



STAFF REPORT #2: 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.
March 9, 2022	Council received an update on opportunities and challenges around expedited review.

The Problem

Input from stakeholders indicates that the complexity of the development review process is limiting the production and overall supply of affordable housing in Chapel Hill. According to affordable housing providers, the process adds costs to project budgets and restricts ability to meet funding deadlines. Some regional affordable housing providers may not be pursuing Chapel Hill projects, given the risk and unpredictability of the review process. The result is that delivery of affordable units struggles to keep up with need.

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 provers, including the amount of upfront, "at-risk" investment in design required prior to Council approval.

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.

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Tradeoffs for Consideration

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. 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 focused on these tradeoffs when exploring policy solutions. Council is asked to consider an appropriate balance of the elements above in affordable housing review.

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Potential Solutions for Achieving Expedited Review

Staff have identified several high-level potential policy solutions for achieving expedited review. These solutions could work separately or in conjunction.

- 1. Consolidate steps in the review process.** The overall Council review process would have fewer steps to get from initial submittal to Council decision. The function and value of each stage, from Concept Plan to Council action, would be carefully considered to determine where steps could be combined or removed.

Mechanism for Process Adjustments:

Land Use Management Ordinance (LUMO) Text Amendment

- 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.

Mechanism for Process Adjustments:

Revision to Council Policy on Advisory Board Review

- 3. Simplify application materials for Council review.** Application submittals 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.

Mechanism for Process Adjustments:

Council guidance to Town Manager on revisions to Application Checklists

- 4. Increase staff capacity.** More resources would be used to support timely staff review of 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.

Mechanism for Process Adjustments:

Allocation for resources in future budgets

These recommended solutions are intended to address some of the main factors that drive review timelines, as determined from staff's study of the review process and stakeholder feedback. Another solution, not recommended by staff, would be to extend timelines by around 6 months for applications that do not provide affordable housing. Although delaying other application review negatively impacts the level of service provided by the Town to the development community, it would become necessary if one or more of the solutions above are not implemented.

Staff finds that the approach to expediting affordable housing review must involve some combination of a more streamlined process, increased staff capacity, and/or delay for other applications.

The direction provided by Council will determine which policy solutions staff explores in more detail in the months ahead (e.g. LUMO text amendment language, revised Council policy, or rewritten application checklists). These detailed draft process changes will be reviewed by stakeholders, Advisory Boards, and the public, before coming back to Council for further feedback.

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Pilot Expedited Application Review

Four multifamily projects proposing 100% affordable units have been proceeding through the Conditional Zoning process with piloted incremental solutions for shortening the review process. The chart below describes the projects and which pilot solutions were applied.

Project Name	Trinity Court Redevelopment	Jay Street Apartments	PEACH Apartments, 107 Johnson St	Gattis Court, 307 N Roberson St
Number of Units	54	48	10	4
Status	Approved	Approved	Advisory Board Review	Approved
Solutions Applied				
Joint Advisory Board review	✓	✓		
Limited scope review				✓
Accelerated/prioritized staff review	✓	✓	✓	✓
Prioritized meeting scheduling	✓	✓	✓	✓

Joint Advisory Board review. Joint meeting of Development Review Advisory Boards to receive the applicant’s presentation, ask clarifying questions, and hear public comment as a group. The Boards then met individually for continued discussion and recommendations.

Limited scope review. Planning Commission as the only Advisory Board to review.

Accelerated/prioritized staff review. Technical Review Team applied 1–2-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. Affordable housing projects were prioritized ahead of reviewing other submitted plans.

Prioritized meeting scheduling. Affordable housing projects received priority for Technical Review Team meetings and Advisory Board meetings. Other submitted projects were deferred to later meetings.

The next charts summarize the results of applying these solutions to the project review timelines, and the feedback received specifically for the pilot Joint Advisory Board review.

