



## Legislation Text

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

#### **Staff:**

Loryn Clark, Executive Director  
Sarah Osmer Viñas, Assistant Director  
Nate Broman-Fulks, Affordable Housing Manager  
Emily Holt, Affordable Housing Development Officer

#### **Department:**

Housing and Community

**Overview:** The Town Council has expressed interest in developing an equitable and predictable formula and procedure for determining payments-in-lieu for rental housing development. This item:

1. Provides an overview of the Town's historical approach to negotiating affordable housing contributions for rental housing; and,
2. Reviews benchmarking research and findings; and,
3. Proposes a framework of guiding principles and goals for affordable housing in new rental housing development going forward. The establishment of these goals could then be used as a guide to inform the development of payment-in-lieu formula options for Council consideration.

We anticipate returning to the Council in the fall of 2019 with formula options.



#### **Recommendation(s):**

That the Council review and provide direction on the intended affordable housing goals for new rental housing development.

#### **Background:**

- The [Affordable Housing Policy <http://www.townofchapelhill.org/home/showdocument?id=24578>](http://www.townofchapelhill.org/home/showdocument?id=24578) adopted by the Council originally in 2000 and amended in 2009 states:

"It is the expectation of the Council that applicants seeking approval of rezoning applications containing a residential component will incorporate a "15% affordable" feature into their plans, and that mechanisms will be proposed to assure ongoing affordability of these so-designated dwelling units. At its discretion, the Council may accept a payment-in-lieu of all or part of the affordable housing obligation. The payment amount shall be established by Resolution."

This policy is applicable in cases where a rezoning is requested to increase residential density above what is allowed under the existing zoning for the property.

- To date, the Council has negotiated affordable housing in rental housing development in a variety of ways and for a variety of payment-in-lieu amounts. The Council has expressed an interest in establishing a consistent, predictable formula to serve as a guide for future negotiations.
- In February of 2018, the Town Council evaluated several payment-in-lieu formulas, including one recommended by the Housing Advisory Board. At that meeting, the Town Council expressed a desire to establish goals for the payment-in-lieu formula before approving a formula.







- Since the last Council discussion, staff researched the goals/guiding principles established by other municipalities and solicited input from market-rate and affordable housing developers, and the Affordable Housing Coalition.
- The Housing Advisory Board (HAB) reviewed the research findings and input, and discussed potential goals over several meetings. This process resulted in the HAB's recommended *Guiding Principles for Considering Affordable Housing in New Rental Housing Development (attached)*.
- Alternatives to providing affordable housing units onsite are intended to be agreed to by a property owner/applicant and the Town when an application is submitted for rezoning. The alternatives to on-site affordable units are offered by a property owner/applicant in conjunction with the rezoning and any other needed development approval.

**Next Steps:**

- Based on feedback from the Council, we will continue to evaluate options for establishing a payment-in-lieu formula.
- We would return to the Council in the fall with options and a recommendation for consideration.

**Fiscal Impact/Resources:** Payments-in-lieu and affordable housing contributions generate funding for the Town's Affordable Housing Fund.

**Council Goals:**

<input checked="" type="checkbox"/>		Create a Place for Everyone	<input type="checkbox"/>		Develop Good Places, New Spaces
<input type="checkbox"/>		Support Community Prosperity	<input type="checkbox"/>		Nurture Our Community
<input type="checkbox"/>		Facilitate Getting Around	<input type="checkbox"/>		Grow Town and Gown Collaboration



**Attachments:**

- Draft Staff Presentation
- Housing Advisory Board Recommendation
- Research Overview

**The Agenda will reflect the text below and/or the motion text will be used during the meeting.**

PRESENTER: Sarah Osmer Viñas, Assistant Director, Office for Housing and Community  
Nate Broman-Fulks, Affordable Housing Manager

RECOMMENDATION: That the Council review and discuss the intended affordable housing goals in new rental housing development.