



## SUMMARY REPORT

### Regular Agenda – Land Use Management Ordinance Text Amendment to Articles 3, 4, 5, and Appendix A Regarding Affordable Housing Development Review and Standards

#### PLANNING

Corey Liles, Planning Manager  
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Colleen Willger, Director

#### AFFORDABLE HOUSING

Emily Holt, Affordable Housing Development Officer  
Nate Broman-Fulks, Assistant Director  
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<b>Applicant:</b> Town of Chapel Hill	<b>Meeting Date:</b> 10/4/2022	<b>Amendment Request:</b> Amend sections of the Land Use Management Ordinance (LUMO) to establish a new conditional zoning district and associated review process for affordable housing developments.
<b>Staff Recommendation:</b>  Staff recommends that the Planning Commission review the proposed text amendment and forward a recommendation to the Town Council in time for the Council’s review at the October 19, 2022 Legislative Hearing.		
<b>Process:</b>  Planning Commission reviews the proposed text amendment and makes a recommendation to Town Council.  Town Council will hold a public hearing to consider the proposed amendment on October 19.	<b>Decision Points:</b> <ul style="list-style-type: none"><li>• Establish a new a Residential-Community Priority-Conditional Zoning District (R-CP-CZD)</li><li>• Adopt a streamlined Community Priority Process for Affordable Housing Development Review that will allow for Council action on a CZD application within less than 6 months of submission</li><li>• Modify development regulations related to common site constraints for affordable housing developments.</li></ul>	
<b>Background:</b>  Chapel Hill has long struggled to remain an affordable place to live due, in part, to lagging production of affordable housing. The Town has acted to better understand the severity of housing needs through work such as Rod Stevens’ <a href="#">Projected Housing Needs</a> report and the ongoing <a href="#">Complete Community</a> and <a href="#">Shaping Our Future</a> initiatives.  In September, 2021, Town Council issued a <a href="#">petition</a> directing staff to craft a new development review process that could boost affordable housing production. The proposed text amendment is responsive to this petition, Chapel Hill’s adopted plans, and the expressed needs of a variety of stakeholders.		
<b>Text Amendment Overview:</b>  The text amendment proposed by staff seeks to encourage and support the production of affordable housing by reducing the time, cost, and uncertainty associated with the Town’s existing development review processes. Specifically, the amendment: <ol style="list-style-type: none"><li>1. Establishes a new Residential-Community Priority-Conditional Zoning District (R-CP-CZD)<ul style="list-style-type: none"><li>○ Open to projects with at least 30% affordable units.</li><li>○ Builds on the standards of the existing Residential-Special Standards-CZD and provides additional flexibility related to certain design and development standards.</li><li>○ Allows limited mixed-use development.</li></ul></li></ol>		

2. Establishes a new Community Priority Process for Affordable Housing Development Review (CPP-AHDR)

- Exempts R-CP-CZD applications from Concept Plan Review.
- Reduces the level of technical details applicants must submit prior to securing an entitlement, thus reducing up-front risks. Full technical details will still be required after Council approval during final plan review and permitting.
- Delegates additional authority to staff to accept minor modifications to R-CP-CZD projects post-entitlement.
- Exempts R-CP-CZD applications from Final Plan review by the Community Design Commission.

**Accompanying Policy on Proposed Design Review Team and Exemption from Advisory Board Review:**

Not included in the text amendment, but key to its implementation, will be an accompanying policy that exempts eligible applicants from review by all advisory boards except for Planning Commission.

To be eligible for the exemption, applicants will need to collaborate with a proposed "Design Review Team" to review and comment on early-stage conceptual plans as well as the formal CZD application. The proposed Design Review Team will be led by the Planning Department and include additional staff such as the Town Urban Designer, Sustainability Officer, and Affordable Housing Development Officer. Additional detail regarding the Design Review Team and Advisory Board Exemption are included in the attached memo.

**Plan Consistency:**

As outlined in detail in the Technical Report, the proposed text amendment is consistent with and would support achievement of several of the Town's adopted plans, including:

- the Chapel Hill 2020 Comprehensive Plan;
- the Chapel Hill Future Land Use Map; and
- the Chapel Hill Climate Action & Response Plan.

