

BOARD OF ALDERMEN

ITEM NO. C(4)

AGENDA ITEM ABSTRACT

MEETING DATE: May 15, 2007

TITLE: Request-to-Set a Public Hearing to consider a LUO Text Amendment related to affordable housing

DEPARTMENT: PLANNING	PUBLIC HEARING: YES _ NO <u>X</u>
ATTACHMENTS: A. Resolution B. LUO Sections 15-54.1, 15-182.4 C. Draft ordinance D. Resolution establishing special revenue fund	FOR INFORMATION CONTACT: Patricia McGuire – 918-7327 Mike Brough – 929-3905

PURPOSE

Over the past few years the Board of Aldermen has received comments associated with the affordable housing density bonus provisions of the Land Use Ordinance. Requests and suggestions for revisions have been offered. A draft ordinance that would, if adopted, modify the density bonus provisions and revise the manner in which consistency with the town's affordable housing goal is determined, has been prepared. It is necessary for the Board of Aldermen to hold a public hearing and to refer the draft ordinance to the Planning Board and Orange County staff prior to taking other action. A resolution setting a public hearing for June 26, 2007 has been prepared for the Board's use.

INFORMATION

Comments on the effectiveness of the affordable housing density bonus have been offered by prospective developers, affordable housing providers and others in recent years. A review requirement for projects that did not include 15 percent affordable housing units was established in 2006 and the density bonus was established in 1999 as part of the implementation of the Facilitated Small Area Plan for Carrboro's Northern Study Area. These LUO sections are attached (*Attachment B*). Concerns associated with the draft ordinance have included the level of the sale price, the lack of an income qualification requirement, the lack of a direct link for the Orange Community Housing and Land Trust for the long-term management of the units, and the lack of alternatives, such as a payment in lieu, for certain developments in certain circumstances. A draft ordinance that modifies regulations associated with the affordable housing density bonus provisions and the affordable housing review process has been prepared (*Attachment C*).

In order to provide additional flexibility, the draft ordinance includes a payment-in-lieu option. Such payments would be paid into a special revenue fund, the possible uses of which are described in the resolution. A resolution that establishes the authority to create a special revenue fund for affordable housing has also been prepared. Please note that if the Board of Aldermen decides to include loan-type programs, administrative and staff capacity would need to be evaluated. Such programs involve billing, collections, and monitoring. Should the Board of Aldermen decide to proceed with holding a public hearing on the changes presented here, the resolution establishing a revenue fund would be included in the public hearing agenda materials. Staff evaluation of the ordinance and special revenue fund provisions will be completed for the public hearing agenda materials. It is necessary to refer the ordinance to the Planning Board and Orange County staff for review before taking any action on the proposed text amendment.

FISCAL IMPACT

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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.

RECOMMENDATION

The staff recommends that the Board of Aldermen adopt the attached resolution setting a public hearing on the text amendment to modify provisions pertaining to affordable housing and referring the draft ordinance to the Planning Board and Orange County staff. (*Attachment A*).