

REQUEST Text amendment to Sections 2.201, 9.101, 9.203, and 9.205 of the Zoning Ordinance.

SUMMARY OF PETITION The proposed voluntary incentive based density bonus text amendment will add "mixed income housing development" as a permitted development type within the R-3, R-4, R-5, and R-6 single family zoning districts with various design and locational criteria. The amendment will incentivize developers to incorporate housing for individuals with incomes at or below 80 percent of the area median income within new developments by:

- 1) allowing for a density bonus of up to three units above the base density,
- 2) allowing a mix of housing types to be built that would include single family, duplex, triplex and quadraplex dwellings, and
- 3) modifying development standards such as lot sizes, setbacks/yards, lot widths, and etc.

PETITIONER Charlotte-Mecklenburg Planning Department
AGENT/REPRESENTATIVE Charlotte-Mecklenburg Planning Department

COMMUNITY MEETING Meeting is not required.

STATEMENT OF CONSISTENCY This petition is found to be consistent with the City Council approved action plan for incentive based inclusionary housing policies and to be reasonable and in the public interest, by a 5-1 vote of the Zoning Committee (motion by Commissioner Allen seconded by Commissioner Eschert).

ZONING COMMITTEE ACTION The Zoning Committee voted 5-1 to recommend **APPROVAL** of this petition.

VOTE

Motion/Second:	Allen/Eschert
Yeas:	Allen, Eschert, Johnson, Lathrop, and Phipps
Nays:	Labovitz
Absent:	Griffith
Recused:	None

ZONING COMMITTEE DISCUSSION Staff presented background information on the petition along with the proposed text modifications to the Zoning Ordinance regarding a voluntary incentive based bonus program for mixed income housing developments.

One committee member began by stating they approve of the affordable housing program but was concerned with future appraisals within the mixed income housing developments. It was stated that when finding comparable homes when appraising new construction, the appraisers would stay within the builder's price range and compare similar home values. However, after several years the values of the higher priced market rate homes and the lower priced affordable homes within a neighborhood blend together. The concern is that the value of the affordable home would bring down the value of the market rate homes.

Staff indicated that in the long term there would be no negative impact on the market rate homes within the neighborhood. It was stated that there are a number of communities within Charlotte that have a mix of housing types and housing values. Staff indicated they were unaware of any issues with homeowners not being able to gain appreciation on their market rate homes and does not see a significant issue with future appraisals.

Staff also stated that the majority, minimum of 75%, of the mixed income housing development would be developed with market rate homes. Therefore, when an appraiser selects comparable homes to

appraise a market rate home, they would probably not select the smaller homes within the neighborhood. The smaller home typically being the affordable home.

The committee member suggested a larger minimum development size for the program. With a larger sized development, there would be a greater number of homes that an appraiser could select from for comparable homes.

Staff stated the minimum size was debated during the drafting of the text amendment. Staff noted that in reality, it would be difficult to participate in the program using a one acre site. This is because of the development provisions of the program, as it relates to perimeter lot requirements, and to other ordinance provisions (i.e. tree ordinance, post construction controls, etc.) would prohibit the density increase. However, since the major goal of the amendment is to encourage affordable housing in areas where there are not many currently located, it was decided not to greatly restrict the minimum size requirement.

Staff also stated that the design requirements (i.e. similar building materials, roof pitch, similar foundation types, etc.) would make it difficult to distinguish between the affordable unit and the market rate unit other than maybe the home size. The developer will want the affordable units to have high quality materials and be comparable to the market rate homes because selling the market rate homes is where the developer would earn their money.

The committee member stated that with all the homes within the development looking similar it would make it more likely that the appraiser would use the affordable home as a comparable and therefore bring down the home value of the market rate home. Staff stated the bigger challenge will be to keep the affordable units at an affordable price. The market rate homes will pull the affordable homes up in value at a greater margin.

Staff continued by indicating that there would be full disclosure at the time the homes are sold that the neighborhood was developed as a mixed income housing development. The buyer would be aware of the range of housing types and the range of prices.

One committee member questioned the meaning of affordable housing. Staff stated the homes would need to be priced so that they are affordable to individuals with income levels at or below 80% of the area median income. The houses would generally be smaller than the market rate homes.

The committee member continued by asking how the affordable units would stay affordable. Staff indicated that aspect would be part of the program administration. The text amendment does include a 15 year period of affordability. Therefore, if the homeowner wants to sale the property within the first 15 years, the City or a nonprofit would have first right of refusal to purchase the property at the current appraised fair market value. If the City buys the home, then they can set the resale price to keep it affordable. If the City decides not the purchase the home, then the homeowner can put the house on the market for anyone to buy.

A committee member asked what would prevent an individual from purchasing an affordable unit and then reselling the unit soon after for a profit. Staff indicated that the City has been in the affordable housing business for a number of years and for someone to purchase an affordable home they must qualify and comply with all guidelines associated with purchasing an affordable home.

