

ATTACHMENT A

A RESOLUTION ADOPTING A STATEMENT EXPLAINING THE
BOARD OF ALDERMEN'S REASONS FOR ADOPTING AN AMENDMENT TO
THE TEXT OF THE CARRBORO LAND USE ORDINANCE
Resolution No. 87/2007-08

WHEREAS, an amendment to the text of the Carrboro Land Use Ordinance has been proposed, which amendment is described or identified as follows: An Ordinance Amending the Carrboro Land Use Ordinance to Authorize Density Bonus Units for Payments Made in Lieu of Constructing Affordable Housing Units

NOW THEREFORE, the Board of Aldermen of the Town of Carrboro Resolves:

Section 1. The Board concludes that the above-described amendment is consistent with Carrboro Vision 2020: Policies through the year 2020.

Section 2. The Board concludes that its adoption of the above described amendment is reasonable and in the public interest because the Town seeks to provide a high level of fire service for its citizens.

**A RESOLUTION ADOPTING A STATEMENT EXPLAINING THE
BOARD OF ALDERMEN'S REASONS FOR REJECTING AN AMENDMENT TO
THE TEXT OF THE CARRBORO LAND USE ORDINANCE**

Resolution No. 88/2007-08

WHEREAS, an amendment to the text of the Carrboro Land Use Ordinance has been proposed, which amendment is described or identified as follows: An Ordinance Amending the Carrboro Land Use Ordinance to Authorize Density Bonus Units for Payments Made in Lieu of Constructing Affordable Housing Units

NOW THEREFORE, the Board of Aldermen of the Town of Carrboro Resolves:

Section 1. The Board concludes that the above described amendment is not consistent with Carrboro Vision 2020: Policies through the year 2020.

Section 2. The Board concludes that its rejection of the above described amendment is reasonable and in the public interest because existing policies are sufficient.

Section 3. This resolution becomes effective upon adoption.

AN ORDINANCE AMENDING THE LAND USE ORDINANCE TO AUTHORIZE
DENSITY BONUS UNITS FOR PAYMENTS MADE IN LIEU OF CONSTRUCTING
AFFORDABLE HOUSING UNITS.

THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO ORDAINS:

Section 1. Subsection 15-182.4(a) is amended as follows:

(a) The Board of Aldermen has established as a policy goal that at least fifteen percent of the housing units within all new residential developments should consist of affordable housing units as described in this section. The remaining provisions of this section are designed to provide incentives to encourage developers to comply with this policy goal either by providing affordable housing units or lots or, under the circumstances set forth in subsection (d1), by making payments in lieu of providing such affordable housing units.

Section 2. Section 15-182.4 is amended by adding a new subsection (d1) as follows:

(d1) For purposes of determining the maximum density permissible within a development under subsection (d) of this section, the Board of Aldermen may allow the payment of an affordable housing payment in lieu fee (determined in accordance with the provisions of subsection 15-54.1(b)(4)) to be regarded as the equivalent of providing an affordable housing unit. The developer may request such authorization at any time following the submission of a development application. In exercising its discretion as to whether such a request should be granted, the Board shall consider the need for the particular type of units the payments in lieu would replace, the comparative need for cash resources to assist in the provision or maintenance of affordable housing, and such other factors as the Board deems relevant in determining whether and to what extent payments in lieu would better serve the Board's goal of providing and maintaining affordable housing.

Section 3. Subsection 15-182.4(g) is amended as follows:

(g) In approving a special or conditional use permit for a development that proposes to utilize the density bonus provisions of this section, the permit issuing authority shall ensure, by approval of a condition, phasing schedule, or otherwise, that affordable housing units or lots, or payments in lieu thereof, are actually provided in accordance with the provisions of this section. Without limiting the generality of the foregoing, the permit issuing authority may impose a condition specifying that certificates of occupancy may not be issued for the market priced units until the corresponding affordable housing units are constructed and offered for sale or rent for an amount that is consistent with the definition set forth in this section, or payments in lieu thereof have been made to the town.