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Review Timeline Results			
Project Name	Formal Application Submittal Date	Council Action Date	Time Elapsed
Trinity Court	12/08/2021	4/27/2022	Close to 5 months (20 weeks)
Jay Street	12/01/2021	4/27/2022	Just under 5 months (21 weeks)
PEACH Apartments	9/21/2021	6/15/2022 (anticipated)	Close to 9 months (37 weeks)
Gattis Court	1/5/2022	5/4/2022	4 months (17 weeks)
<p>Typical time elapsed between Formal Application submittal and Council Action is 8-12 months.</p> <p>Concept Plan Review, and the time in between Concept Plan and Formal Application submittal, add more time to the overall process for each project. The solutions for pilot expedited review were implemented after these projects completed the Concept Plan stage of the process.</p>			

Feedback on Joint Advisory Board Review – Jay St and Trinity Court
<p style="text-align: center;">Advisory Board Members</p> <ul style="list-style-type: none"> • Having all participating Boards ask clarifying questions, and reviewing two projects, resulted in a meeting many participants found too long. • Many Board members found that hearing questions from other Boards was at least interesting, and in some cases helpful. • There was concern about the time commitment for an extra meeting, and interest in improving the process but avoiding special or additional Advisory Board meetings.
<p style="text-align: center;">Applicants</p> <ul style="list-style-type: none"> • One applicant found it helpful to hear feedback from multiple Boards in one meeting, as it improved coordination of comments from different Boards.
<p style="text-align: center;">Town Staff</p> <ul style="list-style-type: none"> • Accelerated staff review for multiple project created strain for staff in multiple departments. Review of other development applications had to be delayed to accommodate the turnaround time for affordable housing projects. • The Joint Advisory Board meeting was in addition to discussion and recommendation at individual Board meetings. The added meeting and prioritized meeting scheduling resulted in a challenging amount of meeting preparation in February.

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Review & Study Topics

In addition to the pilot review, staff explored several topics around affordable housing review to inform policy solutions.

Existing Streamlined Review Processes in effect in Chapel Hill

What local processes could serve as a model for affordable housing review?

Light Industrial Conditional Zoning District (LI-CZD)

Available to properties along Millhouse Rd.

Features of the Process

- Applications are not subject to Concept Plan Review. *This shortens the process by at least 2 months.*
- The Planning Commission reviews and provides a recommendation on applications, but no other Advisory Boards review. *This shortens the process by 1-2 months.*
- Council may take action at the same meeting where they open the hearing. There is no requirement to continue the hearing for action at a later date. *This shortens the process by 1 month.*

Application Requirements

- LI-CZD plan submittals include a Rezoning Plan which define building and parking envelopes, buffers, access points, and environmental features. Analysis for streams, flood hazards, and stormwater is required during formal review. However, minimal design detail needs to be shown for improvements within the envelopes. *This results in simplified staff review which shortens the process by at least 2 months.*
- Detailed design is reviewed at the Final Plans stage, after Council approval. That includes building footprints and site layout within the envelopes, internal connectivity, and landscaping outside of buffers and preserved areas.

Results

- The LI-CZD review process is designed to take around 4 months. The typical Conditional Zoning review process, meanwhile, takes at least 10 months and can often last 18 months or longer.
- One previous LI-CZD application took only 2 months from submittal to approval through accelerated review and prioritized meeting scheduling.

Petitions for Limited Scope Review

Option to Council on a case-by-case basis

Features of the Process

- Any applicant may petition Council for a streamlined process that exempts them from review by certain Development Review Advisory Boards. *This shortens the process by 1-2 months.*
- Council has discretion over granting limited scope review. Supporting factors would typically be that the project is small in scale and has little or no impact on the issues considered by one or more Advisory Boards.

Results

- Gattis Court (307 N Roberson St) is a recent example of limited scope review. The application proposes 4 affordable dwelling units. The only Advisory Board reviewing the application is the Planning Commission.
- Council approved the Conditional Zoning for Gattis Court 4 months after formal application submittal and within 6 months of Concept Plan submittal.

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Form District Permits and Pre-Zoned Sites

Blue Hill District; Council approvals with reserved sites for future development

Features of the Process

- Affordable housing developers identify a site that already has zoning to support their housing program. They engage in the review process after Council has already made a rezoning decision for the site.
- This situation applies in Blue Hill where form-based zoning is in place, and in certain other projects that have gone through rezoning with space reserved for future affordable housing.
- Applications are not subject to Concept Plan review or other Council review.
This shortens the process by at least 10 months.
- Staff provides the Final Plans technical review common to all projects.

