

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

Draft Resolution No. 191/2011-12

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 WITH RESPECT TO AFFORDABLE HOUSING PAYMENTS IN LIEU

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* regarding efforts to provide housing for a diverse population, particularly the following three sections:

6.11 Town policy should accommodate a variety of housing styles, sizes and pricing. It should also address issues of density, funding and rezoning to allow for more non-detached housing, mixed-use development, and communal living options.

6.17 The town should interact with non-profit groups that work to provide affordable housing, including but not limited to the Land Trust, Orange Community Corporation, Empowerment Inc., and Habitat for Humanity.

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 remain consistent with its adopted plans or policies.

Section 3. This resolution become effective upon adoption.

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

Draft Resolution No.

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 WITH RESPECT TO AFFORDABLE HOUSING PAYMENTS IN LIEU

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 Town plans and policies.

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

Section 3. This resolution becomes effective upon adoption.

AN ORDINANCE AMENDING THE CARRBORO LAND USE ORDINANCE WITH
RESPECT TO AFFORDABLE HOUSING PAYMENTS IN LIEU

THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO ORDAINS:

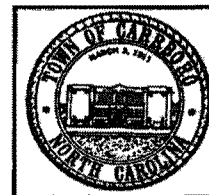
Section 1. Subsection 15-54.1(b)(4) of the Carrboro Land Use ordinance is amended to read as follows:

(4) The affordable housing payment in lieu fee shall be an amount established by the Board of Aldermen and shall be included in the Town's Miscellaneous Fees and Charges Schedule. This fee shall be established so that it roughly corresponds to the difference between the amount it costs a developer to produce a two bedroom affordable housing unit (including land cost, the cost of construction, and other costs allocable to such unit) and the maximum amount for which that housing unit could be sold (as an affordable housing unit) by the developer in accordance with Section 15-182.4.

Section 2. All provisions of any town ordinance in conflict with this ordinance are repealed.

Section 3. This ordinance shall become effective upon adoption.

TOWN OF CARRBORO



LAND USE ORDINANCE AMENDMENT REQUEST

"Dear Potential Business Operator:

Please be advised that it may be necessary to meet with several members of Town staff as well as outside agencies to identify and fully understand all rules, regulations, and policies applicable to your business. Please refer to the 'Checklist for Opening a Business in Carrboro.'

To the Board of Aldermen, the Planning Board, and the Appearance Commission, as appropriate, of the Town of Carrboro:

I (we), the undersigned do hereby respectfully make application and petition the Board of Aldermen to amend the Land Use Ordinance. In support of this application, the following facts are shown:

- 1) The Land Use Ordinance, at present, would allow (description/quote, page and number of section in question):**

Section 15-54.1 of the ordinance describes the amount of a payment-in-lieu of affordable housing. The amount of the payment-in-lieu is supposed to approximate the amount of subsidy needed by nonprofit organizations to develop an affordable home.

- 2) The proposed amendment to the Land Use Ordinance would allow (describe briefly intended change):**

The proposed change would cause the payment-in-lieu to be equal to the difference between the cost of developing an affordable home and the required selling price of that home.

The selling price is determined in Section 15-182.4 of the ordinance.

- 3) State the reasons for the proposed amendment:**

Given current market conditions, we believe the amount of the payment-in-lieu is too high. As a result, developers will not choose to make a payment to the Town; it will be to their financial benefit to provide the housing unit(s). However, there are instances, as with the Ballentine development, that we believe it is preferable to accept a payment-in-lieu of housing. We view this change as a win/win/win for the Town, the developer and the Home Trust.

SIGNATURE:

Robert Dowling
applicant

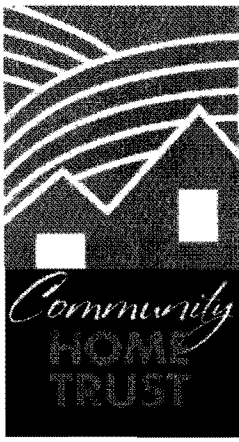
Robert Dowling
{print}

ADDRESS:

PO Box 307
Carrboro, NC

TELEPHONE NUMBER:

919-967-1545 ext 307



From: Robert Dowling and Anita Badrock
 Re: The affordable homes in the Ballentine development
 Date: February 7, 2012

As the Board may recall, the Ballentine subdivision includes 17 affordable townhomes that are to become part of the Home Trust inventory. The first eight of those townhomes are scheduled to be complete in April/May of this year. The rest are to be built in late 2012 but not ready to close until 2013.