In closing, one committee member commending all individuals involved in the text amendment. It was noted that the proposed text was well thought out and the opinions of a wide range of individuals

were incorporated in drafting the amendment. The member continued by stating that it would be great if affordable housing happened organically throughout Charlotte but in reality it doesn't happen that way. The committee member stated the text amendment may not be perfect but the amendment does do a great job in encouraging affordable housing in areas where there is not many affordable housing units while also trying to address various concerns.

STAFF OPINION

Staff agrees with the recommendation of the majority of the Zoning Committee.

FINAL STAFF ANALYSIS
(Pre-Hearing Analysis online at www.rezoning.org)

PLANNING STAFF REVIEW**• Background**

- City Council approved an Action Plan in June, 2011 directing staff to pursue eleven regulatory and financial incentives to create affordable housing in Charlotte.
- A Citizen Advisory Group (CAG) was established in September 2011 to pursue the five regulatory incentives. Consensus was reached by the CAG regarding the regulatory incentives included in this subject text amendment for a voluntary incentive based density bonus program.
- The Housing and Neighborhood Development Committee (H&ND) voted unanimously in November 2012 to move the regulatory incentive recommendation forward via the text amendment process.

• Proposed Request Details

The text amendment contains the following provisions:

- Adds a new definition for "mixed income housing developments", which is defined as a development "...that has a percentage of the dwelling units targeted to income levels at or below 80% of Area Median Income (AMI), and according to an approved preliminary site plan".
- Expands the zoning districts (R-3, R-4, R-5, and R-6) where duplex, triplex, quadraplex units are allowed with new prescribed conditions when located within a "mixed income housing development".
- Adds the following prescribed conditions for "mixed income housing developments":
 - Allows a density bonus of up to three dwelling units per acre above the base density in the R-3, R-4, R-5, and R-6 single family residential districts.
 - Provides locational criteria that require the development to be located within a census block group in Charlotte's Sphere of Influence that is at or above the median home value for all Census block groups in Charlotte's Sphere of Influence. The median home value will be reassessed every five years by Planning staff.
 - Requires an affordability set-aside as follows:
 - A minimum of 50% of the additional units allowed by the density bonus must target income levels at or below 80% of the Area Median Income (AMI).
 - The number of units targeted to incomes at or below 80% of AMI shall not exceed 25% of the total number of dwelling units in the development.
 - The period of affordability shall be 15 years for rental properties and the City or a nonprofit shall have the first right of refusal for for-sale properties.
- Adds the following development standards:
 - A minimum development size of one acre.
 - Reduced lot sizes and lot widths for single family dwellings based on certain criteria. Perimeter lots shall be compatible with surrounding single family residential zoned properties.
 - Reduced setback and rear yard requirements.

- Allows duplex, triplex, and quadraplex dwellings according to the following standards:
 - Up to 50% of the additional dwelling units allowed by the density bonus may be duplex, triplex, and quadraplex units.
 - Duplex, triplex and quadraplex units must be located internal to the development.
 - Comply with minimum lot size and lot width standards.
 - Comply with maximum building coverage standards.
 - Establishes design guidelines that require the following:
 - All dwelling units within the development must externally blend in architecturally with other units to include materials and style (i.e. roof pitches, foundations, window types, and building materials).
 - Units targeted to income levels at or below 80% of AMI shall be dispersed within the development.
 - **Public Plans and Policies**
 - The petition is consistent with the City Council approved action plan for incentive based inclusionary housing policies.
 - **Staff Recommendation (Updated)**
 - Staff agrees with the recommendation of the majority of the Zoning Committee.
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DEPARTMENT COMMENTS (see full department reports online)

- **Charlotte Area Transit System:** No comments received.
 - **Charlotte Department of Neighborhood & Business Services:** No issues.
 - **Transportation:** No comments received.
 - **Charlotte Fire Department:** No comments received.
 - **Charlotte-Mecklenburg Schools:** No comments received.
 - **Charlotte-Mecklenburg Storm Water Services:** No issues.
 - **Mecklenburg County Land Use and Environmental Services Agency:** No issues.
 - **Mecklenburg County Parks and Recreation Department:** No comments received.
 - **Urban Forestry:** No issues.
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ENVIRONMENTALLY SENSITIVE SITE DESIGN (see full department reports online)

- **Site Design:** The following explains how the petition addresses the environmentally sensitive site design guidance in the *General Development Policies-Environment*.
 - There is no site plan associated with this text amendment.
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OUTSTANDING ISSUES

- No issues.
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Attachments Online at www.rezoning.org

- Application
- Pre-Hearing Staff Analysis
- Charlotte Department of Neighborhood & Business Services Review
- Charlotte-Mecklenburg Storm Water Services Review
- Mecklenburg County Land Use and Environmental Services Agency
- Urban Forestry

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