Results

- The Blue Hill District review process is designed to take around 5 months. Projects may take longer depending on size and complexity.
- DHIC took advantage of the Blue Hill District review process to develop Greenfield Place and Greenfield Commons. They have indicated this streamlined review was significant in making their projects successful.
- Multi-phase projects such as Carraway Village have included a site with Council approval for future affordable housing. The affordable housing developer would go through the Final Plans review process which is designed to take 3 to 6 months.

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Approaches taken by Nearby Communities to Facilitate Affordable Housing Review *What solutions have been effective in other jurisdictions?*

City of Durham

- Administrative review plays a greater role. Many affordable housing sites have zoning in place that allows development by-right.
- Density bonus expands the use of administrative review.
- Recent zoning changes ([Expanded Housing Choices](#)) offer by-right options for missing middle housing types in many zoning districts.
- The rezoning process typically takes 9-12 months. The Development Plan is used as a tool for proffers, which can include affordable housing. The length of time is challenging for Low-Income Housing Tax Credit (LIHTC) deadlines.
- Projects using the density bonus and rezoning tools tend to be larger mixed-income/mixed-use projects where an affordable housing component can be absorbed into project costs. Not common tools for LIHTC projects.
- Expedited staff review – 10 business days for qualifying affordable housing projects (30% of units at 60% AMI).
- Values set at the organizational level. The importance of affordable housing plan review has been communicated across all departments.
- The Community Development Department has relationships with other departments to facilitate affordable housing plan review (either City-funded projects, or projects on City land). While this doesn't offer direct monetary value, it provides more predictability and time savings.
- Of the City's Advisory Boards, only the Planning Commission reviews rezonings. Other Boards are more likely to review higher level topics like text amendments.
- The City uses other methods of engagement in lieu of public meetings, including summary documents, neighborhood meetings, and web tools.

City of Raleigh

- Administrative review plays a greater role. Many affordable housing sites have zoning in place that allows development by-right.
- Recent zoning changes ([TC-5-20](#)) offer by-right options for missing middle housing types in many zoning districts.
- A recent City strategic initiative ([SVHC 2.6](#)) implements tools for expedited staff review on affordable housing projects where the City owns land and/or provides gap financing. Review cycles are reduced by 5 business days. Additional staff meetings are programmed to facilitate timely review.
- The Project Advocacy unit within the Department of Planning and Development provides guidance to applicants on navigating the process for highly visible projects. This includes affordable housing projects and other types.
- Of the City's Advisory Boards, only the Planning Commission reviews rezonings. Other Boards are more likely to review higher level topics like text amendments.
- In 2020, Citizen Advisory Councils were removed from the City's rezoning process as part of an effort to update and modernize community engagement.

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Quantifying Value of a Streamlined Process to Developers

What feedback does the development community have on challenges and opportunities?

Affordable Housing providers

- Partners are unclear on the purpose of the Concept Plan process.
- Detailed design during the Conditional Zoning process results in significant at-risk investment (design and engineering) before an entitlement is secured.
- Other communities tend to require much less detail up front. The Board of Adjustment is often an avenue for reviewing necessary changes during final plans.
- Guidance from Advisory Boards is difficult to incorporate because of tight project budgets and the extent of design already complete before Advisory Board review.
- Sending project teams to so many Advisory Board meetings generates significant costs.
- Conversations with affordable housing industry peers suggest some firms aren't working in Chapel Hill because of the challenging process. Affordable housing production could be higher if this barrier to entry was addressed.
- Predictability in the review process, and guidance on how to navigate the process, is just as important as length of time. Sometimes uncertainty is worse than delay.

