

## BOARD OF ALDERMEN

ITEM NO. C(4)

### AGENDA ITEM ABSTRACT

MEETING DATE: Tuesday, May 15, 2012

**TITLE: Request-to-set a public Hearing on a Land Use Ordinance Text Amendment Relating to Payments-in-Lieu for Affordable Housing Units**

<b>DEPARTMENT: PLANNING</b>	<b>PUBLIC HEARING: NO</b>
<b>ATTACHMENTS:</b> <b>A. Resolution</b> <b>B. Memo from Community Home Trust, 2-7-12</b> <b>C. LUO Excerpt Section 15-54.1</b> <b>D. Draft ordinance</b>	<b>FOR INFORMATION CONTACT:</b> Patricia McGuire – <b>918-7327</b> Mike Brough – <b>929-3905</b>

#### PURPOSE

The purpose of this item is to allow the Board to consider setting a public hearing on revisions to the payment-in-lieu for affordable housing units. A draft ordinance has been prepared and a resolution setting the public hearing provided.

#### INFORMATION

The Community Home Trust memo (*Attachment B*) requested action on three items:

- 1) Amending the Land Use Ordinance so that two of the designated affordable homes in the Ballentine subdivision can be sold to buyers whose income is higher than 80 percent of the Area Median Income (to be completed before the end of March)
- 2) Allowing the developer of the Ballentine subdivision to make a reasonable payment in lieu for the final two townhomes that will be part of a mixed building of market rate and affordable townhomes (June 30, 2012 is the requested date for completion).
- 3) Modifying the performance scheduled for the pace of completing the second phase of affordable housing components of the development (June 30, 2012 is the requested date for completion).

The Board of Aldermen adopted a Land Use Ordinance amendment on March 20th related to the first item. Staff initially believed that the second item would require an LUO amendment and permit modification; this agenda item responds to item 2.

The current payment –in-lieu option is provided in Section 15-54.1 (*Attachment C*) and the payment is to be based on data from affordable housing developers in Orange County. The payment in lieu is results from an average subsidy for all affordable housing units developed in Orange County in a previous 12-month period. Though not formally established, the estimated fee, based on the average subsidy for affordable units, has ranged from approximately \$60,000 to \$80,000. The fee does not take into consideration the particular features of a development within which the units are being provided or paid in lieu. Mr. Dowling has indicated that there is a need to adjust the payment-in-lieu fee for this project as it will be best if two units planned to be affordable ones could

be market rate instead, so long as a reasonable payment-in-lieu is made. A draft ordinance changing the method for calculating the payment in lieu fee is attached (*Attachment D*).

The draft ordinance must be referred to Orange County and the Planning Board.

### **STAFF AND FISCAL IMPACT**

Public hearings involve costs for staff and attorney time, and public notice. Mr. Dowling is expected to submit a request for a waiver of the fee for amending the Land Use Ordinance.

### **RECOMMENDATION**

The staff recommends that the Board of Aldermen consider the resolution setting a public hearing on June 26<sup>th</sup> and referring the draft ordinance for Planning Board and Orange County review (*Attachment A*).