

AFFORDABLE HOUSING STRATEGIES IN THE BLUE HILL DISTRICT

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Council Business Meeting
March 13, 2019



Agenda

1. Overview and Context

2. Research Findings

3. Review of Proposed Strategies

4. Discussion of Next Steps

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Purpose of Tonight's Discussion

- Provide guidance on affordable housing strategies for Blue Hill District
- No Council action required



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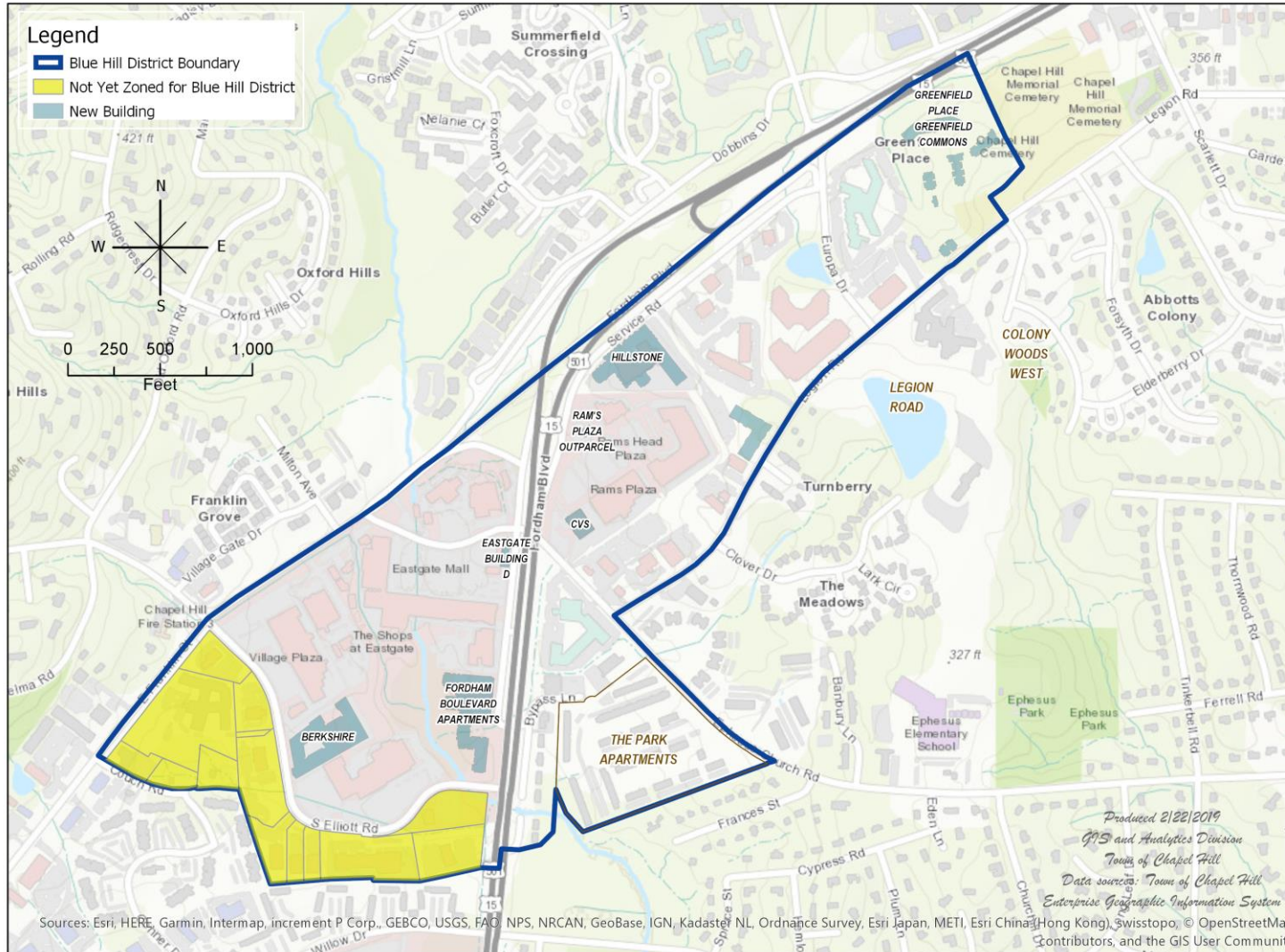
BLUE HILL DISTRICT OVERVIEW



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Blue Hill District Map

Blue Hill District



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Blue Hill Form-Based Code

- Establishes basic requirements for development to serve as prescriptive standards
- Design guidelines in code interpreted by staff, reviewed by CDC
- **No Council approval required; Staff/CDC Approval within 100 days**



