

06-26-2019 Town Council Meeting
Responses to Council Questions

ITEM #10: Discuss Affordable Housing Goals for Rental Housing Development.
(Reissued from June 19, 2019)

Council Question: Does the Town have a track record of getting these draft principles (on-site and alternatives to on-site) realized in a negotiation? If so, which of these draft principles do we typically get out of a negotiation?

Staff Response: *The outcomes of development negotiations have varied widely in the past. The Town Council has expressed an interest in creating more consistent expectations and outcomes for affordable housing in rental development projects. This agenda item is designed to be an initial step to respond to the Council's interest. A table of the affordable housing contributions for rental projects approved over the last ten years is provided below.*

<i>Project Name</i>	<i>Date of Council Approval</i>	<i>Building Permit/ Construction Status</i>	<i>Total Units in Project</i>	<i>% Affordable Units</i>	<i>AH Units Committed</i>	<i>AH PIL Committed</i>
<i>Homestead Road Active Adults (2217 Homestead Road)</i>	<u>2019-04-10/R-5</u>	<i>Approved</i>	198	10%	20	\$ -
<u>Chapel Hill Retirement Residence (700 N. Estes Drive)</u>	<u>2017-03-20/R-5</u>	<i>Under Construction</i>	150	0%	0	\$100,000
<u>Grove Park Apartments (425 Hillsborough St.)</u>	<u>2015-10-26/R-7</u>	<i>Under Construction</i>	346	2%	6	\$ -
<u>The Graduate Franklin Street (105 Kenan St)</u>	<u>2014-10-27/R-5</u>	<i>Project Delayed</i>	100	15%	15	\$ -

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Project Name	Date of Council Approval	Building Permit/ Construction Status	Total Units in Project	% Affordable Units	AH Units Committed	AH PIL Committed
<u>Timber Hollow Expansion</u> <u>Martin Luther King Jr. Blvd. (101 Timber Hollow)</u>	<u>2014-05-28/R-9</u>	Approved	109	13%	14	\$ -
Lux Apartments at Central Park Apartments (Bicycle apartments) Martin Luther King Jr. Blvd.	<u>2013-02-27/R-8</u>	Construction Complete	194	0%	0	\$120,000
123 West Franklin	<u>2013-02-11/R-9</u>	Construction Complete	300	0%	0	\$250,000
Charterwood Phase 1 (Evolve, 1701 N Apartments) 1701 Martin Luther King Jr. Blvd.	<u>2012-09-24/R-6</u>	Construction Complete	154	0%	0	\$ 60,500
Shortbread Lofts West Rosemary Street	<u>2012-02-27/R-6</u>	Construction Complete	85	0%	0	\$ 25,000
The Courtyards 431 W Franklin St.	<u>2010-11-22/R-8</u>	Construction Complete	22	0%	0	\$ 37,560

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Council Question: What is the reasoning behind HAB's recommendation of PIL equal to the cost to provide an equivalent number of affordable housing units off site to households at 60% AMI and below? If other formulas were considered, what were they?

Staff Response: *The Housing Advisory Board's recommended goal is to receive 15% of new rental units dedicated for affordable housing for households at 60% of the AMI and below. If a payment was to be provided instead of units on-site, the Board wanted the payment to achieve the same number of units as providing units on-site in a project. We are seeking high-level guidance from the Council on your goals for affordable housing in new rental projects. Based on the Council's feedback, staff would work on developing formula options to achieve these goals for the Council to consider.*

Council Question: Would you ask the presenter to explain how other municipalities that have a higher percentage of affordable housing do it? Developers tell us 15% is too high. What makes Chapel Hill different from the other municipalities? Specifically, what did Boulder do to make the Holiday Neighborhood such a success, and how can we apply this to the 2200 Homestead Road project and elsewhere in town?

Staff Response: *There are several jurisdictions selected in the research whose policies call for 15% set asides for affordable housing or higher. There are many examples of developers following these policies. How the developers meet the policies is largely dependent on the developer and the project they are proposing. Cambridge is one example of a municipality that allows developers the opportunity to prove a financial hardship if the developer claims they can't meet the policies, but as of a few years ago no developer had done that. Providing incentives, such as density bonuses, is also a common practice that can assist developers in meeting the policies.*

The Holiday Neighborhood in Boulder was a 27-acre publicly owned site that was master planned by the Boulder Housing Authority (Boulder Housing Partners) in partnership with the City of Boulder. The Holiday Neighborhood's realized vision is a mixed-income, mixed-type of housing containing co-housing, condos, townhomes, single-family homes, and studios. The project was approved for development in 2002 and funded through a \$2.5 million grant from the City of Boulder, a 9% low-income housing tax credit, conventional loans, private equity and other sources. The site at 2200 Homestead Road has many similarities to the Holiday Neighborhood. The site is a publicly owned and is a planned site. The vision for the site, as reviewed by the Council, is a mixed-income, mixed-type of housing project that we anticipate will utilize a variety of funding sources.

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Council Question: Are we able to include a requirement in an SUP that a new rental development accept Housing Choice vouchers, if the applicant agrees to it?

Staff Response: *An applicant can voluntarily offer to accept Housing Choice Vouchers and the Council could approve a rezoning and special use permit (SUP) with this condition.*

Council Question: Can we require that an applicant provide their pro forma if they want to provide PIL instead of units on site?

Staff Response: *The [inclusionary zoning ordinance](#)¹ states that alternatives to affordable housing may be considered when an applicant demonstrates to the satisfaction of the Town Council that providing units on-site is not economically feasible. The HAB's recommendation, attached to this agenda item, has very similar language. Providing a pro forma could be one mechanism used to demonstrate to the Council that providing units on-site is not economically feasible. Staff welcomes feedback on these and other approaches at tonight's meeting.*

¹ <https://www.townofchapelhill.org/home/showdocument?id=6988>