Charlotte City Council
Housing and Neighborhood Development Committee
Summary
November 14, 2012

COMMITTEE AGENDA TOPICS

I. **Incentive-Based Inclusionary Housing Policies: Action Plan Update**
   a. **Single-Family Density Bonus Program**
   b. **Multi-Family Density Bonus Program**

COMMITTEE INFORMATION

Council Members Present:	Patsy Kinsey, Warren Cooksey, LaWana Mayfield
Staff Resources:	Julie Burch, Assistant City Manager Debra Campbell, Planning Department Shad Spencer, Planning Department Jan Whitesell, Planning Department Pamela Wideman, Neighborhood & Business Services Brent Wilkinson, Planning Department
Meeting Duration:	12:05 PM – 12:45 PM

ATTACHMENTS

1. Agenda Packet – November 14, 2012
2. Presentation – Incentive-Based Inclusionary Housing Policies

DISCUSSION HIGHLIGHTS

Kinsey: Called the meeting to order. Two members of the Committee will not be in attendance.

Burch: We have an informational update on a topic the Committee has been discussing for some time now. Today we ask the Committee to take action on the proposed text amendments related to both single-family and multi- family density bonus. We would ask to move forward through the normal text amendment process, including a public hearing as the next step.

Incentive Based Inclusionary Housing Policies – Action Plan Update

Campbell: We are focusing on the regulatory initiatives – accessory dwelling; duplex; expedited review and fee waivers; and single-family and multi-family density bonus. If you feel we have thoroughly discussed the issues, we would ask that the text amendments be forwarded to Council through the public hearing process. The single-family would go in December and multi-family in January. We changed the text amendment title from Voluntary Incentive Based Housing Program to Mixed Income Housing Program. We think this title is more appropriate for the text amendments because the tool being used is a density bonus in order to achieve mixed income housing.

Presentation

Spencer: This is a summary of the single- family strategy density bonus which includes locational criteria, density bonus, set-aside, income target and incentives/offsets. The multi-family strategy includes density bonus, set-aside, income targeting, incentives/offsets, and design guidelines. There is a modification from the last discussion for design guidelines. We are recommending that if there are more than twenty-five affordable units, then those units may be contained in a single structure. We reduced the number from fifty units because the areas would be more low density multi-family developments and it would be rare to have fifty units.

Presentation

Wideman: In order to ensure we meet our development and program administration goals, we will implement a higher level of review.

Presentation

Spencer: One question from the September 26th meeting was a request to show an example of how a density bonus would work on a smaller tract of land. (Review map of example)

Wilkinson: The Committee also asked for an overview of program administration. This is a joint responsibility between Planning, Neighborhood & Business Services, LUESA and the non-profit. This model is a mix and intertwines with our current processes. (Review of flow chart)

Campbell: This is all at a very high level. We don't have all the details of the program administration worked through, but this shows you how the process flows. This gives you an idea that there is a lot of staff interaction, monitoring and tracking to ensure overall compliance.

Mayfield: Would this add to the timeline for the developer or have a negative impact on the developer?

Wilkinson: The goal is to meet with applicants early in the process so that we have worked out any issues. It could possibly shorten the process and add value so we don't have issues at the back end.

Campbell: People don't normally come in with sketch plans and since this is voluntary we are encouraging them to do this if they want to take advantage of the program. This is a good strategy recommended by Council because this is the private sector providing these affordable units.

Wideman: The Citizen Advisory Group recommended a 15-year control period and at the last meeting the Committee asked us to explain what would happen if the unit was sold within that control period. We are still working through the exact details of the program administration. The purchase and resale of the affordable units will be handled similarly to the HouseCharlotte program. We would only repurchase if it was deemed necessary. One of the primary goals of this program is to disperse affordable housing throughout the community, but we also don't want to penalize people from gaining equity. Council could use Housing Trust Fund dollars or other sources of funds. We have more details to work through, but should have them ironed out by January or February.

Campbell: The text amendment would not include any details of the program administration. In terms of next steps, we have completed the Citizen Advisory Group process. I am extremely pleased with the work and time of this group. We had at least 12 to 20 people attended each meeting. If you deem it appropriate, we will advance these text amendments to public hearing. The single-family amendment would go to public hearing in December, then to the Zoning Committee and back to Council for a decision in January. The multi-family would go to public hearing in January, then to the Zoning Committee and back to Council for a decision in February. We have deferred the discussion on duplex because we have lots more details to work through.

Cooksey: With regard to the $153,000 provision that we have discussed before. Is there some way to write it so the reassessment doesn't have to occur every 5 years and then to Council for approval of the updated amendment? If the rationale of revisiting the text amendment is to change a number, is there a way to use a formula instead of an outright number? You have that provision for defining AMI. It would be more elegant to not have to revisit the dollar amount every time. You could charge staff with reviewing every 5 years.

