

**DRAFT SUMMARY MINUTES OF A BUSINESS MEETING
OF THE CHAPEL HILL TOWN COUNCIL
WEDNESDAY, NOVEMBER 1, 2017, AT 7:00 PM**

Council Members Present: Mayor Pam Hemminger, Mayor pro tem Donna Bell, Council Member Jessica Anderson, Council Member George Cianciolo, Council Member Sally Greene, Council Member Ed Harrison, Council Member Nancy Oates, Council Member Maria Palmer, and Council Member Michael Parker.

Staff members present: Town Manager Roger Stancil, Deputy Town Manager Florentine Miller, Town Attorney Ralph Karpinos, Communications Specialist Mark Losey, Community Development Program Manager Renee Moye, Housing and Community Assistant Director Sarah Vinas, Housing and Community Executive Director Loryn Clark, Communications Specialist for Public Safety Ran Northam, Affordable Housing Development Officer Ed Barberio, Housing Director Faith Thompson, Senior Ombuds Jim Huegerich, Director of Planning and Development Services Ben Hitchings, Housing Operations Manager Lisa Edwards, Housing Development Officer Nate Broman-Fulks, Fire Marshal Tommy Gregory, Police Officer Rick Fahrer, Support Services Captain Josh Mecimore, and Acting Town Clerk Christina Strauch.

OPENING

1. Veterans Day Ceremony. (no attachment)

Mayor Hemminger opened the meeting at 7:00 p.m., and asked everyone to stand for a Presentation of Colors in honor of Veterans Day on November 11. She thanked Town employees and family members who were veterans, and all veterans nationwide for their service to the country.

Mayor Hemminger led the Pledge of Allegiance, and asked veterans who were present to come forward. She read the 1919 Armistice Day Proclamation, which had been expanded to honor veterans of World Wars I and II and the Korean War. The Town was proud to join the nation in honoring those from all branches of the military during the November 11, 2017 Veterans Day observance in the Town of Chapel Hill, she said.

Faith Thompson thanked the Town for taking the time to acknowledge veterans. A moment of silence followed her remarks.

ANNOUNCEMENTS BY COUNCIL MEMBERS

a. Mayor Hemminger Regarding Homegrown Halloween.

Mayor Hemminger thanked everyone for helping with Halloween, and said it took a lot of people to have a good and safe event. She remarked that there was a smaller crowd this year, and lots of great costumes. Everyone seemed to enjoy the activities, she added.

- b. [Mayor Hemminger Regarding Committee on Economic Sustainability Meeting Friday, November 2.](#)

Mayor Hemminger said the Committee on Economic Sustainability will be meeting this Friday, November 2, at 8:00 a.m. at the library.

- c. [Mayor Hemminger Regarding Open House on Conditional Zoning in Conjunction with Planning Commission Meeting on November 7.](#)

Mayor Hemminger announced that an Open House meeting on Conditional Zoning in Conjunction with the Planning Commission would be held Tuesday, November 7, at 6:30 p.m.

- d. [Mayor Hemminger Regarding American Legion Task Force Meeting on November 9.](#)

Mayor Hemminger announced that the American Legion Task Force would be meeting on Thursday, November 9 at 2:00 p.m. at the library.

- e. [Mayor Hemminger Regarding Open House for Blue Hill Design Guidelines on November 13.](#)

Mayor Hemminger said an Open House for the Blue Hill Design Guidelines would be held on Monday, November 13 at 6:00 p.m. at Town Hall.

- f. [Mayor Hemminger Regarding Next Council Meeting on November 15.](#)

f. Mayor Hemminger announced that the next Council meeting, a Public Hearing would be held on Wednesday, November 15 here at Town Hall.

- g. [Council Member Parker Regarding Annual Orange County Artist Guild Open Studio Tour.](#)

Council Member Parker said that the Annual Orange County Artist Guild Open Studio Tour would be in town for the next two weekends. He encouraged the Council to go by and support them. He said it would be a great way to do some early Christmas shopping.

Council Member Palmer announced that this Friday a delegation from Orange County will be leaving here at 2:00 in the morning for Washington, D.C. to lobby for the extension of Temporary Status (TPS).

[CONSENT](#)

- 2. [Approve all Consent Agenda Items. \(R-1\)](#)

Council Member Oates thanked CASA for bringing the Town an opportunity to own four units in Ashley Forest, and was pleased that the current tenants would remain. She asked that the

Town Manager and staff return with an explanation of why the Town was not planning to accept title to units at Brookside and University Gardens.

MAYOR PRO TEM DONNA BELL MOVED, SECONDED BY COUNCIL MEMBER MICHAEL PARKER, TO ADOPT R-1. THE MOTION WAS ADOPTED UNANIMOUSLY (8-0) .

