



STAFF REPORT: EXPEDITED REVIEW OF AFFORDABLE HOUSING

Background

September 22, 2021	Council members submitted a petition calling for strategies to rapidly promote increased production and availability of affordable and missing middle housing. One component listed is the creation of an expedited application process for projects with a substantial amount of affordable housing.
November 9, 2021	The Housing Advisory Board reviewed a preliminary petition response and recommended aggressively shortening the application process to 6 months or less.
November 17, 2021	Council received a preliminary petition response and draft Work Plan.
December 2021-present	Staff studies opportunities and challenges around an expedited review process, with research on comparable policy approaches in Chapel Hill and in other communities.

Interests for a New Review Process

Create an expedited application pathway for qualifying affordable housing projects that maximizes the opportunity to apply for low-income housing tax credits and better leverages the Town's limited affordable housing funds.

Reduce local barriers to entry for affordable housing developers, including the up-front, "at-risk" investment in design required prior to Council entitlement.

Use expedited review as part of a larger suite of strategies to address escalating housing prices, scarcity of affordable units, and limited production of new housing.

Implement strategies to efficiently and effectively gather feedback from the community and key stakeholders during an expedited process.

Measures for Success (*Preliminary*)

Once solutions for expedited review are implemented, staff will monitor development outcomes to determine how effectively they meet interests identified above. Staff have identified potential metrics for tracking performance:

- 1.** Amount of decrease in average review time for affordable housing projects
- 2.** Number of affordable dwelling units permitted
- 3.** Number of applicants who pursue expedited review process

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Pilot Expedited Application Review

Four multifamily projects that propose 100% affordable units are currently proceeding through the Conditional Zoning process, with Council review and action expected in spring 2022.

- Trinity Court Redevelopment (54 units)
- Jay Street Apartments (48 units)
- PEACH Apartments, 107 Johnson St (10 units)
- Gattis Court, 307 N Roberson St (4 units)

Staff is piloting the following incremental solutions and studying what is effective in shortening the review process for these four projects:

- **Joint Advisory Board review.** Development Review Advisory Boards held a joint meeting on February 17, 2022 to review the Jay Street and Trinity Court projects. The agenda included receiving the applicant's presentation, allowing Board members to ask clarifying questions, and hearing public comment as a group. The Boards then used their next individual meetings to focus on discussion and recommendations.
- **Limited scope review.** The Planning Commission will be the only Advisory Board to review Gattis Court.
- **Accelerated/prioritized staff review.** The Town's Technical Review Team has been given 1- to 2-week turnaround times for review of plans and submittal of comments, instead of the typical practice of 2-3 weeks for each round of review. In addition, Technical Review staff are prioritizing review of affordable housing projects ahead of reviewing other submitted plans.
- **Prioritized meeting scheduling.** Affordable housing projects are offered priority for Technical Review Team meetings (which occur during the staff review period) and Advisory Board meetings. This means that other submitted projects are being deferred to later meetings, since there are limitations on the timeslots available.

The tentative schedules for these projects would allow opportunity for Council approval to occur around 5 months after formal application submittal. With the Concept Plan process that preceded formal application for each project, total review time to receive Council entitlement could be 7-8 months provided there is minimal downtime between Concept Plan review and formal submittal.

In the coming weeks, staff will be reaching out to Advisory Board members for feedback on their procedure for reviewing Jay Street and Trinity Court. Following Council decisions on all four applications, staff will evaluate the piloted solutions as a whole to determine what went well and could be applied to other reviews, along with what areas of the review process still need improvement.

Research & Study Topics

The pilot review with incremental solutions is an important component of studying opportunities and challenges for expedited review of affordable housing. In addition, staff are exploring several topics to inform policy solutions:

- Existing streamlined review processes in effect in Chapel Hill. A prime example is the Light Industrial Conditional Zoning District (LI-CZD) being applied to properties along Millhouse Rd.
- Approaches taken by other communities to facilitate affordable housing project review. Staff are meeting with Planning and Housing counterparts in nearby jurisdictions to learn about

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their solutions and what results have been achieved. Discussion topics will include the areas of regulatory compliance that other jurisdictions wait until the Final Plans stage to review, rather than requiring information prior to the Council hearing.