Campbell: We haven't had a lot of discussion about a formula; the approach we took was to look at where are we trying to encourage affordable housing? We are trying to encourage in areas with higher real estate values and went with a median home value figure.

Whitesell: We looked at the American Community Survey from 2006-2010. I took the geography for the City of Charlotte and ETJ and took the median value from that. We may be able to do that if we put "neighborhood median home value in the City of Charlotte" and not a specific figure.

Campbell: To consistently check on the number in terms of the value.

Cooksey: My second question is regarding the base density where it reads "a density bonus of up to three units above the base density." Is it just three units or is it three units per acre?

The third item is in the sample of the 3.6 acre tract where there were some buffers. I thought we didn't need to have buffers between same basic zoning categories – residential to residential? Is that mandatory or could someone achieve the tree save without stripping out around the edges. I worry about neighborhood coherence. You don't want the infill development to be perceived as separate from the rest of the neighborhood.

Campbell: That is the tree save requirement. The tree save could be done differently. We put that on the sample just to see the mechanics of the bonus if you have to add a tree save. It doesn't have to be designed this way; we were just trying to put all the layers to see if you could get a density bonus from this size tract.

Cooksey: I move to send the single and multi-family text amendments to filing and public hearing.

Mayfield: Second that motion.

Vote was unanimous.

Kinsey: The next Committee meeting with be December 12, 2012

Meeting adjourned 12:42 p.m.

City Council
Housing and Neighborhood Development Committee

Wednesday, November 14, 2012
12:00 p.m.
Charlotte-Mecklenburg Government Center
Room – 280

Committee Members: Patsy Kinsey, Chair
LaWana Mayfield, Vice-Chair
John Autry
Michael Barnes
Warren Cooksey

Staff Resource: Julie Burch, Assistant City Manager

AGENDA

I. **Incentive-Based Inclusionary Housing Policies: Action Plan Update**
   a. **Single-Family Density Bonus Program**
   b. **Multi-Family Density Bonus Program**

Next Committee Meeting: December 12, 2012

Distribution:

Mayor/Council
Curt Walton, *City Manager*
City Leadership Team
Corporate Communications
Debra Campbell – *Planning Department*
Anna Schleunes- *City Attorney's Office*
Charlotte-Mecklenburg Coalition for Housing

Budget Office
Randy Harrington
Phyllis Heath
Lisa Schumacher
Charlotte Housing Authority
Fulton Meachem
Charlotte-Mecklenburg Housing Partnership
Fred Dodson
Pat Garrett
Kim Graham
Charlotte-Mecklenburg Police Department
Chief Rodney Monroe

Community Relations
Willie Ratchford
Ledger Morrissette
Neighborhood & Business Services
Patrick Mumford
Walter Abernethy
Steve Allen
Jamie Banks
Brad Richardson
Pamela Wideman
Tom Warshauer

Incentive-Based Inclusionary Housing Polices: Action Plan Update
Housing and Neighborhood Development Committee Meeting
November 14, 2012

Committee Action:

A. Receive an update on the proposed single family and multi-family mixed income housing development text amendments including responses to Committee questions concerning program administration, and
B. Recommend forwarding the proposed text amendments to public hearing.

Policy:

- The City Council's Housing and Neighborhood Development FY2011 Focus Area Plan includes a comprehensive review of the City's Housing Policies.

Explanation:

- On March 28, 2011, City Council approved a revised Housing Locational Policy.
- On June 27, 2011, City Council approved the Housing & Neighborhood Development Committee's recommended Incentive-Based Inclusionary Housing Policies Action Plan.
- The approved Action Plan outlines both regulatory and financial strategies that encourage private sector development of affordable housing. These strategies include the following:
    A. Single family and multi-family development density bonus
    B. Fee waivers/reductions
    C. Fast track permitting
    D. Allowance of duplexes on any lot
    E. Allowance of ADUs to include non-relatives
    F. Create local Rent Subsidy program
    G. Increase Housing Trust Fund commitments
    H. Lobby the North Carolina Housing Finance Agency for changes to the State's Qualified Application Process
    I. Make available government owned land at a reduced cost
    J. Cash subsidies
- On September 15, 2011, staff convened an initial public meeting to introduce the Action Plan to the community and seek participants for the Citizen Advisory Group (CAG).
- Since that time, staff has engaged in a year-long Citizen Advisory group process which concluded on October 11, 2012.
- During those meetings, staff worked through recommendations for a single family and multi-family density bonus, allowance of duplexes on any lot, ADUs to include non-relatives, expedited review, and fee waivers. Over 50 citizens have participated in the process to date.
- On June 16, 2012, City Council approved a Text Amendment to the City's Zoning Ordinance to allow ADUs without tenant restrictions, but deferred proposed duplex changes so staff could continue to work with citizens to address outstanding concerns brought up at the June 27 public hearing.