[A RESOLUTION ADOPTING VARIOUS RESOLUTIONS AND ENACTING VARIOUS ORDINANCES \(2017-11-01/R-1\)](#)

3. Accept Four Condominium Units at Ashley Forest from CASA for Affordable Housing. (R-2)

[A RESOLUTION AUTHORIZING THE ACQUISITION OF FOUR UNITS LOCATED IN THE ASHLEY FOREST DEVELOPMENT \(2017-11-01/R-2\)](#)

4. Adopt Minutes for the July 25, and September 12, 2016, and February 20, March 6, 13, 20, and April 5, 2017 Meetings. (R-3)

[A RESOLUTION TO ADOPT SUMMARY MINUTES OF COUNCIL MEETINGS \(2017-11-01/R-3\)](#)

[INFORMATION](#)

5. [Receive Upcoming Public Hearing Items and Petition Status List.](#)

All items were accepted as presented.

[DISCUSSION](#)

6. [Initial Public Forum: Housing and Community Development Needs and the Use of 2018-2019 Community Development Block Grant Funds.](#)

Loryn Clark, executive director for the Office of Housing and Community, began the PowerPoint presentation by explaining that members of her staff would individually address the affordable housing (AH) work plan, the Community Development Block Grant (CDBG Program), the AH quarterly report, the Homestead Road project, and the Public Housing Master Plan. Staff would then ask the Council to take action on reallocating CDBG funds, and on some of the recommendations in a report from David Paul Rosen and Associates, Ms. Clark said.

Community Development Program Manager Renee Moye opened the public forum for the 2018-2019 Community Development Block Grant (CDBG) program. She provided background information on U. S. Housing and Urban Development (HUD) efforts to provide AH since 1974, and reviewed national objectives. Ms. Moye pointed out that AH programs must support goals

identified in the Town's Consolidated Plan, Comprehensive Plan, Northside/Pine Knolls Community Plan, and AH strategies. She gave examples of eligible activities, and outlined the funding application process. That process would end with submitting a program to HUD by May 15, 2017, she said.

Marisa Martini, representing Habitat for Humanity of Orange County, described how Habitat had used a previous allocation of CDBG funds for home repairs, and said it planned to apply again for the next fiscal year. Through its home preservation program, Habitat had provided repairs at reduced cost for families making less than 80 percent of the area median income (AMI), she said. Ms. Martini provided examples of Habitat's "Brush With Kindness" program, and thanked the Council for supporting AH.

Robert Dowling, executive director of Community Home Trust, said that the Trust had not yet determined whether it would apply for 2018-2019 CDBG funds. He thanked the Council for recently approving more than \$100,000 of Affordable Housing Development Reserve (AHDR) funds for three homes in Northside. He said that CDBG funds could be used in Northside, as well, and that he would provide more information on that by the January 23, 2018 application deadline. Mr. Dowling said that the Community Home Trust might also apply for funding in December for two newly constructed homes.

Mayor Hemminger pointed out that the Town had wonderful community partners for AH. She noted that small changes could allow people to remain in their homes, and she asked Ms. Martini to invite the Council to a "Brush With Kindness" event.

Council Member Palmer said that some citizens, who would like to have spoken, had not been able to attend the Council meeting due to conflicts with church commitments on Wednesday evenings. She hoped there would be an opportunity for public comment on holding Council meetings on a day other than Wednesday, she said.

Mayor Hemminger pointed out that people could also email and/or call Council members.

7. [Continue the Public Forum and Consider Approving Reallocation of Community Development Block Grant Funds. \(R-4\)\(O-1\)\(O-2\)\(O-3\)](#)

Ms. Moye explained that Item 7 continued a September 27 public forum on the allocation of program income, and the reallocation of un-expended grant funds. HUD rules required the Town to spend any un-expended funds by April 2018, she said, adding that staff had identified a use for those funds. Ms. Moye described a quadruplex project on Sykes Street in Northside that could be renovated in partnership with Self Help. Self Help would complete the full renovation and sell it to the Town at an estimated \$380,000 to \$430,000, she said.

Ms. Moye presented a summary of available funds to cover the cost. She recommended that the Council receive public comments, close the public hearing, adopt Resolution 4, and enact Ordinances 1, 2 and 3. Doing so would reallocate funds, authorize the acquisition, and authorize submitting an amended 2017-18 annual update to the Consolidated Plan, she said.

Council Member Greene arrived at 7:29 p.m.

Mr. Dowling expressed strong support for the staff recommendation. He said that the Sykes Street acquisition would be a wonderful thing to do with funds that would otherwise be lost. He hoped the four units would serve people who were below 30 percent of AMI, he said, and he mentioned that Self Help was a great partner.

Council Member Parker stated that the Town had done an outstanding job partnering with community organizations to leverage funds for affordable housing. He expressed concern, though, that paying the full cost of units would mean backtracking. He wondered if there were partners with whom the Town could save money, and if there were ways in which the Town could stretch the un-expended funds to acquire more than four units.