Section 4. Subsections 15-54.1(b)(1) and (2) are rewritten as follows:

ATTACHMENT C-2

- (1) The number of dwelling units or lots authorized within the development (including additional units or lots authorized under Section 15-182.4 when the developer constructs affordable units, provides affordable housing lots, or is authorized by the Board to construct density bonus units by making a payment in lieu of constructing units) shall be multiplied by 0.15 and the product shall be carried to two decimal places.
- (2) There shall be subtracted from the product derived under subsection (b)(1) of this section (i) the number of affordable housing units or affordable housing lots the developer proposes to provide under Section 15-182.4, plus (ii) the number of affordable housing payment in lieu fees the Board has agreed to allow to be regarded as the equivalent of providing an affordable housing unit under Subsection 15-182.4(d1).

Section 5. All provisions of any town ordinance in conflict with this ordinance are repealed.

Section 6. This ordinance shall become effective upon adoption.

Section 15-54.1 Affordable Housing Goal and Alternative Methods of Achieving the Goal (REWRITTEN 6/26/07)

(a) The Board of Aldermen has established as a policy goal that at least fifteen percent of the housing units within all new residential developments should consist of affordable housing units as described in Section 15-182.4. That section, as well as Section 15-188, establish incentives for developers to provide for such affordable housing. The purpose of this section is to establish alternative processes whereby developers who do not achieve the 15% objective can nevertheless contribute to the fulfillment of this goal in another way, and also to create a process to ensure that developers understand the importance of attempting to meet this goal.

(b) An applicant for approval of any residential development containing five or more dwelling units or lots that does not elect to meet the Board's 15% affordable housing policy goal by constructing affordable housing units or donating affordable housing lots (as those terms are described in Section 15-182.4) shall nevertheless be considered to have met this goal if such applicant makes a payment to the Town's Affordable Housing Special Reserve Fund in lieu of such construction or donation in an amount calculated as provided in this subsection:

- (1) The number of dwelling units or lots authorized within the development (including additional units or lots authorized when the developer chooses to utilize the bonus density provisions of Section 15-182.4 shall be multiplied by 0.15 and the product shall be carried to two decimal places.
- (2) The number of affordable housing units or affordable housing lots proposed to be provided by the developer (as described in Section 15-182.4) shall be subtracted from the product derived under subsection (b)(1).
- (3) The product derived under subsection (b)(2) shall be multiplied by the affordable housing payment in lieu fee. The result is the amount that must be paid to satisfy the provisions of this subsection (b).
- (4) The affordable housing payment in lieu fee shall be an amount established annually by the Board of Aldermen at the beginning of the fiscal year. This fee shall be established so that it roughly corresponds to the average subsidy required for an affordable housing agency to complete an affordable unit. In making this determination, the Board shall be guided by the following:
 - a. At the end of each fiscal year, each affordable housing agency that operates within the Chapel Hill-Carrboro School District will be asked to provide the town with a list of new affordable units within that district during that year and to specify for each such unit the dollar amount of subsidy needed to make such unit affordable. The subsidies considered will be inclusive, i.e. donated lots, discounted land, public funds, private funds, donated infrastructure, donated or

discounted labor and materials, or other forms of subsidy and shall represent the difference between the appraised market value and the sales price, less any additional subsidies provided at the time of sale.

- b. The per unit average of the subsidies will be calculated.
- c. The per unit average will be multiplied by the average percent increase in the cost of new homes constructed in the Chapel Hill Carrboro area for that fiscal year, and the result will be the payment in lieu fee for the coming year.

(c) An applicant for approval of any residential development containing five or more lots restricted to single-family residential use (which lots the developer intends to sell undeveloped) who does not elect to meet the Board's 15% affordable housing policy goal by donating affordable housing lots (as those terms are described in Section 15-182.4) or making a payment in lieu as provided in subsection (b) above shall nevertheless be considered to have met this goal if such applicant chooses to follow the process that reserves lots for purchase by the Town of Carrboro and makes a payment for the eventual purchase of such lots as outlined in this subsection.

