town. The remaining 75% will be provided on site. Total recreation space required is 37,336 SF. The on-site recreation required is therefore 28,002 SF. A pedestrian trail linking to the UNC property trailways system will be provided at 1,495 SF. Additionally, a 10' wide multi-use sidewalk and bike lane will be provided along the Homestead Road frontage, accounting for 5,033 SF. Two recreation courtyards including a pool area, outdoor yoga classroom areas, bocce courts and gathering areas in the project have a residual 22,777 SF and there is approximately 4,000 SF of interior active recreation areas in the common area which includes a fitness center, spa, game room, media room and a demonstration kitchen. Total recreation provided is approximately 33,305 SF, which well exceeds the 28,002 required square footage.

## **AFFORDABLE HOUSING**

The Applicant is requesting that the affordable housing component of the Inclusionary Zoning requirements of the LUMO be satisfied with a payment-in-lieu.

## **INDEPENDENT SENIOR LIVING**

This independent senior living facility in Chapel Hill is an age-restricted community developed as an "Active Adult" residence. This project is developed to provide a new segment of age-restricted rental housing to Chapel Hill. The design will be targeted at "active adults" ranging in age from 55 to 80+ who, while they no longer wish to care for and live in a single-family home, do not want or need the entire suite of services offered by traditional retirement communities (full-scale nursing, three daily meals, etc). Moreover, this project will specifically provide a community for local and in-migrating seniors of people in their own age cohort.

The project will offer a number of services to residents – there will be a full-time Activity Director, who will plan daily activities, from field trips to game nights to yoga classes to lecture series and much more. Additionally, the project will offer a daily brunch for residents. As each apartment will have full, chef-inspired kitchens, residents are welcome and encouraged to cook their own meals the rest of the day, or explore the restaurants in the surrounding community.

In addition to the Activity Director, the project will have a Community Director, Business Manager, two or three Leasing Professionals, a Service Supervisor, and a Service Technician, for a total of seven or eight full-time, onsite jobs. Additionally, the project will contract out several other services (janitorial, landscape maintenance, pool maintenance, trash removal, pest control, and more) that will create a significant number of other jobs.

The residents of this project remain a very active group. Whereas traditional senior housing options (CCRC's, Independent Living facilities, and Assisted Living facilities) tend to skew towards an older population, this project skews younger. While traditional senior housing generally has an average resident age ~85, this project will have an average resident age of 74. This means that residents are still of an age where they spend time and money engaging in the community – eating at restaurants, staying involved in local churches and civic organizations, many even still working! As a result, residents tend to

utilize cars at a higher rate than traditional senior housing residents – it can be expected that residents utilize their cars at a rate of approximately 1 car (and parking space) per unit. The project also intends to provide sufficient parking for guests (~0.2 cars/spaces per unit) and onsite staff (~0.1 car/space per unit), for a total target parking ratio of 1.3x spaces per unit. A portion of these spaces will be covered.

This independent senior living project represents a housing option that fills a sorely needed gap in the existing housing landscape for both existing residents and new in-migrating residents to Chapel Hill. Offering a fresh take on the senior housing model, it will give “active adults” who wish to rent a unit, but still want to live in a convenient location, an alternative. Previously, living in an age-restricted community like this would often entail moving. Offering this residential housing type to Chapel Hill, is filling a community need.

# Independent Senior Living Facility

## STATEMENT OF JUSTIFICATION

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This project complies with the Development Ordinance and Design Guidelines. The project further complies with the 2020 Comprehensive Plan and the current zoning for the uses.

### Project Description

The project consists of developing a 15.76 acre parcel that currently has one single family residence on it. The project includes 190 apartment style rental age-restricted units, connections to existing roadway systems, new sewer and water connections to current OWASA services, grading the site for constructability stormwater management, installation of Duke Power services and cable/ internet extensions. The project intends to comply with Section 3.10.2 (e) – Inclusionary Zoning – Rental Units through an approved payment in lieu for affordable housing. A density and square footage bonus based on the provision of an affordable housing payment in lieu is being pursued. The project is being proposed with a rezoning from the current R-2 to an R-5. The plan will exercise a 15% density bonus and 4400SF floor area bonus for multi-family dwellings with interior common elements.