Ms. Clark explained that Self Help had approached staff first, but she agreed that the Town could explore other options. She pointed out that the Town would need multiple models to address its affordable housing issues, and that the proposed approach would not be appropriate for all AH developments. If the Council wished, staff could talk with other potential partners and report back, she said. Ms. Clark said that the Council could strike the acquisition part of the resolution, and continue moving forward with the other items. However, staff believed it would be helpful to actually allocate the funding, she said. Ms. Clark said that staff could then return with information regarding other partners.

Mayor Hemminger emphasized the importance of the quadruplex being for people at or below 30 percent of AMI.

Ms. Clark replied that a deed restriction required less than 50 percent, but staff's goal would be to serve as low a level as possible. She pointed out that the Town could do that if it owned the property.

Council Member Palmer confirmed with Ms. Clark that a subsidized Town property would differ from public housing in that its residents can move up to more self-sufficient living.

Council Member Greene spoke in support of expanding the Town's transitional housing program in general, and said that the staff proposal was a good one. Council Member Parker's statement about partnerships was true in general and she would not object to modifying the resolution to explore that, she said. However, it was appropriate that the four units be maintained under the transitional program, she said. Council Member Greene pointed out that some people had graduated from public to transitional housing, and not been able to find housing in Town after that. It was critical to engage in more partnerships to serve that next level up, Council Member Greene said.

Mayor pro tem Bell suggested including information on how the units would generate income, even though they would be subsidized. The Town did not currently have a partner that supported that different model, she pointed out. Mayor pro tem Bell said that she was excited about expanding what the Town had, and about having residents who were transitioning upward. She agreed with Council Member Greene that the Town should ensure that next level of

transition. Fifty percent AMI, and below, was still a low bar in Chapel Hill, she said.

Council Member Oates confirmed with Ms. Clark that there was a five-year limit for transitional housing. She also verified that a Town program to prepare residents for the next level was specifically geared toward families living in transitional units. However, that program could be expanded to include anyone in public housing if the Town was interested in doing so, said Ms. Clark.

Council Member Oates said that she supported Council Member Parker's suggestion to look at other partners as well. The Town needed to approach affordable housing as more of a business, and explore ways to partner while making the funds go farther, she said.

Council Member Anderson asked Council Member Parker if his idea included the partner providing services or implementing anything that the Council had been discussing.

Council Member Parker replied that such details would be worked out.

Council Member Anderson said she was trying to see the benefit of modifying the resolution. She said that a strategic partnership related to funding could be great, and it made sense to at least look into it. However, she would rather have staff continue to coordinate services, and not outsource the good work that they were doing, she said.

Ms. Clark agreed that staff would work with a partner to incorporate units and continue services. Only the financing structure would differ from what staff was proposing, she said.

Council Member Anderson asked Ms. Clark for her professional recommendation on whether the Council's suggestion was reasonable.

Ms. Clark replied that both proposals were reasonable approaches. Staff was interested in acquiring the units, but was also interested in having more units in the program, she said.

Council Member Palmer proposed moving forward with the resolution as proposed. She pointed out that the Town's partners -- Habitat for Humanity, EmPOWERment, Inc., CASA -- had their own models, and devote much energy and time to raising money for their projects. Ultimately, they would ask the Town for funding, and it did not make sense to look for partners who were already asking the Town for funding, she said.

Council Member Anderson expressed confusion about how the resolution had been changed, and Mayor Hemminger explained that Council Member Parker had requested having staff look into other sources of funding for the project, and Council Member Parker explained that he wanted to explore ways of getting more "bang for our ultimately scarce bucks."

Mayor Hemminger encouraged staff to look for other entities that might partner with the Town on the type of transitional housing under discussion. She was excited about increasing the number of units in the program, she said.

COUNCIL MEMBER MARIA PALMER MOVED, SECONDED BY COUNCIL MEMBER SALLY GREENE, TO CLOSE THE PUBLIC FORUM AND ADOPT R-4. THE MOTION WAS ADOPTED UNANIMOUSLY (9-0) .

[A RESOLUTION APPROVING AN AMENDMENT TO THE FISCAL YEAR 2015, 2016 AND 2018 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PLANS \(2017-11-01/R-4\)](#)

[The Ordinances associated with this item were adopted at the conclusion of Item #8.]

8. [Receive the FY18 First Quarter Affordable Housing Development Activity Report.](#)

Sarah Vinas, assistant director for Housing and Community, presented the AH first quarter report and discussed its vision and goals. She provided community indicators and metrics related to median home values (\$362,700), and AMI (\$73,300), and compared those to Orange County and North Carolina at large. Ms. Vinas reviewed information regarding the proximity of AH to bus stops. She gave a breakdown of available homes for residents whose income was below various levels of AMI, and discussed households that were "cost burdened" by rent.

