

**Incentive Based Inclusionary Housing
Citizen Advisory Group
Meeting Summary
September 29, 2011**

Attendees:

Aaron McKeithan	Elizabeth Barnhardt	Lucille Smith
Bill Daleure	Janelle Travis	Mattie Marshall
Bill Martin	Jerome Walker	Nancy Pierce
Brenda Hayden	Karla Knots	Sherill Hampton
Bruce Bauman	Katie Zender	Terrence Llewellyn
Charles Rulick	Ken Szymanski	Will Russell
Colin Brown	Kim Graham	

Staff:

Alberto Gonzalez	Mary Gaertner
Bryman Suttle	Pam Young
Debra Campbell	Shad Spencer
Jan Whitesell	Zelleka Bierman
Julie Burch	

Meeting began: 6:10 p.m.

Debra Campbell opened the meeting and welcomed attendees to this joint meeting sponsored by Neighborhood and Business Services and the Charlotte-Mecklenburg Planning Department. She noted that this process was kicked off with an initial public meeting held on September 15th. Ms. Campbell then provided an overview of the meeting agenda which included the following:

- Roles and Responsibilities
- Recommended Council Action Plan
- Group Discussion on Single Family Density Bonus
- Next Steps

She explained that tonight's meeting would primarily deal with the regulatory aspects associated with developing a density bonus for single-family development that would incentivize private sector development of affordable housing units and that the discussion of density bonus for multi-family will occur at a future meeting.

Ms Campbell described the roles and responsibilities for those associated with this initiative. Essentially, the Citizen Advisory Group is responsible for reviewing and developing various regulatory incentives to encourage private sector development of affordable housing and staff is responsible for managing the public input process, drafting recommended text amendments, and carrying text amendments through the review and adoption process. She then reviewed who was currently represented and asked who might need to be recruited to be part of the CAG. There was discussion to include representatives from financial institutions (banks, credit unions), NC Housing Finance Agency, Charlotte Regional Realtors Association, and more neighborhood organizations.

Ms. Campbell outlined the following goals for the meeting:

1. Review of information regarding Council's recommended plan of action related to regulatory incentives
2. Attendees to break out into two groups and respond to three questions about the recommended incentive based strategies related to density bonus for single-family housing
3. At end of the meeting will have a list of pros and cons of density programs and come close to a recommendation for the single-family density bonus program.

The following is an overview of the highlights from the meeting presentation:

Presentation: Review of Council Assignment.

- Incentive Based Inclusionary Housing Policies are tools used to encourage and yield affordable housing built by private sector
- The Housing & Neighborhood Development (H&ND) Committee met several times to discuss this issue. At the May 25, 2011 meeting the committee recommended to Council a list of regulatory and financial incentives to create affordable housing
- Council approved a proposed action plan at its June 27, 2011 meeting directing staff to pursue 11 regulatory and financial incentives that could work for Charlotte
- Council also asked staff to work with a citizen advisory group throughout this process

Presentation: Review of Defining Affordable Housing.

- Several studies have been done that indicate a significant unmet need for affordable multi-family rental housing units
- Affordable Housing is defined as housing where no more than 30% of a person's gross income is paid for rent or mortgage
- In Charlotte the goal is to provide safe and decent housing for the lowest incomes or persons with incomes less than 60% (\$40,500) of Area Median Income (AMI)

A question was posed to the group: We have an affordable housing issue, but do we have a single-family affordable housing availability issue? There was discussion that from the rental perspective there is a significant issue related to supply. Based on staff research, there are not enough units. It is possible there is not a single-family affordable housing availability issue?

Presentation: Review of Council's recommended action plan and process.