### Compliance with the Comprehensive Plan

The sections of the 2020 Comprehensive Plan that are particularly applicable to this project focus on the need in the community to provide a variety of housing types- Big Idea number 4. We believe that providing age restricted rental housing, which is severely under-represented in this market, meets the expectations and accomplishes the goals of the 2020 Comprehensive Plan by introducing an entirely new form of housing into an already undersupplied portion of the local housing market

This project responds to the Themes and Goals in Chapter 3 of the Comprehensive Plan as follows:

1. ***A Place for Everyone*** -

Rental apartment type housing aimed at the targeted range of age restricted to 55 years old and above is a currently unmet need, fulfilling the requested goal of a diversity of housing types in Chapel Hill. This project provides that housing opportunity to Chapel Hill residents.

2. ***Community Prosperity and Engagement***

A key element in prosperity and engagement, the second theme, is “sustaining healthy neighborhoods”. This project provides new housing as a continuation of an existing (although new) neighborhood, expanding the same fabric of that age specific neighborhood in proximity to walkable surrounding amenities in the Southern Orange Senior Center and the nearby Homestead Park Aquatic Center.

### **3. *Getting Around***

Key in the Getting Around theme is linking neighborhoods to thriving greenways, sidewalks, bicycle amenities and other options. The proximity of this project to the existing University land and trail system, and the anticipated payment in lieu providing support for the continued operation of this greenway and bicycle friendly neighboring property indicates the contribution this project will make to keeping Chapel Hill greenway and park facilities thriving.

### **4. *Good Places New Spaces***

This theme talks about “balancing respect for the old with the prospect of the new”. This development respects the character of Homestead Road, and maintains an appropriate distance from the roadway that allows for the quiet residential character of Homestead Road to be maintained while providing the density and housing type that furthers the Town’s quest for housing diversity.

### **5. *Nurturing Our Community***

Environmental Sustainability and aspects of people’s interaction with the natural habitat from parks and open spaces are the focus of this theme. With the existing wooded areas surrounding it to remain, there is great opportunity for the residents to interact with the immediate natural habitat. The proximity of Homestead Park and the Senior Center on the other side of the site virtually insures that the residents will have the ability to take advantage of the Town park facilities. The basic elements of the project development centralize the construction in the middle of the site and allow for density while intentionally maintaining significant portions of the existing wooded terrain.

### **6. *Town and Gown Collaboration***

While there is direct linkage between this project and the University property, there is also every likelihood that a significant number of the residents will in some way be associated with UNC. It is not anticipated nor is it a goal of the developers that this project provide student housing, which is further underscored by the age-restriction on the project, which will limit residents to ages 55+. However, the developer intends to capitalize on the University connection by virtue of a proximate location to the University, by partnering with the University to offer guest lecturers on site, organizing field trips to attend fine arts and sporting events at the University, and generally aiming to partner with the University wherever possible to provide a rich experience for residents.

# Independent Senior Living Facility

## ENERGY MANAGEMENT PLAN

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This Independent Senior Living Facility will achieve 10% improvements on ASHRAE energy efficiency standards. Heat pump technology used to heat and cool the apartments is the limiting factor on further gains. An energy management system will be installed in each apartment. The energy management system is a combination of a thermostatically controlled sensors and user defined set points to conserve energy when the apartment is not in use, or in off hours. Energy efficient lighting will be used throughout the building. Lighting is a combination of LED and compact florescent though LED is quickly replacing compact florescent bulbs of all types.

It is not anticipated that energy origination will be utilized on site. The apartment's roof will be a white single ply membrane with high reflectivity for solar heat gain mitigation.

During construction, ductwork will be sealed to prevent dust from settling in the duct. High efficiency filters will be used in the primary HVAC units. The project design will exceed ASHRAE and USGBC standards by requiring 100% outside makeup air to all apartments and corridors while achieving positive pressurization. Natural day lighting will be utilized. Each apartment has exterior windows and the ends of corridors will have windows. The ground floor activity areas are designed around a large expanse of window walls. Windows are high efficiency with a low E coating.

This project is committed to energy efficiency in both building and operating the project. An energy efficient building reduces the carbon foot print and reduces energy cost.

An important point of the Independent Senior Living Facility is its location near and walkable to facilities likely to be used by the residents thereby reducing automobile carbon. The building is close by the Southern Orange Senior Center and the Chapel Hill Aquatic Center. It is also on the HS bus line and close to an existing stop making use of public transportation.

# **Independent Senior Living Facility**

## **AFFORDABLE HOUSING PROPOSAL**

### **Summary:**

The Independent senior housing development provides the following justification and proposal for the implementation of an Affordable Housing payment in lieu of providing on site affordable rental units.