Ms. Vinas shared FY 2018 first quarter data, and said that the Town was on track to exceed its development target for the current fiscal year. She reviewed next steps, which included continuing to refine the quarterly reporting on AH activities, and continuing to develop a web-based tool to share data with the community. Staff would provide the second quarterly report in winter 2018, said Ms. Vinas.

Mayor Hemminger praised the report's format, and said that the numbers seemed different from what the Council had seen at its work session. Trying to incorporate and absorb that would take some time, she said.

Council Member Cianciolo asked that a graph showing the density of units within 1/4-mile of bus stops include information on the level of service.

Council Member Oates recommended expanding a Town pilot project that was looking at the type of housing that Town employees wanted to see in Chapel Hill. It was great to start with Town employees, but she would like to see it expanded to others in the target market, she said. Council Member Oates suggested that the project look at styles of housing, services, bus hours, and other needs as well.

Council Member Harrison agreed with others' comments, and said that the Town's Short-Range Transit Plan could also use the data that Council Member Cianciolo had requested. One of the goals for that Transit Plan was to have a system that was not so purely based on University access, he said.

Town Manager Roger Stancil replied that had been part of a Town conversation with the consultant.

Council Member Palmer said she would be interested in knowing how much a 2,000-unit gap represented in subsidies, and where the greatest need was.

Ms. Vinas agreed to look into that. She pointed out that some estimates on per unit costs for preservation and development had been provided at the work session. Cost does vary greatly, so there were challenges in coming up with an exact number, but staff would return with more detailed information, she said.

Council Member Palmer clarified that she wanted to know the range of how much people in those 2,000 units could pay.

Ms. Vinas explained that staff generated that number, in part, by looking at the gap in available units at 50 percent of the AMI, and below. There probably was a way to back into that number and get some estimates, she said.

Council Member Palmer replied that maybe she only needed an explanation in order to understand it better.

Mayor Hemminger praised the presentation format for being easy to understand and easy for the community to access from the Town's website.

Mayor Hemminger requested a motion for the Ordinances associated with Item #7.

COUNCIL MEMBER JESSICA ANDERSON MOVED, SECONDED BY COUNCIL MEMBER SALLY GREENE, TO ENACT O-1, O-2, AND O-3. THE MOTION WAS ADOPTED UNANIMOUSLY (9-0) .

[AN ORDINANCE TO AMEND THE 2014-2015 COMMUNITY DEVELOPMENT ENTITLEMENT GRANT PROJECT ORDINANCE \(2017-11-01/O-1\)](#)

[AN ORDINANCE TO AMEND THE 2015-2016 COMMUNITY DEVELOPMENT ENTITLEMENT GRANT PROJECT ORDINANCE \(2017-11-01/O-2\)](#)

[AN ORDINANCE TO AMEND THE 2017-2018 COMMUNITY DEVELOPMENT ENTITLEMENT GRANT PROJECT ORDINANCE \(2017-11-01/O-3\)](#)

9. [Receive an Affordable Housing Analysis Presentation from David Paul Rosen and Associates. \(R-5\)](#)

Nora Lake Brown, representing David Paul Rosen and Associates, provided analyses on the Homestead Road and Craig Gomains AH (Affordable Housing) projects. She gave a PowerPoint overview of key sources for local funding, and leveraged financing. Ms. Brown said that the 9 percent tax credit program was currently the most valuable leverage source available in the country.

Council Member Parker confirmed with Ms. Brown that the tax credit program had broad

support from both political parties because it was market driven. That program was typically extended for a certain number of years, said Ms. Brown, but added that she did not know when the term would end, and could not predict whether it would be supported again after that.

Council Member Harrison verified with Ms. Brown that the Town's DHIC project was under the 9 percent tax credit model.

Ms. Brown said that another source would be the HUD Rental Assistance Demonstration (RAD) Program, which converted existing HUD capital and operating fund subsidies to a single Section 8 Housing Assistant Payment (HAP). That provided lenders and investors a predictable source of funding that allows placing mortgages on the property, and attracting tax credit investors, she said.

Ms. Brown explained that the HUD Sect. 18 Demolition/Disposition Program would be used if the Town determined that a particular public housing property was beyond repair. It provided vouchers-there was a high bar for eligibility, and the cost of modifications must exceed 57 percent of the total development cost of replacing the unit, she said.

Council Member Parker asked if people who had lived in a Town-owned development could use Section 8 vouchers elsewhere.

Ms. Brown replied that it could be done that way. Or, vouchers could be project-based into a new development, and those tenants could go to the new site, she said.

Council Member Palmer asked if a set of public housing apartments that were too far from public transit would qualify if they were older, but still livable, and the Town wanted to convert them to a better use and/or increase density to support transit.

Ms. Brown replied that that alone probably would not qualify.

Council Member Greene asked Ms. Clark if the Town had any public housing developments that were in that category.

