

KEY ISSUE: AFFORDABLE HOUSING

PROPERTY ADDRESS	BUSINESS MEETING DATE	APPLICANT
2217 Homestead Road	January 30, 2019	Gurlitz Architectural Group, PA

SUMMARY

The Applicant requests a rezoning (from Residential-2 to Residential-5-Conditional). In 2000 (modified in 2009), the Council adopted a policy to increase the availability of affordable housing in the community. The policy states the [Council's expectation¹](#) that any rezoning request with a residential component incorporate a 15 percent affordable housing feature into their plans with mechanisms to ensure ongoing affordability. The policy also allows the Council to accept a payment-in-lieu of all or part of the affordable housing obligation.

In this case, the Applicant's revised proposal includes as follows:

- 198 dwelling units (increased from 190)
- Ten(10) percent (twenty (20) dwelling units) of the dwelling units as affordable to households earning less than 60 percent of the Area Median Income for a period of 30 years;
- Providing all recreation area on-site, with no partial payment in lieu;
- Capping building permit fees at \$10,000 (total fees estimated to be \$93,000; and
- No provision of solar roof units from the project design. The Applicant will install conduit to allow for the option of installing roof solar units in the future.

The Applicant's revised proposal has not been evaluated by the Housing Advisory Board.

STAFF RECOMMENDATION

We recommend that the Council accept the revised proposal offered by the Applicant. Based on our estimates, the Applicant's requests total a Town subsidy of \$83,000. The Applicant has revised its proposal to provide ten percent of the units affordable to households earning less than 60 percent of the Area Median Income which has been identified as a significant need in the community. The Applicant also revised its original proposal and proposes the term of affordability to be 30 years which is consistent with the length of affordability for many other Town-subsidized affordable rental developments. If this proposal is approved by the Council in conjunction with this rezoning, we would expect similar requests for financial incentives from future Applicants. We recommend that staff develop criteria for the Council to review when considering such requests in the future, and determine the impacts of waiving fees on departmental revenues.

If the Council chooses to accept the Applicant's revised proposal, enact the rezoning and issue a special use permit, the terms would be incorporated into an Affordable Housing Performance Agreement between the Town and the Applicant that would be signed by both parties prior to issuance of a Zoning Compliance Permit.

¹ <https://www.townofchapelhill.org/home/showdocument?id=24578>

Rezoning Affordable Housing Agreement

In addition to an Affordable Housing Performance Agreement, the Town Attorney has prepared an Affordable Housing Agreement connected to the rezoning that includes the conditions proposed by the Applicant. The Agreement will be signed by the Applicant and owner prior to the Council's voting on the rezoning request. A draft of the agreement with the terms proposed as of the preparation of this report, is attached to this memorandum for your consideration.

If the proposal offered by the Applicant and owner is acceptable to the Council, the terms will be incorporated into the ordinance rezoning the property. If the terms proposed by the Applicant in response to the Town's Affordable Housing policy are not acceptable to the Council, we would recommend that the Council delay taking action on the rezoning until an Agreement can be revised and signed by the Owner and Applicant prior to Council approval. The Council also has the option to deny the rezoning. Consideration of the accompanying Special Use Permit application should be delayed until the rezoning request has been acted upon.