**Attachments:**

1. Technical Report
2. Staff Memo: Design Review Team and Advisory Board Exemption
3. Resolution A (Resolution of Consistency)
4. Ordinance A (Enactment of Land Use Management Text Amendment Proposal)



## TECHNICAL REPORT

### **Regular Agenda – Land Use Management Ordinance Text Amendment to Articles 3, 4, 5, and Appendix A Regarding Affordable Housing Development Review and Standards**

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### **A. Project Background**

On September 22, 2021, Town Council issued a [Petition Regarding Affordable and Missing Middle Housing](#) which directed staff to create an expedited application process for developments with a significant affordable housing component. In addition to Council's Petition, major initiatives supported by the Town have underscored the severity of the Town's housing needs:

[Projected Housing Needs](#), 2020-2040 (Oct. 2021): UNC and the Town jointly funded a report to determine housing needs. The report found that the Town's current housing stock fails to meet the needs of a wide range of households, including: first-time buyers, families with young children, divorcees, empty nesters, and seniors. The report estimated that Chapel Hill will need to increase annual housing production by 35%, bringing the annual production rate to roughly 485 units per year.

[Complete Community Strategy](#) (2021 – Present): The Town is working with consultants to develop a new approach to housing that clarifies where and how it's built to create inclusive, sustainable, and complete communities. Among the "Hard Truths" highlighted by this work are the facts that Chapel Hill is an exclusive place which needs to reset its "trajectory for the future to make the Town more affordable, equitable, and sustainable for all" and that a broken process that discourages development is part and parcel the Town's challenges.

[Shaping Our Future](#) (Feb. 2022 – Present): The Shaping Our Future initiative is intended to inform the Town's efforts to both update LUMO and better incorporate Transit Oriented Development (TOD) into the Town's planning efforts. Gaining a better understanding of how the Town's land use patterns serve its current and projected needs has been a cornerstone of this work. Research underlying the initiative suggests that, at present, there is unmet need for over 3,000 dwelling units for households earning 60% of Area Median Income or less.

Since receiving Council's petition, Town staff have engaged with stakeholders in the affordable housing development and advocacy community, executed a pilot project to test the feasibility of different strategies for streamlining review, conferred with the Housing Advisory Board, and held multiple work sessions with Town Council. The resulting text amendment is responsive to Council's petition, several adopted plans and the expressed needs of a variety of stakeholders.

### **B. Proposed Text Amendments to the Land Use Management Ordinance Articles 3, 4, and 5 and Appendix A**

The proposed text amendment would (1) create a new Residential-Community Priority-Conditional Zoning District and (2) establish a new Community Priority Process for Affordable Housing Development Review.

**1. The text amendment establishes a new Residential-Community Priority-Conditional Zoning District (R-CP-CZD).**

- Eligibility Criteria: In order to be eligible for a rezoning to the R-CP-CZD, projects must meet the following criteria:
  - Rentals Units: Thirty percent (30%) of rental units must be affordable at or below 60% of Area Median Income (AMI) for a period of at least 30 years
  - For-Sale Units: Thirty percent (30%) of for-sale units must be affordable at or below 80% of AMI for a period of at least 99 years
- Uses: All current and proposed dwelling unit types will be allowed in the R-CP-CZD. In order to facilitate the provision of supportive services and other amenities for residents and to further bolster efforts at creating vibrant, walkable communities, certain non-residential uses will be allowed in the R-CP-CZD as long as they do not account for more than 15% of the total floor area of the development they are part of. These non-residential uses will include:
  - Adult day care facility
  - Business – Convenience
  - Child day care facility
  - Essential services
  - Outdoor skateboard ramp
  - Public cultural facility
  - Public use facility
  - Recreation facility: non-profit
- Dimensional, Design, and Development Standards: The dimensional, design and development standards associated with the R-CP-CZD largely mirror those of the existing R-SS-CZD, which was also established to promote affordable housing. In recognition of the fact that affordable housing developments are often located in areas with significant site constraints, the R-CP-CZD amends the R-SS-CZD standards in order to provide developers additional flexibility to make the best use of available land. Key differences for properties in the R-CP-CZD include:
  - Buffers: Multifamily uses with 5 or more units and any non-residential uses must be separated from adjacent, off-site residential uses by a 10-foot Type “B” buffer. The requirement does not apply if the adjacent properties are zoned TC-, MU-, or OI-. The town manager may waive the buffer requirements if site constraints make the buffer impracticable.
  - Parking: Parking requirements are reduced by 20% for residential uses.
  - Parking lot landscaping: Only parking lots with more than 20 spaces must comply with parking lot landscaping standards.
  - Foundation Buffer Strips: Width is reduced to an average of 3 feet and paved pedestrian walkways may be installed in place of a buffer strip if they are not adjacent to windows or doors that lead directly into a dwelling unit.
  - Parking lot interior islands: Interior islands are not required.