Ms. Clark replied that staff was in the process of analyzing and inspecting all of the Town's public housing buildings, to determine what level of repair might be needed to bring them up to standard, or to find out if any would qualify for the type of program being described. That information would come back to the Council with the full master plan in January or February, she said.

Ms. Brown said that Craig-Gomains was considered a top site for revitalization, and was competitive for the 9 percent tax credits. The goals were to replace 40 public housing units, minimize the Town's subsidy, generate revenue to assist with further public housing revitalization efforts, and provide additional AH opportunities, she said. Ms. Brown discussed various financial sources and uses for Craig Gomains. She provided details on gaps that the Town, Orange County, and bond funds would need to fill.

Council Member Palmer asked why the Town would sell valuable land if it did not need to do so. Wouldn't the Town want to figure out a way to replace or double a unit, she asked.

Ms. Brown replied that, if it was determined that modifications were too expensive to make a project worth fixing, another option would be to demolish and rebuild it. But the Town might decide that that was not the best site, so another option would be to sell it, and use the proceeds to replace the units at higher density at another location, she said.

Mayor Hemminger explained that land had become very scarce and expensive in Town, and that she would not be willing to give up land in a great area that had access to many other things. She did not see that as a viable option, and was hoping to see other scenarios that did not involve selling any of the precious parcels that the Town had, she said.

Council Member Parker said it appeared that none of the options being presented resulted in a net increase of affordable units. He asked if it was correct that they would just replace those that the Town already had.

Ms. Brown replied that one option would replace both Trinity Court and the existing Craig Gomains, and add 40 additional tax credit units.

Council Member Greene pointed out that the Town was not sure it could use Section 18. Since the federal government had decided to get out of the public housing business, it looked as though there were few alternatives to creating partnerships with the market, she said. She expressed concern about such partnerships leading to the Town losing control. Council Member Greene asked Ms. Brown to address what would be mortgaged, to whom, and what would happen if the mortgagee defaulted.

Ms. Brown explained that the mortgage would be from a private bank. The tax credit program had tight underwriting standards that reduced the risk of default, and the tax credit investor would be involved in the underwriting to make sure that the assumptions were good, and the terms would weather the longer term, she said.

Council Member Greene verified with Ms. Brown that the RAD program had existed since 2012. She asked if that was long enough to have a positive track record, and Ms. Brown replied that 999 projects had been done. Ms. Brown mentioned recent changes in the RAD program, and said that it included a number of protections. It was generally found to be a successful program, she said.

Council Member Oates remarked that whatever investors had done through RAD in New York City had made the problem worse, but she did not recall the details of that.

Ms. Brown replied that she was not familiar with what had happened in NYC. However, the City of Portland had done a number of RAD projects, and had been satisfied with the results, she said.

Council Member Oates said she agreed with Mayor Hemminger regarding not selling one parcel

in order to increase density in another. Increasing density for very low-income people leads to a sub-optimal living experience for tenants, she said.

Ms. Brown replied that the increase over current density would still lead to quite low density. She pointed out that Rosen and Associates had illustrated 20 units per acre, which could still be developed in a townhome style structure.

Council Member Oates replied that when a parcel was sold to a market-rate builder, that builder would put in much higher rent units, thus raising the floor for all other units across Town. The Town would be working at cross purposes if it took that route, she said.

Council Member Parker asked if it was possible for a town to be the general partner, and directly involved in developing housing, and continuing to own it and the land.

Ms. Brown replied that it was possible. However, to apply for tax credits, the Town would have to have had at least one project developed in North Carolina, and at least one project operating. Therefore, the Town would need to have a partner for its first project, she said, noting that it could be done as a joint venture with another non-profit experienced in tax credits. The Town and its partner would share development and management roles, she explained.

Ms. Brown said that no commitments had been made on the Homestead Road project. Rosen and Associates had illustrated several different components of AH on the site, she said. She explained that this included 30 units being developed in conjunction with UNC Healthcare: 10 tiny homes, 10 townhome units, and 10 studios. She discussed rental income, as well as, possible funding sources and uses.

Ms. Brown recommended that the Town explore the feasibility of HUD Section 18. She proposed replacing Craig-Gomains and Trinity Court public housing units with additional tax credit units. She said that next steps would include completing physical needs assessments, submitting a RAD letter of interest to HUD, exploring phasing and relocation options, analyzing financial feasibility of tax credit developments, and exploring issuing requests for proposals for development. For Homestead Road, Ms. Brown proposed that the Town continue exploring funding sources, preparing development planning analysis options, and further refining the development program, and financial feasibility analysis.

Council Member Harrison verified with Ms. Brown that a development with 60 units on Homestead Road would require about five acres.

Council Member Palmer confirmed with Ms. Brown that the plan assumed that the tiny homes on Homestead Road would be developed in partnership with Central Carolina Community College, which would build them.