Market developers with affordable housing interest

- Some development firms are not doing projects in Chapel Hill because the length of the review process is a barrier to entry.
- Length of process can lead to less housing production and less variety of housing product. Developers have their 'niche'. In the current market that means limited production of small-scale multifamily.
- The process can be difficult even for smaller projects. The result is that developers tend to focus on larger-scale projects because the costs of getting entitled are relatively fixed.
- An alternative could be more prescriptive standards for smaller projects that facilitate by-right development or other simplified approval.
- Length of process creates risks around missing the market cycle for the proposed product, as well as increased construction costs.
- The Inclusionary Zoning Ordinance is effective in communicating a baseline expectation for affordable housing. Developers find that it provides predictability when they work towards meeting the objective of 15% affordable units.
- Expedited review probably wouldn't provide enough incentive for market-rate developers to increase the percentage of affordable units. However, the value of time savings could be used to incentivize more one-time investments like green building measures or enhanced multimodal facilities.
- Improving the process so that more firms are encouraged to develop in Chapel Hill could lead to more competitive pricing of new housing, promoting overall housing affordability across income levels.
- Advisory Boards often provide competing feedback, and/or too many requests overall to absorb into a project budget. Developers are interested in knowing what Council will prioritize.
- Clarity on requirements and a defined review schedule can be just as important as length of time for review.

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Potential Affordable Housing Projects <i>What projects on the horizon could benefit from streamlined review?</i>		
Candidate Projects where Town has a Land Ownership Interest		
Project Name and Description	Estimated Number of Affordable Units	Estimated Formal Application Submittal
Bennett Road	60	Summer 2023
Plant Road <i>Redevelopment of Parks & Recreation offices</i>	50	Winter 2024
Legion Road <i>Redevelopment of American Legion building</i>	65-145, depending on size of area developed	Winter 2024
Dogwood Acres Phase 1 <i>Redevelopment of disc golf course</i>	100	Spring 2024
Craig Gomains <i>Redevelopment of existing public housing</i>	80	Summer 2024
Dogwood Acres Phase 2	70	2026
Greene Tract	TBD	TBD
Other Candidate Projects, including Mixed-Income		
Project Name and Description	Estimated Number of Affordable Units	Estimated Formal Application Submittal
St. Paul Village	88 (out of 300 total)	Summer 2022
South Creek	85 (out of 650 total)	Fall 2022
Weiner St <i>Habitat for Humanity; landbanked property</i>	8	TBD

The potential affordable housing projects listed above serve as examples of projects that could benefit in the near term from an expedited review process. When formulating solutions, Council's considerations could include:

- **Scale/complexity:** Some projects may be as small as 8 units while others may be over 100 units.
- **Context:** Opportunities for affordable housing involve a mix of redevelopment sites and undeveloped sites.
- **Income mix:** Many potential projects are 100% affordable, though others may be majority market rate.
- **Overall impact:** An expedited process could provide benefits to the review and development of hundreds of affordable units over the next 5 years.

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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

Qualifying Criteria (*Preliminary*)

Solutions for expedited review will need to address the criteria that qualify a project for the process. The chart below serves as a starting point for criteria under consideration. Staff plans to refine the criteria during Summer 2022 based on stakeholder feedback and the Town’s established targets and objectives for affordable housing production.

Criteria	Minimum Consideration	Alternatives
Number of Affordable Units	At least 30% of total units for projects up to 100 units At least 30 total units for projects over 100 units	At least 30% of total units for all projects, or Greater percentage of units, up to 100%
Level of Affordability – Area Median Income (AMI)	Affordable to 80% AMI and below	Lower AMI target (e.g. 60%), or Required mixture of AMI targets (e.g. half of units at 80% AMI, half at 60% AMI)
Period of Affordability	30 years or more	Longer required period