## **2. The text amendment also establishes a new Community Priority Process for Affordable Housing Development Review.**

The proposed Community Priority Process for Affordable Housing Development Review (CPP-AHDR) will be used to review and entitle projects that are eligible for rezoning to a R-CP-CZD. Key features of the CPP-AHDR include:

- Concept Plan Review: Projects rezoned to R-CP-CZD will be exempt from Concept Plan Review.
- Staff review focused on feasibility: Technical staff reviews under the traditional conditional zoning process focus on whether the final project will be compliant with LUMO (a process that is duplicative of Final Plans Review). Under the CPP-AHDR, technical staff review will instead focus on determining the feasibility of compliance (i.e., whether there are fatal flaws in a proposed project that would preclude compliance at the Final Plans stage).
- Community priority rezoning plan: Unlike the highly detailed “district specific plans” that accompany most conditional rezonings, rezonings under the community priority process will generate a community priority rezoning plan. The CPP rezoning plan will indicate buildings, circulation, and other site features at a more general schematic level than traditional district specific plans.
- Consolidated Town Council action: Town Council will be able to hold a public hearing and vote on an application for a rezoning on the same day.
- Expanded authority for administrative minor modifications: Following entitlement, staff will have expanded authority to approve modifications to the approved CPP rezoning plan without the need for further Council action. This expanded authority will provide developers additional flexibility and further reduce the costs associated with developing CPP rezoning plans. Modification that will be allowed with administrative approval include:
  1. An increase in the number of buildings that results in no more than a five (5) percent increase in total floor area and no more than a five (5) percent increase in impervious surface, provided that any additional buildings are located entirely within an area defined by the footprints of approved structures plus twenty-five (25) feet extending therefrom in all directions. Unless the abutting property is located in a TC, MU, or OI district such additional structures may not be located within fifty (50) feet of an exterior property line.
  2. Relocation of recreation space or area, provided that the total amount of recreation space or area is not reduced and accessibility from affordable dwelling units is not negatively impacted.
  3. Reconfiguration or relocation of internal streets, sidewalks, trails, or parking areas provided that no additional encroachment or disturbance in the RCD is required.
  4. Addition of bike/ped access points to a preexisting public right of way.
  5. Alteration of building design elements, as defined in NCGS 160D-702(b).
  6. A change in total floor area of 20% or less.

7. A change in parking spaces of 10% or less.
  8. Minor changes to pedestrian/bicycle or vehicular access to public rights of way.
  9. Relocation of buildings by no more than 100 ft.
- CDC Final Plans Review: Projects rezoned to R-CP-CZD will be exempt from CDC Final Plans Review.
3. A policy accompanying this LUMOTA will bolster the CPP-AHDR by exempting projects from review by all advisory boards except the Planning Commission. To be eligible for the exemption, applicants will need to undergo consultation and review with a proposed "Design Review Team" (DRT). Further the detail about the DRT and its role in the CPP-AHDR can be found in the attached memo.

### C. Plan Consistency

As outlined below, the proposed text amendment is consistent with and will further efforts to achieve several adopted Town plans including: the Chapel Hill 2020 Comprehensive Plan, the Chapel Hill Future Land Use Map, and the Chapel Hill Climate Action and Response Plan.