- (1) The developer shall request that a condition that obligates the developer to comply with the provisions of this subsection be added to the special or conditional use permit that authorizes the subdivision in question, and such condition shall be added by the permit issuing authority.
- (2) Before the final plat is approved, the developer shall designate on the plat a number of lots that are reserved for purchase by the Town of Carrboro. The number of lots so reserved shall be equal to the product of the number of lots within such subdivision multiplied by 0.15, rounded down to the nearest whole number.
- (3) The purchase price for each reserved lot shall be the estimated market price as agreed upon by the Town and the developer, which price shall be specified in the condition added to the special or conditional use permit.
- (4) The lots so designated shall be restricted by the permit to the development of affordable housing as defined in Section 15-182.4 of this chapter.
- (5) The lots so designated shall be in all other ways equal to the market rate lots and shall be provided with utility connections and other necessary infrastructure so as to render them buildable at the time of sale.

- (6) With respect to all other lots within the subdivision, no certificate of occupancy shall be issued for any dwelling unit constructed on such lots unless and until a payment is made to the town in an amount determined as follows:
 - a. Prior to approval of the permit for such subdivision, the applicant for the permit shall estimate the total market value of all developed lots (i.e. lots with houses completed on them) within the subdivision that are not restricted to affordable housing units, and calculate from this number the percentage number that, when applied to the total market value of such developed lots, would yield the number of dollars necessary to purchase the lots within the subdivision that are restricted to affordable housing use.
 - b. If the town accepts the percentage number derived above as a reasonable estimate, such percentage shall be included as part of the condition on the permit prohibiting the issuance of a certificate of occupancy until a payment is made to the town as provided in this subsection.
 - c. The amount of the payment shall be determined by applying the percentage determined in accordance with this subsection to the appraised value of the completed house and lot, as determined by a licensed appraiser.
- (7) The funds so received shall be held and reserved for the purchase of the lots designated to be developed with affordable housing.
- (8) The town shall have the right to purchase the designated lots at any time after final plat approval, and must purchase the lots not later than ninety days after sufficient funds to do so have been received by the town from the other lots.
- (9) If sufficient funds have not been received by the town to purchase one or more of the affordable housing lots after the last certificate of occupancy is issued for the other lots within the subdivision, then the town shall either purchase such affordable housing lot or lots using such funds as may be available to the town within ninety days after the date of issuance of such certificate of occupancy, or the condition limiting the use of such designated lot or lots to affordable housing shall be deemed to have expired and such designated lot or lots may thereafter be conveyed without this restriction.
- (10) If the funds received exceed the amount necessary to purchase the lots that have been reserved then such funds shall be retained in the fund and used for other purposes authorized for that fund.

(d) The Board finds that some developers may not fully understand how the affordable housing provisions of this chapter operate or the incentives that are available under the ordinance to encourage affordable housing. Therefore, the Board concludes that, when developers of proposed developments containing five or more dwelling units propose to construct such developments without meeting the affordable housing goals established by the town for new developments, it may be beneficial to both the developers and the town for the Board and such developers to have an opportunity, prior to the formal consideration of a permit request, to discuss the town's affordable housing policy, the affordable housing opportunities and incentives provided by this chapter, and any questions or concerns such developers may have about utilizing those provisions. Subsections (e) and (f) below provide for that opportunity.

(e) The applicant for any residential development containing five or more lots or dwelling units, and therefore required to obtain either a special use permit from the Board of Adjustment or a conditional user permit from the Board of Aldermen, shall be required to participate in an Affordable Housing Review Meeting with the Board of Aldermen if the residential development does not meet the Board's affordable housing goal in any of the ways described in this section or Section 15-182.4.

(f) Should an applicant for any residential development containing five or more lots or dwelling units decide in the course of the development review process to change the application in such a way that it no longer satisfies the Board's affordable housing policy goal, further review of the project will be delayed until the applicant participates in an Affordable Housing Review Meeting with the Board of Aldermen.