- On September 26, 2012, staff provided an informational update to the Committee on the action plan focusing on the Single and Multi-Family Density bonus recommendations and the revised duplex recommendation.
- On November 14, 2012, staff will provide additional information on the single and multi-family recommendations and provide information on program administration. If the Committee recommends forwarding the proposed text amendments to a public hearing, the schedule is as follows:

Proposed Test Amendment	Public Hearing	Zoning Committee	Council Decision
SF Mixed Income Housing Development	12-17-12	01-09-13	01-22-13
MF Mixed Income Housing Development	01-22-13	01-30-13	02-18-13

- Staff will provide additional information on program administration in January 2013, if necessary.

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Incentive Based
INCLUSIONARY HOUSING

H&ND Committee Update

November 14, 2012

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Outline

- Action Plan Update
- Voluntary Density Bonus Strategy
  - SF Development
  - MF Development
  - Program Administration
- Committee Follow-up
- Next Steps

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Action Plan Update

Accessory Dwelling Units

- **March:** Approved by H&ND Committee
- **July:** Approved by Council

Duplex

- **March:** Initial Recommendation approved by H&ND Committee
- **July:** Deferred by Council
- **TBD:** H&ND Committee Action on revised recommendation
- **TBD:** Council Decision

Expedited Review & Fee Waivers

- **April:** Updated H&ND Committee
- **October:** Council Briefing or Memo
- **No Council Action Required**

SF & MF Density Bonus

- **October:** H&ND Committee Discussion
- **October:** Council Briefing
- **Jan/Feb:** Council Decision

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Voluntary Incentive Based Housing Program

Mixed Income Housing Program Goals

- Incentivize private sector development of affordable housing
- Increase number of affordable units
- Disperse affordable units within development and community
- Assure architectural consistency within development
- Encourage range of housing types and income levels
- Increase opportunities for people to age in place
- Assure affordable units are built
- Administer and track affordable units

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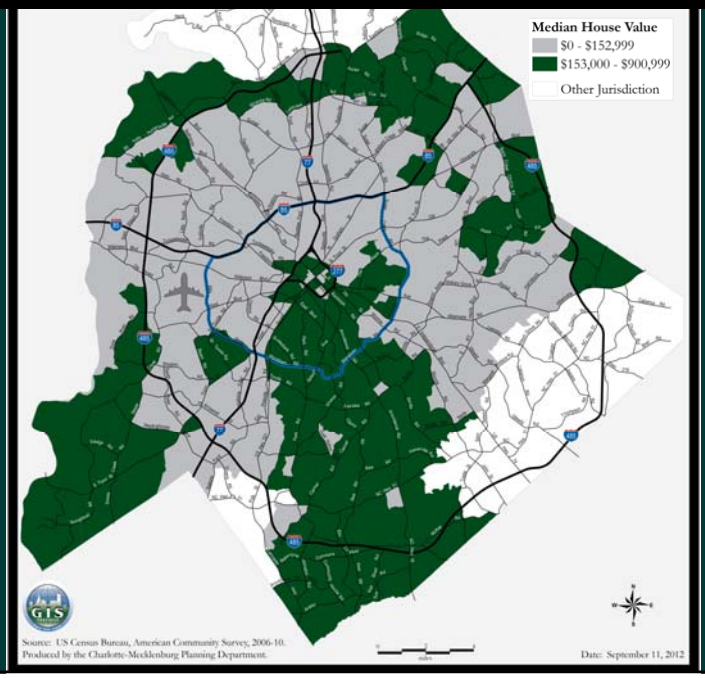
Locational Criteria: Census Blocks with minimum median home value of $153,000



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Voluntary Density Bonus Strategy

Single Family Strategy Summary

- **Locational Criteria** – Census block groups that have a median home value at or above $153,000
- **Density Bonus** – up to three units above the base density
- **Set-Aside** – 50% of additional units affordable, not to exceed 25% of development
- **Income Target** – 80% of AMI, currently $54,800
- **Incentives/Offsets** – reduced lot size requirements and mix of housing types up to a quad

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CITY OF CHARLOTTE Voluntary Density Bonus Strategy

Multi-family Strategy Summary

Density Bonus

- Up to two units above the base density for R-8MF District (10DUA)
- Allow up to three units above the base density for R-12MF District (15DUA)

The Set-Aside

- 50% of additional units must be affordable at or below 80% AMI (currently $54,800)
- 50% of the affordable units must be affordable at or below 60% AMI (currently $41,100)
- Number of affordable units not to exceed 20% of total housing units

Income Targeting – 80% of AMI, currently $54,800

Incentives/Offsets – Allow an additional two units if located within ¼ mile of transit

Design Guidelines – If there are more than 25 affordable units, then those units may be contained in a single structure *

