

## KEY ISSUE: AFFORDABLE HOUSING

| PROPERTY ADDRESS    | BUSINESS MEETING DATE | APPLICANT                       |
|---------------------|-----------------------|---------------------------------|
| 2217 Homestead Road | March 20, 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 an Affordable Housing Policy to increase the availability of affordable housing in the community. The policy states the [Council's expectation](#)<sup>1</sup> that any rezoning request with a residential component incorporate a 15 percent affordable housing feature into the plans with mechanisms to ensure ongoing affordability.

The Applicant's most recent proposal, from the February 20, 2019 Council meeting, includes:

- 198 dwelling units (increased from 190)
- Ten (10) percent (twenty (20) dwelling units) of the dwelling units as affordable to households earning up to 60 percent of the Area Median Income for a period of 30 years (previously 60 percent of the Area Median Income and twenty 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. The Applicant will install conduit to allow for the option of installing roof solar units in the future.

The terms of this revised proposal have been incorporated into an Affordable Housing Agreement that the Town Manager and Town Attorney have negotiated with the Applicant.

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 of the total building permit fees, the Applicant's requests to cap the fees at \$10,000 results in a total Town subsidy of \$83,000. The Applicant has revised its proposal to provide ten percent of the units affordable to households earning up to 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.

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

If the Council chooses to accept the Applicant's revised proposal, enact the rezoning and issue a Special Use Permit, the terms of the Affordable Housing Agreement would be incorporated into a future Affordable Housing Performance Agreement to be entered into by the Town, the Developer and a non-profit agency (if applicable) prior to the Town issuing a Zoning Compliance Permit for the project.

#### Rezoning Affordable Housing Agreement

The Town Attorney has prepared an Affordable Housing Agreement connected to the rezoning that includes the terms of the Applicant's proposal. The purpose of the Agreement is for the Developer and Property Owner to acknowledge that approval of the rezoning is a density bonus and that they are voluntarily providing units on-site to meet the expectations of the Council's Affordable Housing Policy. The Agreement has been signed by the Developer and Property Owner and is included as an attachment.

The terms of the proposal have been incorporated into the attached rezoning ordinance. 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 Developer and Property Owner prior to Council considering this application further. The Council also has the option to deny the rezoning. Consideration of the accompanying Special Use Permit application should be delayed until the Council has acted on the rezoning request.