Council Member Parker said that the only workable option being presented was the 9 percent tax credit, assuming that the Town did not want to sell any land. In that option, the Town would need to pay about \$600,000, he said, and asked who would ultimately own the units at the end of the 50-year ground lease.

Ms. Brown replied that the partnership would own the units for the entire period. The limited partner investor would only be involved for about 15 years, after which it would typically be sold back to the general partner for a nominal amount, she said. She pointed out that the experienced partner only had to be in the tax credit program for about two years, if the project operated well. The Town could be a joint development partner with a non-profit where each would own 50 percent of the one percent, she explained. The parties would decide at the end of that period who would get the option to purchase the property, or whether to continue owning it jointly, said Ms. Brown.

In response to a question from Council Member Parker, Ms. Brown said that the project would continue to pay toward the mortgage until it was paid off. The amount of the mortgage was basically determined by the net operating income (rents minus operating costs) that flowed from the project, she said.

Mayor Hemminger asked how that debt would affect the Town, if it were the general partner, and Mr. Stancil replied that staff would need to explore that.

Council Member Greene asked if the Town would still be the public housing provider, if the project were virtually owned and operated by someone else.

Ms. Brown replied that it depended on what path the Town took. It could still be a manager of something that might not be public housing per se, but would have comparable units and comparable affordability, she said.

Council Member Greene commented that there were huge, philosophical questions at the heart of the issue: What business would the Town be in, and did it accept the reality that it would be getting out of the public housing business, and did the community support that.

Ms. Brown replied that it was just one project. It could be replicated, but it did not mean that the Town would do the same thing on every site, she said. She mentioned other approaches, noting that there were multiple options, and that she was illustrating only a few of them.

Council Member Cianciolo asked how competitive the 9 percent tax credit program was, and how likely it was that the Town would succeed with it.

Ms. Brown explained that there was a limit of 80 units per project for that program, and that the Town would approach it in phases in order to do more. Since maximum points were given on site amenities, the Town would have a very good chance, and should plan on a couple of application rounds, she said.

Council Member Palmer asked if any projects had been a mix of subsidized and market rate units, noting that such a mix would provide the income that the Town would need.

Ms. Brown replied that Rosen and Associates had not modeled any. She pointed out that doing that would reduce the number of affordable units on any one site. She had not attempted to see

what kind of gap financing would still be required with a combination of market rate and AH units, she said. Ms. Brown pointed out that that could not be done under the 9 percent tax credit program, but could be done under the 4 percent program.

Dr. Dorcas Saunders, a Chapel Hill resident, expressed displeasure with the discussion and argued that the Town should stay in the public housing business. She had heard people say that the Town seemed to be pushing low-income people out to the outskirts, she said. Dr. Saunders said that she did not want to believe that was true, and urged the Council to find another way.

Mayor Hemminger said that the presentation had been very educational. The Town did not want to sell off parcels, so finding sources to pay for AH would be preferable, she said. She emphasized that the goal was to create more AH, and that the Council was looking for the best means to that end. She was looking forward to the Homestead Road project continuing to develop, and appreciated hearing about different possible styles of housing there, she said.

Council Member Oates said that it sounded as though the proposed options were moving toward privatizing low-income housing. There was no way to make money from that without the tenants losing, she said, adding that preserving quality of life had to be paramount. When the Town holds on to its housing and land it is accountable for it, and she did not want to move away from that for mere monetary reasons, said Council Member Oates.

Council Member Greene pointed out that the Council had merely voted for continuing to explore the issue, and said that she thought the conversation had been worth having. There were many questions, and she would no longer be on the Council to help figure out the answers, she pointed out.

COUNCIL MEMBER MICHAEL PARKER MOVED, SECONDED BY COUNCIL MEMBER SALLY GREENE, TO R-5. THE MOTION WAS ADOPTED BY A VOTE OF 8-1, WITH MAYOR PAM HEMMINGER, MAYOR PRO TEM DONNA BELL, COUNCIL MEMBER JESSICA ANDERSON, COUNCIL MEMBER GEORGE CIANCIOLO, COUNCIL MEMBER SALLY GREENE, COUNCIL MEMBER ED HARRISON, COUNCIL MEMBER MARIA PALMER, AND COUNCIL MEMBER MICHAEL PARKER VOTING AYE AND WITH COUNCIL MEMBER NANCY OATES VOTING NAY .

[A RESOLUTION AUTHORIZING THE TOWN MANAGER TO PURSUE RECOMMENDATIONS FOR DEVELOPMENT OF AFFORDABLE HOUSING ON TOWN-OWNED SITES \(2017-11-01/R-5\) as Amended](#)

10. [Call a Public Hearing to Consider a Text Amendment, Initiated by the Town Manager, Expanding the Use of Conditional Zoning and Referring the Proposed Text Amendment to the Planning Commission. \(R-6\)](#)

Mr. Stancil explained that the proposed Land Use Management Ordinance (LUMO) text amendment was a response to Council feedback on streamlining the Town's process while rewriting the LUMO. He recommended that the Council call a public hearing and refer the idea to the Planning Commission (PC) for study and feedback. Mr. Stancil gave a PowerPoint

presentation, in which he explained that conditional zoning was a legislative process that would allow the Town to apply conditions to particular projects. He displayed a chart comparing the special use permit (SUP), and conditional zoning processes.