CITY OF CHARLOTTE Voluntary Density Bonus Strategy

Program Administration

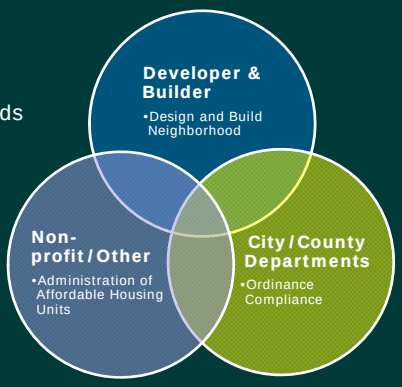
Will involve a higher level of staff review but not limited to the following goals:

Development Review Goals

- Compliance with development standards
- Architectural consistency
- Dispersal of affordable housing units
- Mitigation of traffic impacts

Program Administration Goals

- Educate developer/builder
- Qualify renters and buyers
- Track and monitor
- Enforce agreements



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Committee Follow-up

Questions From September 26 Meeting

1. Can staff provide a real life example of how the density bonus would work on a smaller tract?
2. Can staff better explain the mechanics of program administration?
3. Can staff explain what happens if the unit is sold within the control period?

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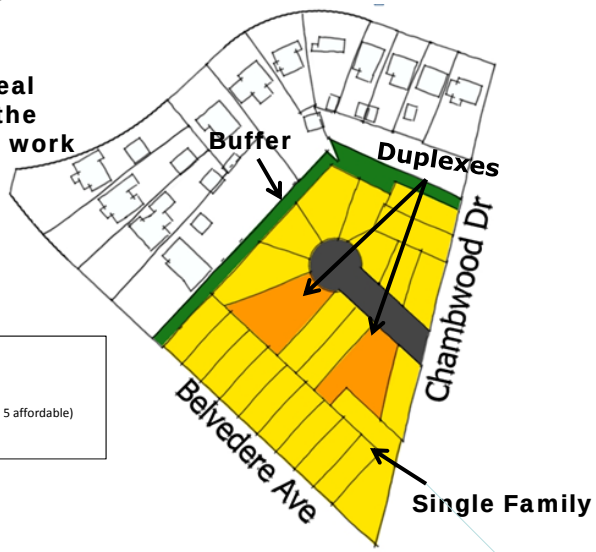
Committee Follow-up Question 1

Development Scenario
R-5 Example

Can staff provide a real life example of how the density bonus would work on a smaller tract?



Density Bonus: 3 DUA with Mixed Units
Area: 3.6 acres
Tree Save 15,682 SF (10%)
Base Density: 5 DUA (18 SF lots allowed)
Bonus Achieved: 2.5 DUA (9 bonus units of which 5 affordable)
Total Density: 7.5 DUA (27 units)
Housing Types: 23 SF and 2 Duplex lots

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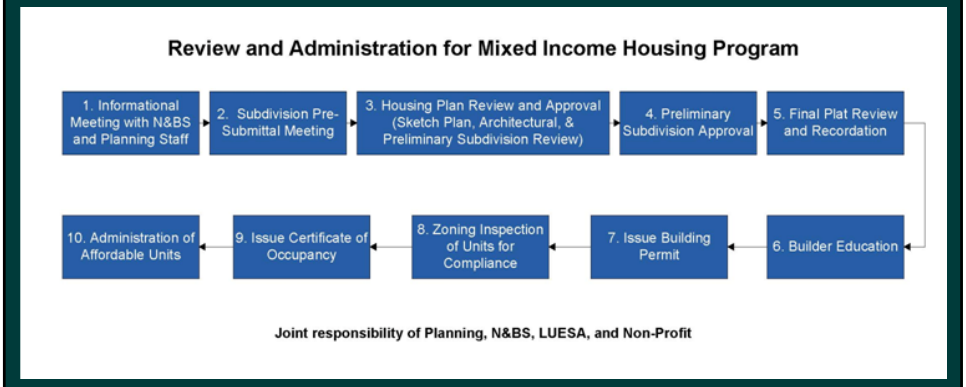
Committee Follow-up Question 2

Can staff better explain the mechanics of program administration?



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Committee Follow-up Question 3

Can staff explain what happens if the unit is sold within the control period?

- The purchase and resale of affordable units can be managed similar to existing programs and practices
- The City would purchase only if deemed appropriate
- Criteria will be developed to determine when units should be purchased
- The seller gains the equity from the sale

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Next Steps

- Citizen Advisory Group (CAG) Process Complete
- Process Benchmarks

Proposed Text Amendment	Public Hearing	Zoning Committee	Council Decision
SF Mixed Income Housing Development	12-17-12	01-09-13	01-22-13
MF Mixed Income Housing Development	01-22-13	01-30-13	02-18-13
Duplex	TBD	TBD	TBD

- Follow the process at: www.charlotteplanning.org

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