TRANSIT ORIENTED DEVELOPMENT

Bonus Structure

Economic Analysis
BONUS STRUCTURE

OPTION 1: Make height clear, predictable, transparent, and SET

OPTION 2: A Negotiated Optional Process

OPTION 3: Blend the two with TRANSPARENT public benefit.
Bonus Update: Adding Tools

- Sustainability is a development commodity.
  - LEED, On-Site Energy Generation, Additional Open Space

- Open Space Reduction in exchange for Affordable Housing

- Longer Buildings Allowed in exchange for Affordable Housing
### BONUS STRUCTURE - Affordable Housing

<table>
<thead>
<tr>
<th>ON-SITE OPTION</th>
<th>OFF-SITE OPTION</th>
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<tbody>
<tr>
<td>10% of Additional Building Height Gross Floor Area (GFA) for affordable housing units</td>
<td>FEE-IN-LIEU: $4.75* per sf of Additional Building Height Gross Floor Area (GFA)</td>
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<td>LAND DONATION: Donate suitable Land for Affordable Housing (within 1/2 of transit station); or</td>
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<td>ACQUIRE/DEVELOP: Off-site Affordable units 1/2 mile of transit station</td>
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BONUS STRUCTURE - Need 1 Floor

Dimensional Fund Advisors:

Top Floor of Building is @ 129’ at the floor plate, therefore triggering a height bonus for one additional floor.

40,000sf Floor Plate X 1 Story =
40,000sf over height limit

40,000 ($4.75*) = $190,000 in Fee to the Housing Trust Fund
Public Benefit
1 Story @ 40,000sf
X $4.75* per sf = $190,000 fee in lieu

High Rise
Office by
Ordinance
10 Stories @ 40,000sf
BONUS STRUCTURE - Other Options

- Economic Mobility:
  - Charlotte Business Inclusion Program: 15 Points
- Environmental:
  - LEED-Silver: 15 Points
  - Additional Open Space: 15 Points
- Infrastructure:
  - Capital Projects (% Value of Land): 15 Points
Economic Analysis
Utilize Third Party Expertise:
  • Work with Economic Development Team to hire 3rd Party Consultants to evaluate

Build on Prior Work:
  • Review Noell Market Study, which looked at overall demand on the Blue Line by Station Area

• Example: 4,700+ Housing Units Projected on Blue Line south of Scaleybark
Economic Analysis Report Update

- **2 Project Types Tested:**
  - High Rise Office Building in the TOD-Urban Center District
  - Surface Parked Multi-Family Building in the TOD-Transition District

- **2 "Sensitivities" Tested:**
  - Open Space Standards
  - Bonus Structure
Project #1: High Rise Office

- Feasible with both Open Space + Height Bonus (w/Fee in Lieu)
- Open Space = minimal impact
- Height = more beneficial (until change of construction type)

RESULT: Entitled projects = Approx. $3 million to Housing Trust Fund

FUTURE OFFICE DEMAND: 4.2 Million sq. ft.

RESULT:
$3,000,000 (Potential Contribution) / $30,000 (per unit) = 100 Affordable Units
NO City Investment
Project #2: Garden Apartments (3/4 Stories)

Short-term - Increases Open Space Standards impact development in market cycle

Bonus Program increases feasibility and encourages participation in the program

- Height Bonus of 10% Additional Units Affordable = Slightly more feasible

- Open Space Reduction + One Floor @ 5% Affordable Housing = More Feasible Than Height Bonus AND Ordinance

- Takeaway: Normalizing and Monitoring Mixed Income Housing in Charlotte

RESULT: Future Demand = 10,720 Units Total (* 5% )

= 536 Affordable Units

NO City Investment
Economic Analysis Report Conclusions

- Bonus Structure as proposed will not slow development

- Multifamily is becoming more difficult to build due to Market Cycle + Outside Influences

- TOD is an opportunity to focus on wider city priorities:
  - Affordable housing
  - Economic mobility
  - Environment
  - Infrastructure
Transit Oriented Development: Timeline

- March 18: Public Hearing at City Council
- March 19: Planning Committee Discussion + Recommendation
- March 25: Transportation + Planning Committee
- April: Decision

Hearing Draft + Economic Analysis