

BOARD OF ALDERMEN

ITEM NO. D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: Tuesday, February 24, 2004

TITLE: Request-to-Set a Public Hearing to consider a LUO Text Amendment that modifies size limit requirements to provide for affordable housing and payments-in-lieu

DEPARTMENT: PLANNING	PUBLIC HEARING: YES _ NO <u>X</u>
ATTACHMENTS: A. Resolution B. Draft Ordinance C. Excerpt of <i>Carrboro Vision2020</i> D. Map of Remaining Housing Diversity Sites E. Section 15-188 of the Carrboro LUO F. Section 15-182.4 of the Carrboro LUO G. Planning Board Recommendations	FOR INFORMATION CONTACT: Patricia McGuire – 918-7327

PURPOSE

On December 9, 2003, the Board of Aldermen requested that staff prepare several ordinance amendments related to the small house ordinance requirements. A resolution has been prepared and is provided for the Board's adoption.

INFORMATION

A follow-up report on Housing Diversity incentives, as requested by the 2003 Action Agenda, was presented on December 9, 2003. A report on this matter was presented. The Board asked that the town staff proceed with five actions. The five actions and a staff response to each are presented below. The Board stated its desire to continue discussion of housing diversity at a later date.

1. A draft ordinance that would make the size-limited housing provisions applicable to unsubdivided residential developments. An ordinance that responds to items 1, and 2 has been prepared (*Attachment B*) and a resolution setting a public hearing for March 30th is provided for the Board's adoption (*Attachment A*). A summary of the ordinance provisions is provided at the end of the Information section of this Agenda Abstract.

2. A draft ordinance that would allow a substitution of 15% affordable units to meet the 25% size limited requirement. The draft ordinance should also include a mechanism to allow payment in lieu for no more than one-third of the affordable units. See the response to the first action above.

3. A draft policy statement that establishes a minimum 15% affordable component for all new projects. A policy statement to endorse the provision of affordable housing units in all residential developments has been included in the resolution (*Attachment A*) setting the public hearing. This policy statement is included as a new subsection Section 6.0, Housing, of *Carrboro Vision2020*:

Policies through the Year 2020, a document that was adopted by the Board of Aldermen as “non-binding principles of its [the Board of Aldermen] policies on growth and development through the year 2020. An excerpt of Vision2020 that includes Section 6.0, Housing, is attached (*Attachment C*).

4. That the Adams Tract and the Rock Haven Road property be removed from the list of possible sites. These sites have been removed from the list.

5. That information on land uses on the properties surrounding the remaining sites be provided. The map in *Attachment D* shows the three properties for which the Board of Aldermen has requested additional information. A summary of surrounding land uses follows the map.

Property	North	South	East	West
Phoenix Construction	Residential, 1.00	Residential, 1.00 and McDougle Schools	Residential, 1.00	Residential, 1.00
Ned Riggsbee	“ “	“ “	“ “	“ “
P.H. Craig, Jr.	Vacant (Horace Williams), Railroad R/W	Residential, 1.00	Residential, 1.00, Railroad R/W	Vacant (Horace Williams)
R.S. Lloyd	Residential, 1.00	Commercial ____	Residential, 1.00, Electrical substation	Residential, 1.00

Summary of Draft Ordinance Modifying the Smaller House Requirements

The draft ordinance contains four sections, two of which include substantive changes to the Land Use Ordinance and two of which are procedural. The substantive changes are described here.

Section 1 of the draft ordinance modifies Section 15-188, Restrictions Designed to Mandate the Construction of Some Smaller Single Family Homes (*Attachment E*) in several ways:

- 1) Replaces “Smaller Single Family Homes” in the title with “Smaller New Homes for Sale.”
- 2) Substitutes “1,350” for “1,500” in subsection (a)(1), the ordinance findings to better reflect the unit sizes that have been exceeded by both single family homes in subdivisions and in unsubdivided developments. Two of the unsubdivided residential projects (Mulberry Street and Twin Magnolias condominiums) in town that are currently under construction contain units that exceed 1,300 square feet in size, with an average of approximately 1,445 square feet. The largest unit in the two projects is over 1,900 square feet. The advertised price range for these units is \$192,000 to \$ 249,000.
- 3) Replaces “development” for “subdivision” in several subsections to make it clear that the ordinance provisions apply to subdivide and unsubdivided developments.
- 4) Replaces “units for sale” for “lots” in several subsections so that the applicability to unsubdivided developments is clear.
- 5) Replaces “conditional use permit” for “preliminary subdivision plat” in the subsection denoting how the units are to be designated in the development review process.

- 6) Removes the reference to a “special use permit” in describing when a developer needs to designate which lots are to be designated for size-limited units. This is a housecleaning item as the ordinance is not applicable to subdivisions requiring special use permits.
- 7) Creates an exception to the size-limited unit requirement for developments that have utilized between 85 and 100 percent of the density bonus provided for under Section 15-182.4, Residential Density Bonus for Affordable Housing (*Attachment F*). This approach has been proposed in order to support greater use of the affordable housing density bonus to increase the provision of affordable and market rate units in all developments. There is a possibility that relaxing the size-limited unit requirement might result in less diversity of housing types in a development if a developer is seeking greater uniformity and is willing and able to design affordable units that are more similar to market rate units in size and style.

Section 2 of the draft ordinance modifies Section 18-182.4, Residential Density Bonus for Affordable Housing, by adding a new subsection that makes it possible for the permit-issuing authority to authorize a developer to make a payment-in-lieu for up to one-third of the affordable units to be included in a development making use of the density bonus. Staff recognizes and supports flexibility, but has noted that such a provision presents some concerns. The provision will require creation of a dedicated fund which will need to be managed and disbursed in association with furthering community policies related to affordable housing. This action in and of itself is not inconsistent with Vision2020’s subsection 6.12, which encourages the investigation of alternative public and private financing for low and moderate income housing. Yet, the opportunity to pay for, rather than provide, some affordable units is unlikely to advance community interests to create neighborhoods that can accommodate citizens of different life stages, economic means, abilities and interests. Due to the limited supply of undeveloped and/or under-developed properties in Carrboro’s jurisdiction, and the increasing competition for these sites by developers, locating suitable suits for allocating any funds received under this program may present something of a challenge.

FISCAL IMPACT

Amending the Land Use Ordinance involves staff analysis and administration of the proposed amendment, advisory board review, and advertising costs associated with ordinance preparation and public notice.

ADMINISTRATION’S RECOMMENDATION

The Administration recommends that the Board of Aldermen adopt the attached resolution specifying a policy statement related to the provision of affordable housing units and setting a public hearing on text amendments related to the small house ordinance provisions and affordable housing (*Attachment A*).