

BOARD OF ALDERMEN

ITEM NO. A(4)

AGENDA ITEM ABSTRACT

MEETING DATE: May 25, 2010

**TITLE: Continuation of a public Hearing on an LUO Text Amendment –
Modifications to Income Limit for Affordable Units and the Proportion of
Affordable Units Needed to Determine Other Regulatory Requirements**

DEPARTMENT: PLANNING	PUBLIC HEARING YES <u>X</u> NO <u> </u>
ATTACHMENTS A. Resolution	FOR INFORMATION CONTACT: Patricia McGuire, AICP – 918-7327

PURPOSE

A draft ordinance that makes changes to the income limit and proportion of affordable units was prepared in follow-up to a request from Robert Dowling of the Community Home Trust. The Board of Aldermen opened the public hearing on this item in November and continued the hearing to allow time for review and refinement of the draft provisions. Staff has continued evaluating some additions/alternatives, but has not finalized a recommendation. Staff recommends that Board of Aldermen continue the public hearing on this matter to September 28, 2010.

INFORMATION

Background information on this item is available at
http://www.townofcarrboro.org/BoA/Agendas/2010/02_23_2010_A3.pdf and
http://www.townofcarrboro.org/BoA/Agendas/2010/03_09_2010.htm.

Since the Board considered a suggestion to meet with builders and developers, staff has been reviewing information on inclusionary zoning. Some strategies that have been considered as additions/alternatives to the strategy articulated in the current draft ordinance include the following:

1. Lengthening the time period during which expansion of size-limited units is prohibited. As was noted in materials for the February 23 hearing, one concern of the current proposal is that it will increase the likelihood that applicants will meet the 25-percent size limited requirements of the Land Use Ordinance instead of providing 15-percent affordable units. The current time period during which expansion is prohibited is one year. At least three years could be considered as a period of time during which expansion would not be allowed.
2. Increasing the density bonus of market rate units allowed per affordable unit. Experience with the calculation of the payment-in-lieu for affordable housing units shows that the cash subsidy needed to make affordable units available built by the non-profit sector in already-developed areas is approximately \$90,000. Subsidies for units built by the private sector, which must also include land, infrastructure, and engineering costs, can be expected to be

much more. A one-to-one ratio of the bonus has not found to be sufficient, particularly in the current economy.

3. Carrboro's mix of housing types and prices is unique in the region. Affordable housing has been described as a workforce housing issue and a greater understanding of the workforce housing need would inform land use and other strategies the Town could implement in meeting this need.

Staff expects to allocate time to exploring these and other strategies over the next few months and provide additional information for the Board to review in the early fall.

STAFF AND FISCAL IMPACT

None noted.

RECOMMENDATION

The staff recommends that the Board of Aldermen consider continuing the public hearing on this matter to September 28, 2010.