

BOARD OF ALDERMEN

ITEM NO. C(18)

AGENDA ITEM ABSTRACT

MEETING DATE: November 20, 2007

TITLE: Request to Set a Public Hearing on an Ordinance Amending the Carrboro Land Use Ordinance to Authorize Density Bonus Units for Payments Made in Lieu of Constructing Affordable Units

DEPARTMENT: PLANNING	PUBLIC HEARING: YES _ NO X _
ATTACHMENTS: A. Resolution B. Draft ordinance	FOR INFORMATION CONTACT: Patricia McGuire – 918-7327 Michael Brough – 929-3905

PURPOSE

A draft ordinance that would allow payments to be accepted in lieu of constructing affordable housing units has been prepared. As it is necessary for the Board of Aldermen to receive public comment on changes to the text of the ordinance prior to taking action, a resolution that sets the public hearing for January 22, 2008 on the draft ordinance and refers the ordinance for Orange County and advisory board review is recommended for the Board's adoption.

INFORMATION

Over the course of the last year, the Board of Aldermen has heard concerns that the cost structure for affordable housing units has not fully captured ongoing maintenance and other costs associated with such units. In addition to the subsidies needed to bring the move-in costs down to a level that meets the needs of prospective residents or owners, the anticipated future maintenance costs will, in some cases, be quite large. Coupled with the approval of a significant number of small, downtown affordable housing units in Chapel Hill, staff of Orange Community Housing and land Trust has suggested that the Board of Aldermen consider accepting payments in lieu of constructed units at times, to provide funds for subsidies or other uses in support of affordable housing. Since the density bonus for affordable housing was established in 1999, nine developments have included affordable units. In most, but not all, cases, the projects have maximized their development density under the bonus provisions. Some projects have chosen, however, to provide only the affordable units and not their bonus market-rate units.

The draft ordinance offered for the Board's consideration includes the following changes:

- 1) Specifies that compliance with the policy goal of at least fifteen percent affordable housing units in all new residential developments may be achieved by making a payment in lieu (change to existing Section 15-182.4(a)).
- 2) Provides that a payment in lieu may be considered the equivalent of providing an affordable unit. Such a discretionary decision regarding the including vs. paying for a unit or units is to be made by the Board of Aldermen, regardless of the permit type otherwise

involved. Factors that may be considered in exercising such discretion are noted (new Section 15-182.4(d)).

- 3) Timing of the provision of affordable units or payments in lieu is addressed (addition to existing Section 15-182.4(g)).
- 4) Units for which payments in lieu are made shall be counted in the calculation of fifteen percent of all units (change to existing Section 15-54.1(b) (1)).
- 5) Units for which payments in lieu are made shall be included with units that are constructed in determining the total number of affordable units provided (change to existing Section 15-54.1(b) (2)).

It is necessary for the Board of Aldermen to hold a public hearing on a draft ordinance prior to taking any action. It is also necessary for the draft ordinance to be referred to Orange County and the Planning Board for review (*Attachment A*).

FISCAL IMPACT

Public hearings incur costs associated with advertising, advisory board, and staff review.

STAFF RECOMMENDATION

The staff recommends that the Board of Aldermen adopt the resolution (*Attachment A*) setting a public hearing for review of the draft ordinance related to payments in lieu of constructing affordable housing.