### **A. Initial Statements:**

1. Section 3.10 of the Land Use Management Ordinance describes Inclusionary Zoning as a method of encouraging *“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.”*
2. Section 3.10.2 (e) addresses the number of units required to comply with the affordable housing goals if the project is a rental property.
3. Section 3.10.3 (4) B - Amount of Payment, indicates a calculation to determine the amount of payment-in-lieu applicable if the Applicant is pursuing the option of making a payment to the Town in lieu of providing the affordable units required. This calculation is derived from for-sale properties and applies to for-sale properties.
4. The Land Use Management Ordinance does not address the procedure of a rental property complying with section 3.10 – Inclusionary Zoning through a payment in lieu.

### **B. Guiding Principles**

1. This proposed methodology to determine a payment in lieu is applicable to rental properties based on determined and verifiable characteristics applicable uniformly to a variety of rental projects.
2. This methodology is prescribed and available to both the Town and the Applicant at the beginning of the Special Use Permit process.

### C. Justification

1. It is recognized that the HUD Fair Market Rents in Chapel Hill are at or below the 30% AMI attributable to housing costs for both the 80% AMI and the 65%AMI groups, making the majority of rental housing primarily available to the groups identified in the Land Use Management Ordinance for occupants of affordable housing.
  - a. Reference: Fair Market Rental Rates:  
[https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2017\\_code/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2017_code/select_Geography.odn)
  - b. Reference: Median Income:  
[https://www.huduser.gov/portal/datasets/il/il2017/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/il/il2017/select_Geography.odn)
2. It is recognized that a larger proportion of the retirement aged populations are gravitating towards rental properties as their prime residential choice.
3. It is recognized that the Independent Senior Rental Housing project is aimed at a specific and defined segment of the Chapel Hill community.
4. It is recognized that the Independent Senior Rental Housing provides affordable rental housing as part of their primary market. The methodology used to determine a payment in lieu reflects the degree to which the project naturally supplies affordable housing in its operations independent of Town requirements.
5. It is recognized that it is more difficult for age restricted rental housing to incorporate Town or Agency integrated affordable housing in its operating strategy because of the ongoing administrative burden of determining eligible renters, and the effect of creating a rent controlled property which is specifically restricted in the Land Use Management Ordinance (3.10.2 (e)).
6. It is recognized that properties with specific age restrictions allowed by ordinance and statute, similarly find it more difficult to incorporate affordable housing in their operating strategy because of the ongoing administrative burden of determining the financial eligibility of renters in that specific classification.

### D. Payment in lieu Formula

1. The formula is **yearly representative** to reflect current market rental costs in the Chapel Hill sub-market. Using the HUD Fair Market Rent determination sets a multiplier in the calculation verifiable by all parties.
2. The formula takes into account the **construction cost** of the project. By including the construction cost in the formula, a project that is being built at luxury levels will pay more towards payment in lieu than an affordable project. Additionally, the construction number can be fairly estimated by the Applicant at the beginning of the SUP process. It can be verified by the Town when the General Contractor takes out his Building Permit and is required to state the cost of construction.



3. The construction cost requires an adjustment ratio to align the payment in lieu with the scale of the construction costs. Similar to the Floor Area Ratio (FAR) used modulate acreage in determining allowable square footage on a lot, **Cost Adjustment Ratio, (CAR)**, is used to modulate construction cost to determine the payment in lieu.
4. The number of affordable units required to achieve compliance with section 3.10.2 **Affordable Dwelling Units or Lots Required**, is used as a multiplier for determining the amount of the payment in lieu.
5. A final multiplier 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.

FORMULA ELEMENTS:

**FMR** = HUD Fair Market Value determined from HUD website

**CAR** = Cost Adjustment Ratio – is a constant

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

**RA** = Required number of affordable units

**YRS** = Years of Mortgage Duration

**FMR x (CC/CAR) x RA x YR = Payment in Lieu**

**15% of 190 units = 28.5 Required Affordable. 16.14 Units at 1BR and 12.36 Units at 2 BR**

For the Independent Senior Housing, this formula is expressed as:

UNIT DESIGNATION		FMR	CAR	CC	RA	30	PIL
		<b>FMR</b>	<b>CAR</b>	<b>Construction Cost/100,000</b>	<b>Required Affordable</b>	<b>30 Yrs</b>	<b>Payment in Lieu</b>
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>