Mr. Stancil explained that nothing in the text amendment would rezone any property in Chapel Hill. The goal would be to create a new process to consider along with other processes that the Town already had for developing property, he said. Mr. Stancil described a process that would include two public hearings, a presentation to the PC, and possible Council action on November 29, 2017.

Council Member Parker asked if conditional zoning would require the same advisory board review as the SUP process did.

Mr. Stancil replied that the PC would be involved, and that participation by other boards and commissions would be based on what the Council decided. He noted that feedback had supported having the Community Design Commission play a role, and that had been written into the text. Mr. Stancil confirmed with Town Attorney Ralph Karpinos that it might be appropriate to include other boards as a project goes through the process.

Mr. Stancil pointed out that the pilot project was industrial, but the tool was about community character, not industry. He displayed a map showing proposed areas where the zoning might be considered and explained the rationale.

Council Member Harrison confirmed with Mr. Karpinos that all requirements associated with the underlying zone would apply in the rezoned area.

Council Member Anderson asked for examples of how conditional zoning would be used, and how it would be better than current processes.

Mr. Stancil replied that it could be on a parcel of land in a district where the Town wanted to have a legislative process. Currently, the Town had a SUP and development agreement (DA) options. Conditional zoning would be an additional tool that could be used for smaller projects where the Town and applicant agreed that it was appropriate, he said.

Council Member Anderson confirmed with Mr. Stancil that conditional zoning could have been used, for example, with the Hamilton Fire Station or Amity Station, if it had been available. It would be for projects where there is one building, and the Town wants to apply conditions to which the applicant and Town both agreed, Mr. Stancil said.

Mayor Hemminger pointed out that a project would still go through the same process as an SUP, but there could be "give and take" conversations with community members and stakeholders. She pointed out that the Council was not currently allowed to even respond to emails during the quasi-judicial SUP process.

Council Member Oates asked about projects in the pipeline for which the zoning might apply.

Mr. Stancil replied that he was responding to the Council's interest in having additional tools to streamline the process, and did not have a candidate in mind.

Council Member Oates asked Mr. Stancil if there was any deadline or rush for approval by the end of November.

Mr. Stancil replied that that decision belonged to the Council.

Mayor Hemminger explained that the item had come from her as well as staff. It had resulted from a work session regarding tools that would provide more flexibility in communicating with applicants, she said. She explained that she had wanted to move it forward because there would be a learning curve with the new Council. Mayor Hemminger said that the item merely asked whether the Town was interested, and that she also wanted to hear what the PC thought about it.

Council Member Oates said that the Council had a "credibility problem" and needed the transparency associated with staying within the SUP process. Additionally, the text stated that the zone would not impinge on single-family neighborhoods, but areas on the map indicated that it would, she said.

Council Member Anderson asked if conditional zoning would be similar to a DA in which the Council could negotiate for anything. Would there be any restrictions on what could be negotiated, she asked.

Mr. Stancil replied that it would be whatever the applicant and Council agree upon. A DA was much more complex, and was better for larger projects, he said.

Council Member Anderson confirmed with Mr. Stancil that the Town would still be able to negotiate for AH.

Council Member Parker spoke in support of having more options, adding that he could think of past projects where he would rather have used conditional zoning. If some future Council did not think it was appropriate, then it would not use it, he said. Council Member Parker pointed out that conditional zoning was not something a developer could impose on the Town, or vice versa.

Del Snow, a Chapel Hill resident, said it was difficult to understand why the amendment was being proposed at the current time. The Town had just approved a pilot conditional zoning district, and there was only one proposal under review for that zone, she pointed out. Ms. Snow argued that the Council should allow data from the pilot zone to be collected and understood before doing something that might yield unforeseen adverse consequences.

Council Member Greene pointed out that conditional zoning was different from form-based code in which the Town created a zone and people applied to build in it. Conditional zoning would be applied at the Council's discretion with the agreement of the applicant, she said. Council Member Greene said she did not understand the argument that it would not be transparent. It

was a fully open process that seemed potentially more transparent than the SUP process, she said.

Council Member Cianciolo agreed, and said that he did not see a down-side to having an extra tool that would give the public more opportunity to be involved. It was discretionary, and not something that would be forced upon a new Council, and he presumed it would be used judiciously, he said.

Council Member Anderson said that the conversation had been helpful. She stressed that conditional zoning was a tool, not a zone. She requested more specifics on where it could potentially be used, but said she did not have a problem with opening a hearing about it.