Section 15-182.4 Residential Density Bonuses for Affordable Housing (AMENDED 05/25/99; REWRITTEN 6/26/07)

(a) The Board of Aldermen has established as a policy goal that at least fifteen percent of the housing units within all new residential developments should consist of affordable housing units as described in this section. The remaining provisions of this section are designed to provide incentives to encourage developers to comply with this policy goal.

(b) For purposes of this section, an affordable housing unit means a dwelling unit that satisfies the requirements of the following subsections (1) and (2):

- (1) The appropriately-sized affordable housing unit must be offered for sale or rent at a price that does not exceed an amount that can be afforded by a family whose annual gross income equals 80 percent of the median gross annual family income, as most recently updated by the United States Department of Housing and Urban Development, for a family of a specific size within the Metropolitan Statistical Area where the Town of Carrboro is located. It is conclusively presumed that a family can afford to spend 30 percent of its annual gross income on housing costs. In the case of housing units that are for

sale, the term "housing costs" shall mean the costs of principal and interest on any mortgage, real property taxes, insurance, fees paid to a property owners association, and any ground lease or maintenance fees. In the case of rental housing units, the term "housing costs" shall mean the cost of rent plus utilities. In making the calculation called for in this subsection, it shall be conclusively presumed that a unit is appropriately sized when an efficiency or one bedroom housing unit serves a family of one, that a two bedroom housing unit serves a family of two; that a three bedroom housing unit serves a family of three, and that a housing unit containing four or more bedrooms serves a family of four.

- (2) The developer of the affordable housing unit must arrange for such unit to remain affordable as described herein for a period of not less than 100 years, commencing from the date of initial occupancy of the unit, by including provisions to ensure such continued affordability in legally binding agreements (including but not limited to a ground lease, a deed restriction or other covenant) running with the unit. The developer shall also establish or provide for arrangements to ensure that each such affordable unit is made available for sale or rent only to a family whose annual gross income does not exceed 80% the median gross annual income of a family of the same size within the Metropolitan Statistical Area where the Town of Carrboro is located. The documents establishing such arrangements shall be reviewed and approved by the Town of Carrboro prior to final plat approval if the units are located on subdivided lots or prior to the issuance of a certificate of occupancy if the units are not located on unsubdivided lots. The provisions of this subsection (a)(2) shall be considered satisfied if units are transferred to the Orange Community Housing and Land Trust at or below a price that is consistent with the provisions of subsection (a)(1) above.

(c) For purposes of this section, an affordable housing lot shall mean a lot that (i) is designed and approved for the construction of a single family dwelling, and (ii) upon creation of such lot by the recording of a final plat, is donated (without additional consideration) to a non-profit agency that is in the business of constructing on such lots affordable housing units that meet the affordability criteria set forth in subsection (b) above.

(d) The maximum residential density permissible within a development whose maximum density would otherwise be determined in accordance with the applicable provisions of this Article XII shall be increased by two dwelling units for every one affordable housing unit constructed within the development, up to a maximum of 150% of the density otherwise allowable. Similarly, the maximum number of single family detached residential building lots that could otherwise be created within a development tract under the applicable provisions of this Article XII may be increased by two such lots for every one affordable housing lots created within such development, up to a maximum of 150% of the maximum density otherwise allowable. To illustrate, if the maximum density of a tract would be 100 dwelling units (or single family lots), a developer who

chooses to construct 10 affordable housing units (or create 10 affordable housing lots) as part of the development of that tract would be allowed to construct 10 additional dwelling units (or create 10 additional lots) that did not satisfy the “affordability” criteria set forth in subsections (b) or (c), for a total density of 120 dwelling units (or lots). In this illustration, the maximum possible density that could be achieved would be 150 dwelling units if the developer constructed at least 25 affordable housing units (or created 25 affordable housing lots).