Proposed Project Schedule

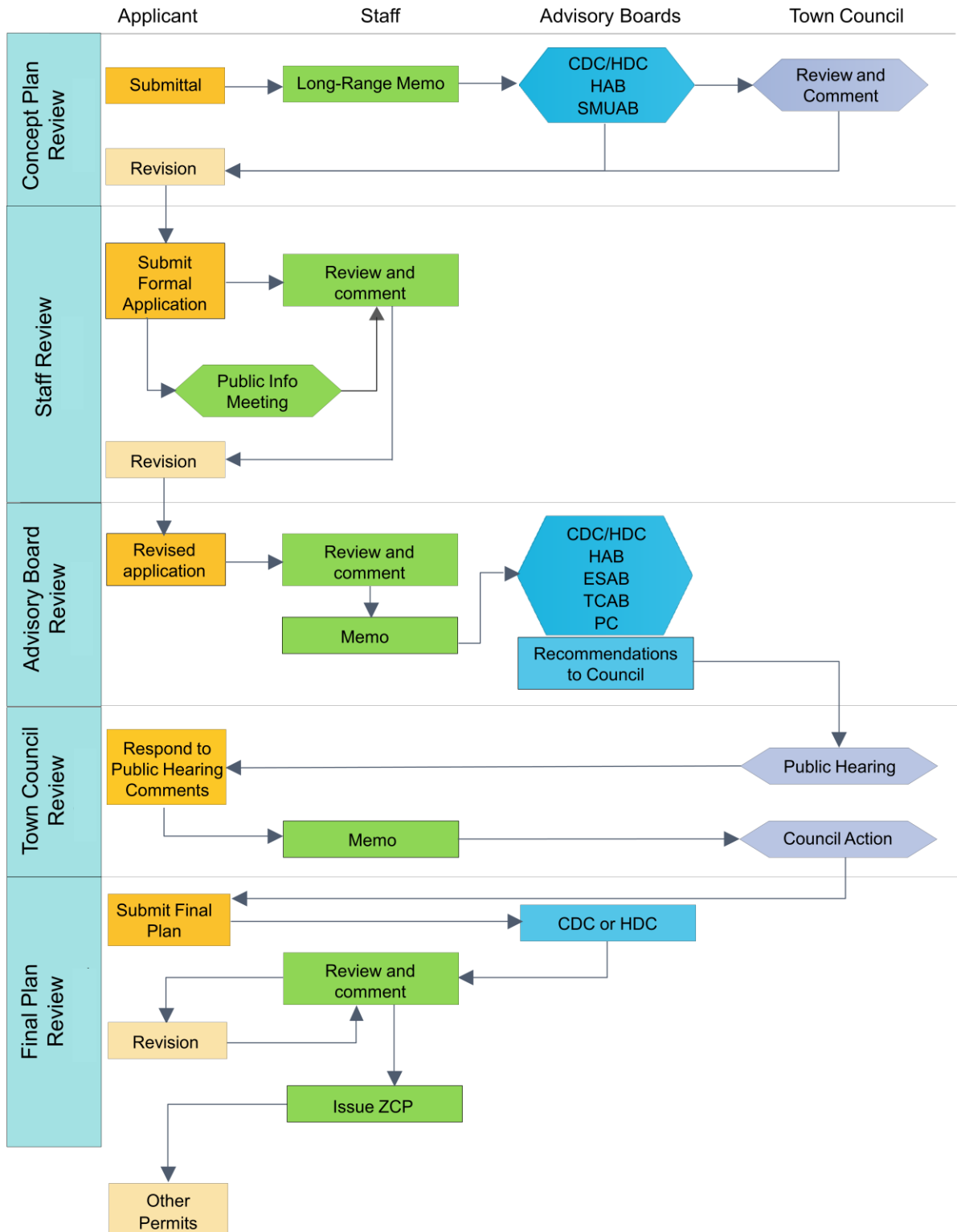
Key Task	Target Date
Council Work Session Determine Preliminary Direction	May 11, 2022
FY 22-23 Budget Discussions Consideration of Staff Capacity	Through June 2022
Draft Process Changes	Summer 2022
Community and Advisory Board Review	Summer-Fall 2022
Council Review and Decision	Fall 2022
Implementation	Starting Early 2023

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Additional Information on Potential Solutions and Review Topics