Council recommended the following **Action Plan** at its June 27, 2011 meeting:

- Regulatory Incentives
 1. Single Family & Multi-family density bonus
 2. Fee waivers/reductions
 3. Expedited review
 4. Allowance of duplexes on any lot
 5. Allowance of Accessory Dwelling Units (ADUs) to include non-relatives
- Other considerations that could work for Charlotte
- Financial Incentives
 6. Create local rent subsidy program
 7. Increase Housing Trust Fund commitments for federal low income housing tax credits
 8. Lobby NCHFA for changes to its Qualified Application process to allow urban projects to score higher
 9. Develop a program to make available government owned land at a reduced cost in exchange for affordable housing
 10. Establish aggressive acquisition program for existing apartments currently in financial difficulty or underutilized
 11. Cash subsidies
- Action Plan Summary
 - Of the 11 Action Plan recommendations, the 6 financial initiatives are ongoing and should be continued
 - The remaining 5 regulatory initiatives need further action through text amendments, user fee adjustments, or additional Committee discussion

- The Action Plan recommends a public input process for strategies needing additional action, with start-up expected in September 2011 and anticipated Council action by April/May 2012

Ms. Campbell noted that Regulatory Incentives (items 1, 4, & 5) are the same as or similar to the recommendations made by the Housing Charlotte 2007 Incentive-based Inclusionary Housing Policies subcommittee which was to:

1. Develop a single family density bonus program
2. Amend current Zoning Ordinance to expand accessory use ordinance to allow non-relatives to occupy accessory dwelling units (ADU's)
3. Amend Zoning Ordinance to allow duplex units on any lot (not just corner lots) if it meets current standards (e.g. lot size at 1.5 times base zoning requirement)

Presentation: Review of Density Bonus Strategy

The strategy is to develop a voluntary single family and multi-family zoning density bonus program. Ms. Campbell reminded the group that the discussion will be related to single-family for this evenings meeting.

Presentation: Review of Density Bonus Goals

- Increase number of affordable units
- Assurances affordable units are built
- Administration and tracking
- Architectural consistency
- Dispersal within development

Presentation: Review of IBIHP Subcommittee Density Bonus Recommendation and eligibility requirements.

- Density Bonus Recommendation
 - Allow a conditional change in density from 3 to 6; 4 to 6; and 5 to 6 dwelling units per acre (DUA) subject to staff review
 - Minimum of 5 acres in R-3, R-4, & R-5 Single Family Zoning Districts
 - Allow attached multi-family housing in single family districts by right subject to the 6 unit an acre limit on the overall property
- Eligibility Requirements
 - 50% of additional units must be affordable (3-6 DUA)
 - 40% of additional units must be affordable (4-6 DUA)
 - 30% of additional units must be affordable (5-6 DUA)
 - Number of affordable units not to exceed 25% of total development
 - Households earning 80% or less than Area Median Income (AMI); \$51,520 annually for a 4-person household in 2008, and be adjusted in the future based on the actual AMI at the time of submittal of the neighborhood plan to Planning.

Presentation: Review of IBIHP Development Standards: Design Guidelines

- Units must blend in architecturally with other units
- Affordable units must be dispersed within the development as far as it is possible
- Perimeter of development must reflect the character of adjacent neighborhoods
- Subject to General Development Policy (GDP) residential design guidelines
- Subject to staff review and approval

Presentation: Review of Single Family Density Bonus – Staff Draft Recommendation.

- Density Bonus Recommendation
 - Allow one (1) unit above base density for all single family districts
- Eligibility Requirements
 - Min. 50% of additional units allowed by the density bonus must be affordable

- Affordable is defined currently as \$126,000, the maximum home price a family of four (4) can afford to pay at or below 60% (\$40,500) of Area Median Income (AMI)
- Number of affordable units not to exceed 25% of total housing units in the development
- Development Standards
 - Reduced Yards
 - Front Setbacks: 20' for front loaded garages; 15' for all other lots
 - Rear Yards: 30' for internal lots; rear yards along the outer boundary of a project must comply with the zoning district requirement
 - Reduced Lot Sizes and Lot Widths
 - Apply the cluster provision for lot size and lot width of the zoning category
 - If a minimum of 10% is applied to common open space, cluster provisions for the next lower zoning category may be utilized. Perimeter lots that abut other single family zoned properties shall meet the underlying zoning cluster provisions
 - Design Guidelines
 - Units must externally blend in architecturally with other units to include materials and style (such as roof pitches, foundations, window treatment)
 - Affordable units must be dispersed within the development
 - Perimeter of development must reflect the character of adjacent neighborhoods based on Zoning

There was a question on the definition of “affordable” and explanation that Neighborhood & Business Services reevaluates AMI annually. It was suggested that the focus be more on income rather than house price. There was further discussion on what is affordable and what is market rate and questioned why it is not included in this recommendation. What is affordable in one location might be market rate in another. Debra explained that the staff recommendation did not touch on administration.