Affordable Housing Goal and Progress

- Develop 300 new affordable housing units within the District

Development	# Affordable Units	Status
Greenfield Place	+ 80	Completed and Occupied
Greenfield Commons	+ 69	Anticipated Completion in Spring 2019
Park Apartments	-190 +~60 +155	<ul style="list-style-type: none"> - Expect full vacancy by Summer 2019 - Developer to pay \$1.5M affordable housing payment-in-lieu prior to receiving building permits - Developer to provide income-restricted units (80-120% AMI) on site
Tarheel Lodging	0	Pre-Concept Plan submitted; no discussion of affordable housing to date

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Council Petition

“Propose solutions that will allow us to meet our existing goal of 300 new affordable housing units as well as to mitigate impacts of units lost when the Park Apartments property redevelops.”

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RESEARCH FINDINGS



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Form-Based Code and Affordable Housing



Promotes Affordable Housing

+ Streamlined, predictable review process reduces development costs

+ Transit access may reduce transportation costs

+ Focus on energy efficiency reduces utility costs.

Hinders Affordable Housing

- Focus on form rather than land use limits incentives

- “By right” projects limit negotiating power

- Architectural standards could raise costs



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Traditional vs. Blue Hill Development Review

Traditional Development Approval Process	Blue Hill Approval Process
Opportunity for Council and Advisory Board review	<ul style="list-style-type: none"> - Eligible projects receive 100-day approval - Limited Advisory Board review (CDC only) - Council approval not required
Utilize incentives (density bonus/Floor Area Ratio bonus) or grant rezoning for rental developments in exchange for affordable housing	<ul style="list-style-type: none"> - Form-based code does not dictate density; developers can maximize density/size by right - Value of height bonuses limited by increase in construction costs for greater than ~6 story buildings

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PROPOSED STRATEGIES



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Strategy 1: Revise Blue Hill code to reflect the Town's commitment to affordable housing within District

- Incorporate affordable housing into vision for the District
- Require pre-application meeting with Town Affordable Housing staff

Next Steps:

- Initiate process required to revise Blue Hill District Code to incorporate affordable housing into vision.

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Strategy 2: Offer development review process options to support affordable housing

- *Commercial Exemption:* Allow developers to include affordable housing in lieu of required non-residential uses in Blue Hill development
- *Stormwater Management Options:* Tie affordable housing to proposed development review options related to stormwater treatment in Blue Hill

Next Steps:

- Determine affordability level that offers comparable alternative to commercial requirement
- Coordinate with Planning on design of code modification for stormwater treatment

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Strategy 3: Partner with developers to provide affordable housing opportunities in planned development

- Subsidize construction within market rate projects in exchange for affordability restrictions
- Designate portion of units for public employees (e.g., local/County government, school system employees)
- Master lease with Town/affordable housing provider to subsidize rent for specified target population

Next Steps:

- Assess interest among developers to accept subsidy for affordable housing in market rate development
- Refine estimates of subsidy needed

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Strategy 4: Offer similar review process for affordable housing development in surrounding area

- Qualifying projects receive Staff/CDC review within 100 days
- Would expand support for affordable housing development
 - Area is competitive for 9% tax credits (e.g., Greenfield Place)
 - Nearby Town property and parcels south of Elliott Rd offer redevelopment opportunities

Next Steps:

- Clarify zoning structure to extend development benefits to surrounding areas
- Further explore nearby affordable housing development opportunities

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Strategy 5: Allocate a portion of increased tax revenue to affordable housing

- Synthetic Tax Increment Financing (TIF) District finances road improvements in Ephesus-Fordham District (i.e., Blue Hill)
 - Once debt paid off, Council could choose to dedicate a portion of incremental property tax revenue to subsidize affordable housing in Blue Hill

Next Steps:

- Monitor debt repayment schedule for Phases I and II
- Determine need for future phases of road improvements
- Consider allocation of additional property tax revenue to affordable housing after current debt paid off

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DISCUSSION AND NEXT STEPS



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Proposed Next Steps

- Pursue additional analysis on strategies supported by Council
- Return to Council with additional information/options for consideration

Strategy 1	Initiate process to revise Blue Hill Code to incorporate affordable housing into vision
Strategy 2	Determine affordability level that offers comparable alternative to commercial requirements; Coordinate with Planning on design of code modification for stormwater treatment
Strategy 3	Assess interest among developers to accept subsidy for affordable housing in proposed market rate development; Refine estimates of subsidy needed
Strategy 4	Clarify zoning structure to extend development benefits to surrounding areas; Further explore nearby affordable housing development opportunities
Strategy 5	Monitor debt repayment schedule for Phases I and II; Consider allocation of additional property revenue for affordable housing development after current debt paid off

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Council Action

- Provide guidance on affordable housing strategies for Blue Hill District



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