- Quantifying value to developers. Staff are meeting with members of the development community to understand the connection between process length and housing production, and to quantify missed opportunities for affordable unit production due to the costs and the risks of the current process. This group includes developers who have worked on affordable housing in Chapel Hill, and those that have an interest in affordable housing but have not pursued opportunities in Chapel Hill due to current challenges.
- Potential projects. Staff is updating the list of remaining candidate sites for affordable housing which could benefit from an expedited process. This list will include Town-owned sites along with opportunities for a mixture of affordable and market-rate product.

Tradeoffs for Consideration (*Preliminary*)

A successful review process in Chapel Hill, for affordable housing or for any project, can be characterized by the following elements:

- **Review completed in a timely, predictable manner**, allowing Chapel Hill to attract the type of development it wants and realize the benefits. Town staff, Advisory Boards, and Council all typically participate in review of a project. The Council petition's interests around expedited review of affordable housing emphasize improving this element of the process. Expediting review of certain projects should be balanced with retaining the existing timeliness of review for other projects, which may deliver other types of community benefits.



- **Appropriate complexity of the application materials** reviewed by Town staff prior to Council consideration. Some aspects of a development proposal merit early, detailed review to support Council decisions on maintaining public health, safety, and welfare. Other current application requirements are more technical in nature and could be reviewed for regulatory compliance after Council approval.
- **Appropriate number of meetings** programmed into the process for the public, Advisory Boards, and Council review. Council values a process with substantial public participation along with open and transparent decision-making. However, there may be alternatives to a prescribed series of meetings that still achieve quality public involvement.

Reducing the time needed for application review comes with tradeoffs. The review process can be compared to a 'three-legged stool' as pictured here. If one leg changes, the whole process can end up off-balance.

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The timeline for plan review is shaped by the number of meetings scheduled and the complexity of materials that staff, Advisory Boards, and Council must review. As the timeline shortens, a public involvement strategy centered around meetings becomes increasingly challenging. Similarly, the capacity to review all prescribed application materials is increasingly strained.

Staff is focusing on these tradeoffs while exploring policy solutions. Council is asked to consider an appropriate balance of the elements above in affordable housing review prior to staff drafting detailed policy recommendations.

Potential Options for Achieving Expedited Review (*Preliminary*)

Later this spring, staff will present Council with multiple high-level options for achieving expedited review. These options will be discrete policy solutions that could work separately or in conjunction. The current preliminary list of options includes the following:

1. **Simplified application materials for Council review.** The application would focus on information needed to support Council decisions. Other technical details would be reviewed by staff during the Final Plans process that follows Council approval.
2. **Consolidated Advisory Board review.** Applications would move from staff review to Council hearing with fewer meetings in between. Additional tools could be used to gather community and stakeholder input.
3. **Additional staff capacity.** More resources would be used to support timely staff review of affordable housing applications. Added capacity could mean additional Town staff, contracted services, and/or supportive technology. Other resources or solutions may be needed to address the workload of Advisory Boards and Council, given the limited room available on meeting agendas.

Council will receive more information on these options, and any additional options that staff identify, at an upcoming Work Session. The direction provided by Council will then determine which policy solutions are developed in more detail (e.g. LUMO text amendment language, rewritten application checklists, etc.). These detailed draft process adjustments will be reviewed by stakeholders, Advisory Boards, and the public, before coming back to Council for further feedback.

Qualifying Criteria

Defined solutions for expedited review will need to address the criteria that qualify a project for the process. Staff anticipates developing those criteria while drafting detailed process adjustments in Summer 2022. The recommended criteria will take into account the Town's established targets and objectives for affordable housing production.

For now, staff is assuming that the expedited review process will only be available to applications with a substantial affordable housing component, which could be measured as either a number or percentage of dwelling units. Outcomes for affordable housing would need to go beyond the 15% of units currently prescribed by the Inclusionary Zoning Ordinance. Units would need to be affordable to households earning below 100% of Area Median Income (AMI), with exact levels and period of affordability to be determined.

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Proposed Project Schedule

Key Task	Target Date
Pilot Application Review	Spring 2022
Council Discussion Determine Preliminary Direction	Spring 2022
FY 22-23 Budget Discussions Consideration of Staff Capacity	Spring 2022
Draft Process Adjustments	Summer 2022
Community and Advisory Board Review	Summer/Fall 2022
Council Review and Decision	Fall 2022
Implementation	Starting Early 2023