Debra then asked everyone to break out in two groups to answer three questions, with the group coming back in 45 minutes to report out their answers.

Results of Group Discussions:

Question 1: List the pros and cons of a density program for single family development in helping to increase the supply of affordable housing?

Pros

- Works if enough incentive, broader range of units (i.e. for sale townhouses, South Charlotte, Piper Glen) with enough density bonus due to high price of land in certain area
- Needs to be linked geographically
- Dispersed throughout development
- Keep regional traffic lower – folks live closer to jobs
- Increase diversity of population in high income areas
- More lots to sell

Cons

- Infill sites, small sites where one unit makes a difference, density bonus only works where the properties are higher dollar
- With increased density going to lose out on some amenity, will look different
- How will units be dispersed?
- Matching zoning regardless of how adjacent units are developed
- Maybe if no big difference in adjacent zoning, affordable can be on perimeter (there was much discussion regarding no affordable on perimeters would be more palatable for neighbors)
- What or how is AMI calculated for all of Charlotte – if implemented in one particular areas i.e. overall AMI vs. Ballantyne AMI?

- Dynamics of year 1 versus years later, product is being build now
- Affect on areas with dense affordable housing
- Creates less ability for homes in affordable areas to sell
- One additional unit is not enough to offset cost of unit
- Too prescriptive, more flexible and innovative design regulations
- Must be dissimilar enough to allow market rate unit to remain at market
- What does “dispersed” mean?

Question 2: List the pros and cons of the proposed development standards for a single family density bonus (yards, setbacks, design).

Pros

- Designed to keep you at the 25% of total development
- Incentive is not going through rezoning (not in this economy) – get starter faster, staff manages process
- More variety and architectural design - size will not stand out if it matches character
- Existing programs offer incentives
- Incentivizes more common open space
- Social capital

Cons

- To develop 3 DUA to 6 DUA without a rezoning will be a problem
- In order to disperse throughout community, need flexibility on type of housing and density
- Would need to take advantage of cluster provision, the amenity is the common open space
- Not enough of an incentive with the townhouse provision
- One is not enough, but somewhere in the middle
- 80% vs. 60% AMI? 60% is too restrictive, can't do more market rate areas at 60% of AMI
- What about Issues with lenders?
- Allows what tree ordinance does now along perimeter
- Too restrictive

Question 3: List any issues or concerns you have about implementing a proposed single family density bonus program.

- How to keep it from being just a one shot deal?
- Future sales of affordable units
- Remain affordable for 10, 15, 20 years?
- How to build wealth?
- AMI varies in time – timeframe of affordable is moot
- Market price for its condition
- For Sale vs. For Rent; AMI (lower) vs. market rates (higher)
- Tools neighborhoods have to fight higher density is the rezoning process – neighborhood concerned with higher density affordable development
- Need to provide parameters that protects neighbors
- Flexibility to modify design so value can be attained
- AMI at start of construction of a development may be different at the end of 2-3 year time span. Limit the risk. Lock sales in range = Risk. Architectural Standards – from beginning to now, what are they?
- Value of development
- Delete house price – what's affordable?
- How will this apply – citywide or targeted areas?
- Need a variety of products, townhomes, etc. to work financially
- Shouldn't be considering a single-family density bonus at all
- Shouldn't separate single-family and multi-family in discussion
- Bonus should consider location of land

- Mortgages are too difficult to obtain
- How would development be phased? Dispersion of products?
- Can't separate financing from density discussion

The group came back together to report out their findings. Ms. Campbell suggested that at the next meeting we will play out some of the scenarios from the IBHP recommendations and then play out some of staff recommendations in an effort to come up with recommendations more in the middle. Debra Campbell reminded everyone that the next meeting would take place on Thursday, October 13th.

Meeting adjourned at 8:10 p.m.