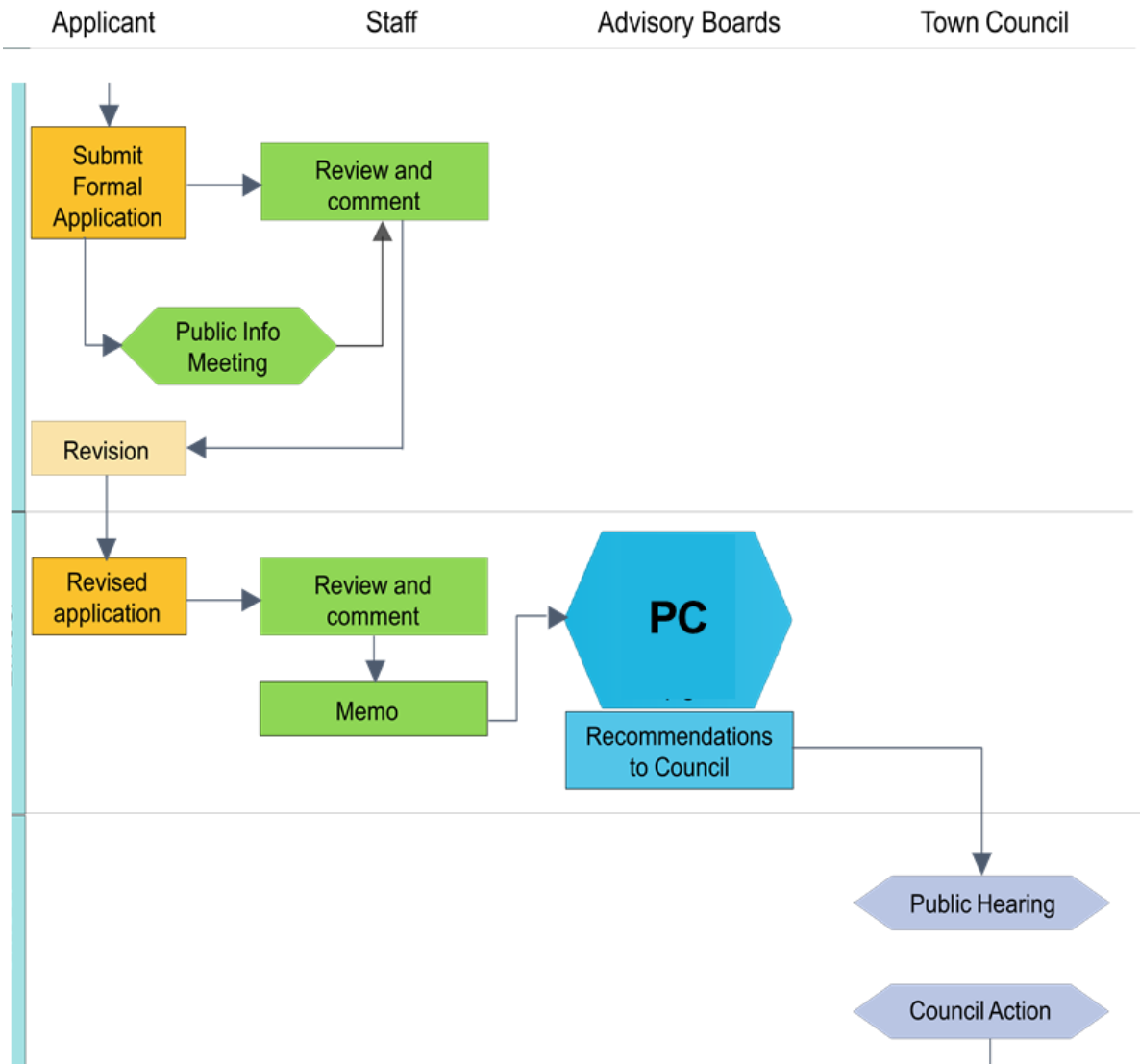
Typical Process Flowchart for Council Review