Council Member Oates agreed that the Town needed more options, but expressed concern about pushing the item, and packing the agenda before the next Council was sworn in. Moreover, the approach would limit public involvement, according to a chart on page 210, she said.

Several Council members contradicted Council Member Oates' statement, but she argued that there had been community push-back in several areas where the zone would abut single-family neighborhoods. She agreed with Ms. Snow that the Town did not know where the pitfalls were and should wait, she said. Council Member Oates asked if it was accurate that staff had not spoken with any developer about any project.

Mr. Stancil replied that the tool was being brought forward in response to what the Council had asked.

Council Member Oates said that the Town had problems with its current process, and that needed to be fixed before the Council started putting more on its advisory boards. Moreover, conditional zoning behaved like form-based code in that the Town would set parameters that could not be changed, she said. She mentioned that there had been assurances that form-based code would not be Townwide. Problems needed to be worked out before going ahead with conditional zoning, said Council Member Oates.

Council Member Parker pointed out that the Council would only be voting on beginning to explore the idea of conditional zoning, not approving it as a process. It would go to the PC for recommendations, and the Council would decide whether or not it was comfortable moving it forward, he said. He pointed out that nearly half of the projects throughout the state were the result of conditional zoning. There was no lack of experience elsewhere, and the Town could look at those as examples, said Council Member Parker.

Council Member Harrison noted that there had been many complaints about the SUP process in Chapel Hill. He said that there were attractive features in the proposal, such as the ability to communicate with the public. He was not in a rush, but was willing to vote for the resolution if other Council members wanted to move it forward, he said.

Council Member Palmer said she did not see any equivalency to form-based code, and was ready to vote for the resolution, and send it on for comments. She proposed moving quickly, since

every month that the Town did not improve its permitting and negotiating process was a month wasted. When a good idea that the Council had asked for is recommended by staff, the Council needed to start working on it, she said.

Council Member Greene stressed the need to educate the public about how conditional zoning was a process, not a zone with preset standards. It was almost the opposite of form-based code because it allowed standards to be negotiated, she said.

Council Member Cianciolo pointed out that the Council did not stop working in the fall merely because there might be new Council members in January. He did not think there was an incentive to push something through, and resented the suggestion that that had happened in the past, he said. Every member of the current and former Councils had had the best interests of the Town in mind when they made their decisions, he said.

Mayor Hemminger verified with Mr. Stancil that the Council could decide whether and when to require a site plan when writing the text. She recommended considering that as the item moved forward. She pointed out that Council approval would move the entire issue to the PC, and that public hearings would be held on November 15th and 29th. Mayor Hemminger said that Council members might learn things that change their minds, and said she was looking forward to that learning process.

COUNCIL MEMBER SALLY GREENE MOVED, SECONDED BY COUNCIL MEMBER JESSICA ANDERSON, TO ADOPT R-6. THE MOTION WAS ADOPTED BY A VOTE OF 7-2, WITH MAYOR PAM HEMMINGER, MAYOR PRO TEM DONNA BELL, COUNCIL MEMBER JESSICA ANDERSON, COUNCIL MEMBER GEORGE CIANCIOLO, COUNCIL MEMBER SALLY GREENE, COUNCIL MEMBER MARIA PALMER, AND COUNCIL MEMBER MICHAEL PARKER VOTING AYE AND WITH COUNCIL MEMBER ED HARRISON, AND COUNCIL MEMBER NANCY OATES VOTING NAY .

[A RESOLUTION CALLING A PUBLIC HEARING TO CONSIDER A TEXT AMENDMENT TO THE LAND USE MANAGEMENT ORDINANCE TO EXPAND THE USE OF CONDITIONAL ZONING, INITIATED BY THE TOWN MANAGER \(2017-11-01/R-6\)](#)

Council Member Greene proposed changing wording in the last "be it resolved..." clause in Resolution 5 that seemed premature.

Mayor Hemminger pointed out that early voting had already begun in Town.

Mayor Hemminger mentioned a ribbon cutting ceremony for a Patrick Dougherty's "stickwork" exhibit at the Ackland Art Museum and recommended that everyone view the exhibit.

[REQUEST FOR CLOSED SESSION TO DISCUSS ECONOMIC DEVELOPMENT, PROPERTY ACQUISITION, PERSONNEL, AND/OR LITIGATION MATTERS](#)

COUNCIL MEMBER MARIA PALMER MOVED, SECONDED BY COUNCIL MEMBER JESSICA ANDERSON, TO ENTER INTO CLOSED SESSION AS AUTHORIZED BY GENERAL STATUTE SECTION 143-318.11 (A)(3). THE MOTION WAS ADOPTED UNANIMOUSLY (9-0) .

[Motion to Enter into Closed Session](#)

The meeting adjourned (into closed session) at 9:44 pm.