We are coming before you tonight with 3 requests for you to consider, in this order:

1. To, with due haste, amend your ordinance so that we can sell 2 of the Phase One townhomes to buyers making above 80% of the AMI. **This action will need to be completed before the end of March in order to affect the sales process for these homes.**
2. To allow the Developer to make a reasonable payment in lieu for the final 2 townhomes that will be part of a mixed building of market rate and affordable townhomes.
3. To modify the performance schedule for the pace of completing the second phase of affordable housing components of the development.

Item #1

- The Carrboro Board of Alderman approved serving these higher income buyers last year.
- Ballentine is the first and only development scheduled for completion since the Alderman approved the higher income limits that can provide affordable homeownership opportunities for these buyers in Carrboro in the foreseeable future.
- By allowing 2 of these homes to be sold to higher income buyers, we can preserve diminishing funds for more needy buyers. Buyers over 80% cannot receive subsidy for purchase.
- Allowing sale to higher income buyers expands the buyer pool.

The Ballentine project, as currently proposed, needs at least \$265,000 of subsidy for the initial sale of 8 units. By allowing 2 of the units to be sold as unsubsidized, we will reduce our subsidy need by more than \$60,000 at initial sale. Since HOME Funds have been cut twice in the past 12 months, this savings is important to all organizations that rely on HOME funds.

We have been working with the Planning Staff on the proposal to sell 2 units to buyers above 80% of median, and we recognize that an ordinance change will be required. **Since these townhomes will be built in the next 3 months, we thought we should bring this matter to the immediate attention of the Mayor and Board. Any action required will need to be completed by the end of March 2012 to allow us to serve these higher income buyers.**

BOARD OF DIRECTORS

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Gene Pease

Jonathan Weiler

Executive Director
 Robert Dowling

Item #2:

- The final 2 townhomes will be part of a mixed building. This configuration presents design issues as well as issues with long term maintenance.
- A reasonable payment in lieu will provide funds for affordable housing initiatives under the control of the Town of Carrboro.
- Loss of 2 units would not significantly impact the goals of the inclusionary ordinance or the community's access to affordable housing

This change would require a revision to the Ballentine CUP and to the Town's Affordable Housing Ordinance. June 30, 2012 is a requested date for completion.

Item #3:

- The developer is currently required to build the 17 affordable townhomes concurrent with the market rate townhomes.
- Current reductions in subsidy funding are expected to continue, making it more difficult to project when sufficient funds will be available to assist the buyers of the second phase of affordable Ballentine townhomes with funds for purchase.
- The Home Trust wants to be sure funding is secure before making a commitment that it can sell future affordable housing.
- It seems unreasonable to expect the developer to produce affordable homes which the Home Trust is unable to sell because local and state governments do not have the necessary funds to provide subsidy for these buyers.
- If the Town does not amend this development schedule, then the Town risks losing assurances that the Phase Two townhomes will be owner occupied and owned by lower income people.
- If the Town grants some flexibility as to when the developer can build the second round of affordable homes, the Home Trust can better maximize the use of subsidy from other sources such as NCHFA. This action will further preserve local HOME funds for other uses.

This action will also require a revision to the Ballentine CUP. June 30 is a requested date for completion.

General Information

The Home Trust predicts that the Ballentine subdivision, as currently proposed, will need more than \$500,000 to make the homes affordable on the initial sale.

Because the local AMI figures are now less than they were seven years ago, these homes, and others like them, will continue to require subsidy funds at resale.

The Payment in Lieu option remains a way for the Town of Carrboro to develop a local source of funds to assist Home Trust buyers and fund other housing initiatives.

Federal funding is **rapidly** dwindling, and the success of the local affordable housing initiatives will be more and more dependent upon developing a local pool of funds to support the mission of inclusionary housing.

Section 15-54.1 Affordable Housing Goal and Alternative Methods of Achieving the Goal
(REWRITTEN 6/26/07; AMENDED 10/28/08)

(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 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. **(REWRITTEN 1/22/08)**
- (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). **(REWRITTEN 1/22/08)**
- (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. 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: **(AMENDED 10/28/08)**
 - a. Once every twelve months, each affordable housing agency that operates within Orange County will be asked to provide the town with a list of new affordable units within the County during the previous twelve-month period 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, including, if appropriate, the net-present-value

discounts on financing, and may represent the difference between the appraised market value and the sales price,

- b. The per unit average of the subsidies will be calculated and this average shall represent the annual payment in lieu fee.

(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.

A RESOLUTION AMENDING THE MISCELLANEOUS FEES AND CHARGES
SCHEDULE TO ADD AN AFFORDABLE HOUSING UNIT PAYMENT-IN-LIEU FEE Draft
Resolution No.192/2011-12

WHEREAS, the Carrboro Board of Aldermen has established an affordable housing goal, and

WHEREAS, the Aldermen seek to provide alternative methods of reaching that goal, including a payment in lieu fee,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO that the Aldermen amend the Miscellaneous Fees and Charges Schedule by establishing a new "Payment-in-Lieu for Affordable Housing Units" and adding the following line under this item:

Payment-in-Lieu for Affordable Housing Units \$ _____

BE IT HEREBY FURTHER RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO that the Aldermen designate any payments as restricted revenues to be used for the Town's Affordable Housing Special Reserve Fund.