Town Council Development Review Process



APPENDIX

Light Industrial – Conditional Zoning District (LI-CZD) Review Process Flowchart



APPENDIX

Typical Features of Advisory Board Review

<p>Community Design Commission (CDC) or Historic District Commission (HDC)</p>	<ul style="list-style-type: none"> • Reviews at Concept Plan, prior to Council Review, and Final Plans Stages • <u>CDC Charge</u>: Guide the town's vision on aesthetics, character and function to focus community growth through advice, advocacy, and implementation of the council's policies and review of proposed development in key areas • <u>HDC Charge</u>: Promote, enhance, and preserve the character of the Chapel Hill Historic District; encourage design which is harmonious with the character of the historic district
<p>Housing Advisory Board (HAB)</p>	<ul style="list-style-type: none"> • Reviews at Concept Plan and prior to Council Review Stages • <u>Charge</u>: Promote and develop a full spectrum of housing opportunities that meet the needs of the Chapel Hill community
<p>Stormwater Utility Management Advisory Board (SMUAB)</p>	<ul style="list-style-type: none"> • Reviews at Concept Plan Stage (if site is 5 acres or more) • <u>Charge</u>: Provide recommendations regarding the identification and implementation of new stormwater management program activities
<p>Environmental Stewardship Advisory Board (ESAB)</p>	<ul style="list-style-type: none"> • Reviews prior to Council Review Stage • <u>Charge</u>: Strengthen environmentally responsible practices that protect, promote, and nurture our community and the natural world
<p>Transportation & Connectivity Advisory Board (TCAB)</p>	<ul style="list-style-type: none"> • Reviews prior to Council Review Stage • <u>Charge</u>: Create an inclusive connected community by recommending, advocating, and planning for comprehensive, safe, effective and sustainable multi-modal transportation and connectivity
<p>Planning Commission (PC)</p>	<ul style="list-style-type: none"> • Reviews prior to Council Review Stage • <u>Charge</u>: Achieve the Town's Comprehensive Plan for orderly growth

9 Advisory Board meetings minimum during review and permitting of a typical residential project

APPENDIX

Application Checklists – Typical CZD vs LI-CZD

Bold items are specific to either Conditional Zoning applications or Final Plans applications

Highlighted items show overlap between Conditional Zoning and Final Plans requirements

Typical Conditional Zoning Application Checklist	Final Plans Application Checklist
<ul style="list-style-type: none"> • Narratives and Statements • Traffic Impact Analysis • Energy Management Plan • Stream/Wetland/Flood Determinations • Stormwater Impact Analysis • Stormwater Management Plan • Detailed Site Plan • Landscape Protection Plan • Planting Plan • Steep Slope Plan • Grading Plan • Erosion Control Plan • Solid Waste Plan • Construction Management Plan • Streetscape Improvements Plan • Building Elevations 	<ul style="list-style-type: none"> • Stream/Wetland/Flood Determinations • Stormwater Impact Analysis • Stormwater Management Plan • Detailed Site Plan • Landscape Protection Plan • Planting Plan • Steep Slope Plan • Grading Plan • Erosion Control Plan • Solid Waste Plan • Construction Management Plan • Streetscape & Street Light Plan • Building Elevations & Materials Palette • Roadway Design Plan • Traffic Plan • Fire Protection Plan • Utility Plans • Transportation Management Plan • Phasing Plan • Lighting Plan • Recorded Easements and Documents

Light Industrial CZD Application Checklist	Final Plans Application Checklist
<ul style="list-style-type: none"> • Narratives and Statements • Traffic Impact Analysis • Rezoning Plan – development envelope, access points, preservation areas • Stream/Wetland/Flood Determinations • Stormwater Impact Analysis • Stormwater Management Plan 	<ul style="list-style-type: none"> • Stream/Wetland/Flood Determinations • Stormwater Impact Analysis • Stormwater Management Plan • Detailed Site Plan • Landscape Protection Plan • Planting Plan • Steep Slope Plan • Grading Plan • Erosion Control Plan • Solid Waste Plan • Construction Management Plan • Streetscape & Street Light Plan • Building Elevations & Materials Palette • Roadway Design Plan • Traffic Plan • Fire Protection Plan • Utility Plans • Transportation Management Plan • Phasing Plan • Lighting Plan • Recorded Easements and Documents

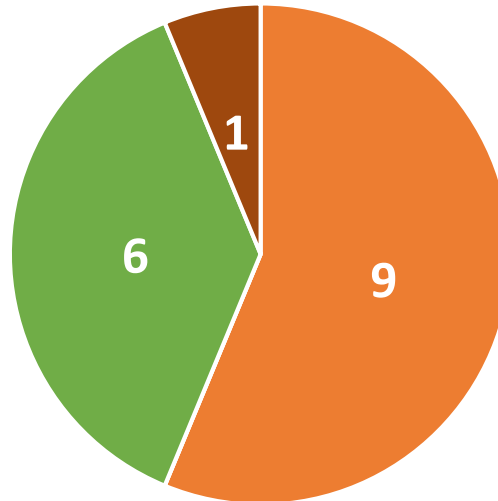
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Pilot Expedited Application Review - Feedback from Advisory Board Members

Advisory Board members attended a joint meeting for the Trinity Court and Jay Street affordable housing projects in February 2022. The meeting agenda included presentations from the applicants, clarifying questions, and public comment. In a follow-up survey, participants provided feedback on their experience with this approach.