Plan	Goals or themes
<a href="#"><u>Chapel Hill 2020 Comprehensive Plan</u></a> <b>Adopted:</b> <b>June 25, 2012</b>	<p>Chapel Hill's development review processes are neither clear nor reliably aligned with the Town's goals. Updating these processes is critical.</p> <ul style="list-style-type: none"> <li>• <i>Goal: A development decision-making process that provides clarity and consistency with the goals of the Chapel Hill 2020 comprehensive plan. (Good Places, New Spaces.3)</i></li> <li>• <i>Goal: A community that welcomes and supports change and creativity (Good Places, New Spaces.6)</i></li> </ul> <p>Streamlining the development review process for affordable housing can encourage and support increased housing production and foster more robust neighborhoods.</p> <ul style="list-style-type: none"> <li>• <i>Goal: A range of housing options for current and future residents (A Place for Everyone.3)</i></li> <li>• <i>Goal: Future land use, form, and density that strengthen the community, social equity, economic prosperity, and natural environment (Good Places, New Spaces.8)</i></li> <li>• <i>Goal: Housing for students that is safe, sound, affordable, and accessible and meets a demonstrated need conducive to educational and maturational needs of students, and housing for Town, University, and the Health Care System employees that encourages them to reside in the community (Town Gown Collaboration.4)</i></li> <li>• <i>Goal: A range of neighborhood types that addresses residential, commercial, social, and cultural needs and uses while building and evolving Chapel Hill's character for residents, visitors, and students (Good Places, New Spaces.5)</i></li> </ul>

	<p>Ensuring an adequate supply of affordable housing is critical to maintaining Chapel Hill's character as an inclusive community in which all residents can thrive.</p> <ul style="list-style-type: none"> <li>• <i>Goal: A welcoming and friendly community that provides all people with access to opportunities (A Place for Everyone.4)</i></li> </ul> <p>Promoting workforce housing helps employers and employees alike.</p> <ul style="list-style-type: none"> <li>• <i>Goal: Foster success of local businesses (Community Prosperity and Engagement.2)</i></li> </ul> <p>Encouraging development that is responsive to the needs of all Chapel Hill residents can also help the Town preserve open spaces while maximizing the beneficial use of more urban areas.</p> <ul style="list-style-type: none"> <li>• <i>Goal: Low density, green Rural Buffers that exclude urban development and minimize sprawl (Good Places, New Spaces.1)</i></li> <li>• <i>Goal: A vibrant, diverse, pedestrian-friendly, and accessible downtown with opportunities for growing office, retail, residential, and cultural development and activity (Good Places, New Spaces.2)</i></li> </ul>
<p><a href="#"><u>Future Land Use Map</u></a></p> <p><b>Adopted:</b></p> <p><b>Dec. 9, 2020</b></p>	<p><b>Guiding Statement 1:</b> Respond to the threats associated with climate change and environmental stewardship and resiliency by:</p> <ul style="list-style-type: none"> <li>▪ Creating compact, walkable, mixed-use communities where activities are in close proximity and require less time and energy to access and travel between destinations.</li> <li>▪ Densifying at strategic locations and mixing land uses shortens trips and reduces car dependency.</li> <li>▪ Supporting transit systems through additional housing units and more intense land uses.</li> </ul> <p><b>Guiding Statement 2:</b> Ensure equitable planning and development. Ensure that "all current and future community members participate in and benefit from development and economic growth and activity in the Town – especially low-income residents, communities of color, immigrants, and others who have been historically excluded and are at risk of future marginalization.</p> <ul style="list-style-type: none"> <li>○ Mitigate residential displacement as development and redevelopment occurs.</li> <li>○ Provide affordable housing options for all family sizes and incomes in all neighborhoods.</li> <li>○ Preserve and strengthen intact neighborhoods, building upon local assets and resources.</li> </ul> <p><b>Guiding Statement 3:</b> Encourage a Diversity of Housing Types. The Town will encourage additional housing options that are both affordable and desirable for households and individuals with a range of income levels.</p> <p><b>Guiding Statement 4:</b> Promote distinctive, safe, and attractive neighborhoods. The Town should preserve and enhance established neighborhoods by directing dense growth to multimodal and key</p>

	<p>transportation corridors facilitating connections to those corridors in order to promote a multimodal network thereby potentially reducing vehicular trips and increasing mobility options.</p> <p><b>Guiding Statement 9:</b> Preserve and maintain Chapel Hill’s appearance and create the quality of design and development the Town desires. The Town encourages high quality development understanding that different areas of Town will have different character and defining characteristics.</p>
<p><a href="#"><u>Climate Action &amp; Response Plan</u></a></p> <p><b>Adopted:</b> <b>April 7, 2021</b></p>	<p><b>Action:</b> Create walkable, bikeable, transit-served neighborhoods by incentivizing more compact, affordable, and mixed income housing, including “missing middle” and accessory dwelling units (ADUs).</p>