A RESOLUTION WAIVING THE APPLICATION FEE RELATED TO A LAND USE ORDINANCE
TEXT AMENDMENT REQUESTED BY THE COMMUNITY HOME TRUST FOR A CHANGE TO
THE PAYMENT-IN-LIEU FEE FOR AFFORDABLE HOUSING UNITS

Draft Resolution No.193/2011-12

WHEREAS, the Board of Aldermen seeks to further affordable housing opportunities and;

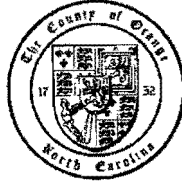
WHEREAS, a request to waive the application fee for a text amendment related to the definition of affordable housing has been made by the Community Home Trust, a non-profit organization committed to the creation of affordable housing opportunities.

NOW THEREFORE BE IT RESOLVED by the Board of Aldermen that the Aldermen grant a waiver of the application fee associated with a land use ordinance text amendment request, in accordance with Administrative Policy 540-1 in the amount of \$425.00.

ORANGE COUNTY PLANNING & INSPECTIONS DEPARTMENT

Craig N. Benedict, AICP, Director

**Administration
(919) 245-2575
(919) 644-3002 (FAX)
www.co.orange.nc.us**



**131 W. Margaret Lane
P O Box 8181
Hillsborough,
North Carolina, 27278**



TRANSMITTAL DELIVERED VIA EMAIL

June 5, 2012

Christina Moon, AICP
Planning Administrator
Town of Carrboro
301 W. Main St.
Carrboro, NC 27510

SUBJECT: Joint Planning Review of Proposed Ordinance Amendments

Dear Tina:

Thank you for the opportunity to review the following Land Use Ordinance amendments received by us on May 29, 2012 and proposed for town public hearing on June 26:

- *Compliance with Jordan Rules Relating to New Development*
- *Establishment of Stormwater Volume Control Requirement*
- *Authorization for the Board of Aldermen to allow deviations from Requirements of Sign Ordinance when Approving Master Signage Plan for Multi-Use Business Developments that Require the Issuance of a Conditional Use Permit*
- *Modification to Affordable Housing Payment In-Lieu*

We have reviewed the amendments and find no inconsistency with the adopted *Joint Planning Area Land Use Plan*.

If you have any questions or need additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Perdita Holtz".

Perdita Holtz, AICP
Planning Systems Coordinator



TOWN OF CARRBORO

Planning Board

301 West Main Street, Carrboro, North Carolina 27510

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

THURSDAY, JUNE 21, 2012

LAND USE ORDINANCE TEXT AMENDMENTS RELATING TO PAYMENTS-IN-LIEU FOR AFFORDABLE HOUSING UNITS

Recognizing that this amendment is expedient, motion was made by **Barton** and seconded by **Clinton** that the Planning Board recommend the Board of Aldermen **approve** the draft ordinance.

VOTE

AYES: Poulton, Hunt, Seils, Killeen, Schaefer, Clinton, Barton

ABSENT/EXCUSED: Jaimeyfield, Foushee

NOES: Chaney, Ferrer

ABSTENTIONS:

A motion was made by **Barton** and seconded by **Clinton** that the Board of Aldermen immediately undertake and complete a substantial review of the Town's affordable housing policy before the fee is determined for the 2013-2014 fiscal year.

VOTE

AYES: Barton, Chaney, Clinton, Ferrer, Hunt, Killeen, Poulton, Schaefer, Seils

ABSENT/EXCUSED: Jaimeyfield, Foushee

NOES:

ABSTENTIONS:

Associated Findings

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

*LUO Text Amendment Relating to Affordable Housing Payment-in-Lieu Fee**Page 2**June 21, 2012*

Furthermore, the **Planning Board** of the Town of Carrboro finds that the proposed text amendment is consistent with the findings from *Carrboro Vision 2020* regarding efforts to provide housing for a diverse population, particularly the following sections:

6.17 The town should interact with non-profit groups that work to provide affordable housing, including but not limited to the Land Trust, Orange Community Corporation, Empowerment Inc., and Habitat for Humanity.

VOTE

AYES: Barton, Chaney, Clinton, Ferrer, Hunt, Killeen, Poulton, Schaefer, Seils

ABSENT/EXCUSED: Jaimeyfield, Foushee

NOES:

ABSTENTIONS:



June 21, 2012

(Chair)

(Date)