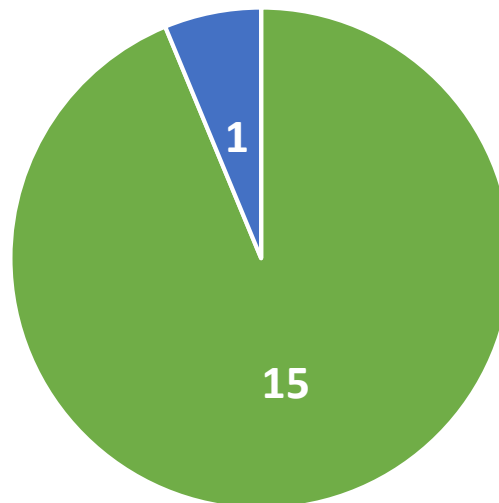
The Joint Review meeting was...

- Too long
- Too short
- About the right amount of time
- I'm not sure



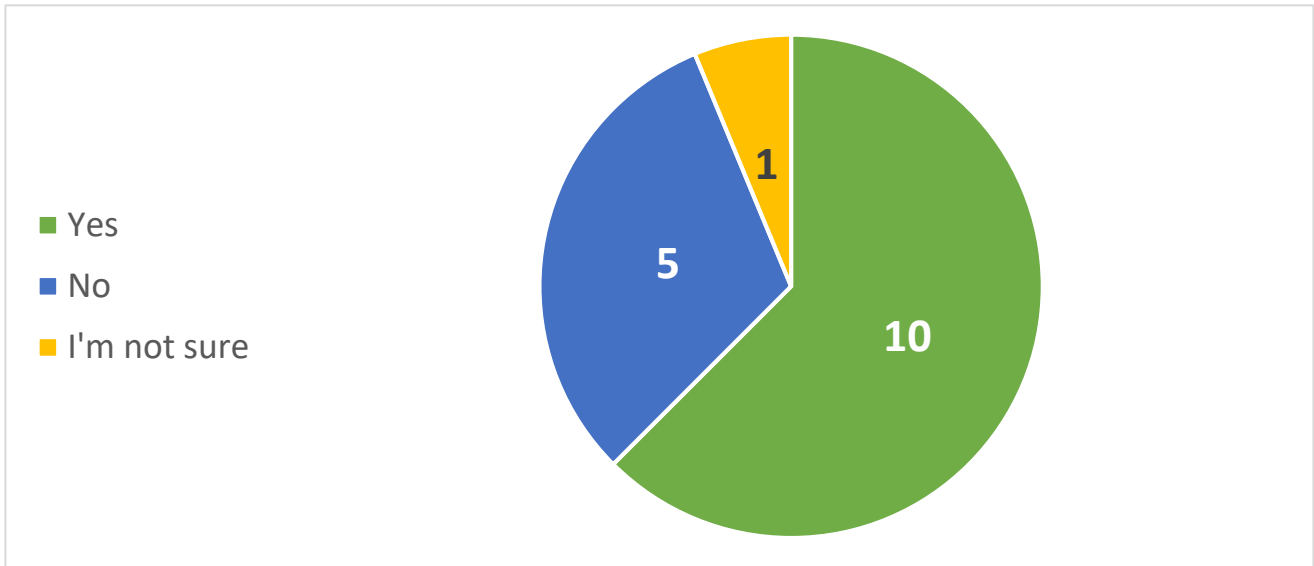
Did you have enough time to ask clarifying questions?

- Yes
- No
- I'm not sure



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Did the joint meeting provide you with most of the information you needed to finalize your recommendations at your individual Advisory Board meeting?



APPENDIX

LI-CZD Streamlined Review Process – Rezoning Plan Examples

7300 Millhouse Road