(e) Within any development that provides affordable housing units or affordable housing lots, the minimum area that must be set aside as open space to satisfy the requirements of Section 15-198 may be reduced by an amount equal to twice the land area consumed by all such affordable housing units or lots, except in no case may the required percentage of open space be less than 20 percent (10 percent in the ORMU and R-2 districts).

(f) Affordable housing units or lots constructed or created in accordance with this section shall not be unduly isolated or segregated from other dwellings or lots that do not satisfy the “affordability” criteria set forth in this section.

(g) In approving a special or conditional use permit for a development that proposes to utilize the density bonus provisions of this section, the permit issuing authority shall ensure, by approval of a condition, phasing schedule, or otherwise, that affordable housing units or lots are actually provided in accordance with the provisions of this section. Without limiting the generality of the foregoing, the permit issuing authority may impose a condition specifying that certificates of occupancy may not be issued for the market priced units until the corresponding affordable housing units are constructed and offered for sale or rent for an amount that is consistent with the definition set forth in this section.

(h) If, by using the affordable housing density bonus provided for in this section, the number of dwelling units or lots within a development increases to the point where the type of permit required for the project based on the number of units or lots would otherwise change from a zoning to a special use permit or from a special use to a conditional use permit in accordance with the provisions of Section 15-147, the developer may nevertheless seek approval for the project under the permit process that would be applicable if no density bonus was sought under this section.

(i) As provided in subsection 15-92.1(d), developments that use the affordable housing density bonus provisions of this section may be entitled to relief from the setback requirements under some circumstances.



PLANNING BOARD

301 West Main Street, Carrboro, North Carolina 27510

R E T O M M E N D A T I O N

JANUARY 17, 2008

Land Use Ordinance Text Amendment – Payments in lieu for affordable housing density bonus units

Barton moved and seconded by Paulsen that the Planning Board recommends approval of the draft ordinance as written.

VOTE: AYES: (6) Barton, Carnahan, Cook, Fritz, Paulsen, Cook and Poulton; NOES: (0);
ABSENT/EXCUSED: (3) Bell, Chadbourne, Clinton; ABSTENTIONS: (0).

Associated Findings

By a unanimous show of hands, the Planning Board membership also indicated that no members have any financial interests that would pose a conflict of interest to the adoption of this amendment.

Furthermore, the Planning Board of the Town of Carrboro finds that the land use regulations and procedures should be consistent with Carrboro Vision 2020, particularly policies 6.11, 6.12, and 6.14 related to the provision related to the provision of affordable housing units.

Motion in support of this finding was made by Barton and seconded by Fritz.

VOTE: AYES: (6) Barton, Carnahan, Cook, Fritz, Paulsen, Cook and Poulton; NOES: (0);
ABSENT/EXCUSED: (3) Bell, Chadbourne, Clinton; ABSTENTIONS: (0).

Barton moved and Cook seconded that the PB recommend that the Board of Aldermen consider additional revisions to 15-54.1 as follows: add a provision to Subsection (4a) that if fewer than 5 units are provided in a single year, that the town may choose to use the previous year's costs, and clarify subsection (4c) so that the average percent increase will be added to the cost computed for the affordable units rather than the per unit average being multiplied by the average percent increase.

VOTE: AYES: (6) Barton, Carnahan, Cook, Fritz, Paulsen, Cook and Poulton; NOES: (0);
ABSENT/EXCUSED: (3) Bell, Chadbourne, Clinton; ABSTENTIONS: (0).

Cook moved and Paulsen seconded that the Planning Board recommends that a report on all payments into and expenditures from the Affordable Housing Revenue Fund, as well as on the affordable housing units produced, be prepared annually.

VOTE: AYES: (6) Barton, Carnahan, Cook, Fritz, Paulsen, Cook and Poulton; NOES: (0);
ABSENT/EXCUSED: (3) Bell, Chadbourne, Clinton; ABSTENTIONS: (0).

(signed) James Carnahan

James Carnahan, Chair

January 18, 2008

(date)