



# Affordable Housing Policy Discussion

Charlotte Mecklenburg Planning Commission  
February 5, 2018 Work Session

# Affordable Housing Policy Discussion

## Agenda:

- **City's Vision** (Tai Jaiyeoba & Pam Wideman)
  - Council Retreat
  - Community Letter
- **Comprehensive Housing Plan** (Enterprise)
  - Regulatory Tools & Recommendations
- **Regulatory Tools & Opportunities** (Laura Harmon)
- **Commission Discussion**

# City's Vision

## For Affordable Housing

*Develop a livable city where Charlotteans of all incomes can achieve, “a complete state of physical, mental and social well-being” through the design of neighborhoods, public infrastructure and open spaces, and through easy access to employment and housing choices.*

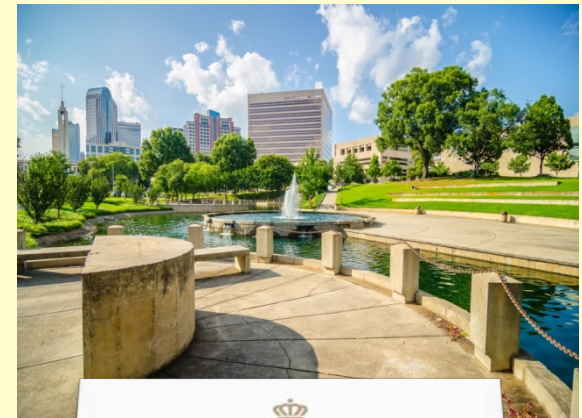
*Ensure access to affordable housing by supporting the dispersal of a range of housing types throughout the city, so that the availability of transportation does not limit access to economic opportunity;*

# Community Letter Overview

On October 3, 2016, Charlotte City Council issued a letter to the community outlining goals for policing, housing and jobs to address issues and concerns expressed following the Charlotte demonstrations.

For City Council, that means four things in particular:

1. Trust in community policing
2. **Quality, affordable housing**
3. Good jobs and the skills to get them
4. Other opportunities: the community letter is just the beginning





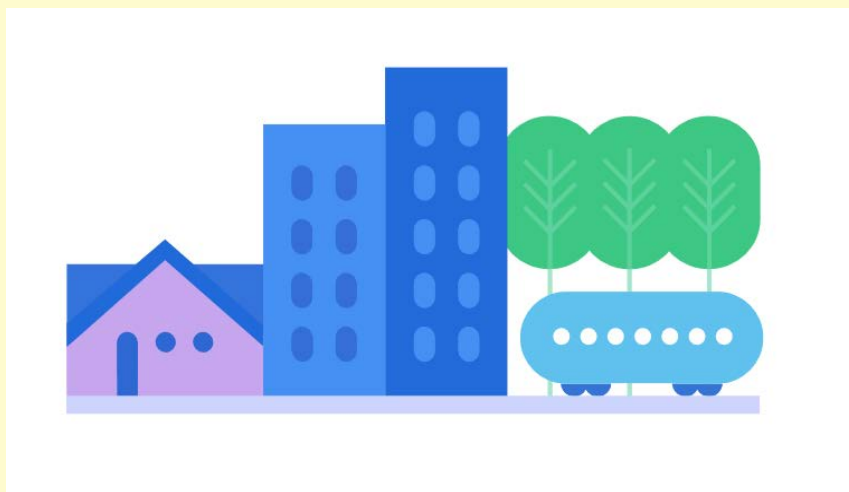
# Connecting other local efforts

- **Unified Development Ordinance update (Ongoing)**  
*Led by City of Charlotte*
- **Leading on Opportunity Taskforce report (2017)**  
*Produced by the Charlotte-Mecklenburg Opportunity Taskforce*
- **Strategic Recommendations for Affordable & Workforce Housing (2017)**  
*Produced by The Evergreen Team*
- **Increasing Workforce and Affordable Housing in Charlotte: Recommendations for Public and Private Sector Action (2017)**  
*Produced by ULI Terwilliger Center for Housing*
- **Letter to the Community (2016)**  
*From Charlotte City Council*
- **Charlotte-Mecklenburg: Strategies for Affordable Housing Development (2016)**  
*Produced by UNC-Charlotte Urban Institute*



# A place-based approach to housing investment

**Pathways to opportunity** include all of the circumstances that enable or constrain people working to achieve their goals.



## **Neighborhoods matter.**

Neighborhoods determine key pathways – from the schools children attend to an individual's access to amenities and services.

# **Comprehensive Housing Plan**

Regulatory Tools & Recommendations



# Key Drivers

**Charlotte's housing costs have outpaced household income since 1990.**

**Charlotte offers limited affordable rental opportunities, especially for lower income households & in areas with stronger pathways to opportunity.**

**Charlotte's strong residential market limits access to homeownership, especially for lower income households & in areas with stronger pathways to opportunity.**

**A majority of Charlotte's existing affordable rental options is naturally occurring affordable housing. Only a small share receive rental assistance.**

**Many households in Charlotte pay too much for their current home (or are "cost-burdened").**

**Charlotte-Mecklenburg could add 500,000 persons by 2030, with seniors representing much of this growth.**



# Key Needs



## Shortage of affordable rental options:

- **28** for every 100 **extremely low-income** households
  - **49** units for every 100 **very low-income** households
  - **101** units for every 100 **low-income** households
- 



To afford **recent for-sale opportunities**, a household would need to earn \$63,300, which roughly equals **4 minimum wage jobs**.

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**1 in 3** households pay **more than one-third** of their income on housing each month.



# Key Findings

## Existing conditions analysis

- Need for more, diverse funding tools
- Need to expand preservation activities
- Importance of incentives to support development
- **Barriers related to the development review process**
- Focus on households earning 50% AMI or below and access to opportunity

## Stakeholder interviews

- Interest equity, loan guarantees, and low-interest debt products
- **Need for better coordination and streamlined processes**
- Keep place and opportunity as drivers of City's housing strategy

## Focus group

- Prioritize equity and low-interest loan products
- Expand incentives for market-rate developers
- **Reduce barriers for development**
- Leverage assets and incentives to promote access to opportunity

# Charlotte's Affordable Housing Plan: A Three-pronged Strategy

## Targeted housing investments

- These strategies will guide investment of housing resources to **produce** quality affordable **rental and homeownership** housing and **preserve** quality subsidized or unsubsidized affordable housing **in areas with stronger pathways or access to transit.**

## Expanded funding and financing tools

- These strategies will address development challenges in an escalating market; effectively subsidize affordability for households **at or below 50 percent AMI**; provide **flexible financing to respond quickly** to development opportunities in areas with stronger pathways; and sustain a development pipeline over time.

## Additional policies, including development incentives

- These strategies will provide more **flexibility** on land use & zoning to account for market trends, preserve long-term affordability, strengthen internal coordination and streamline internal processes to **promote a more robust development environment.**

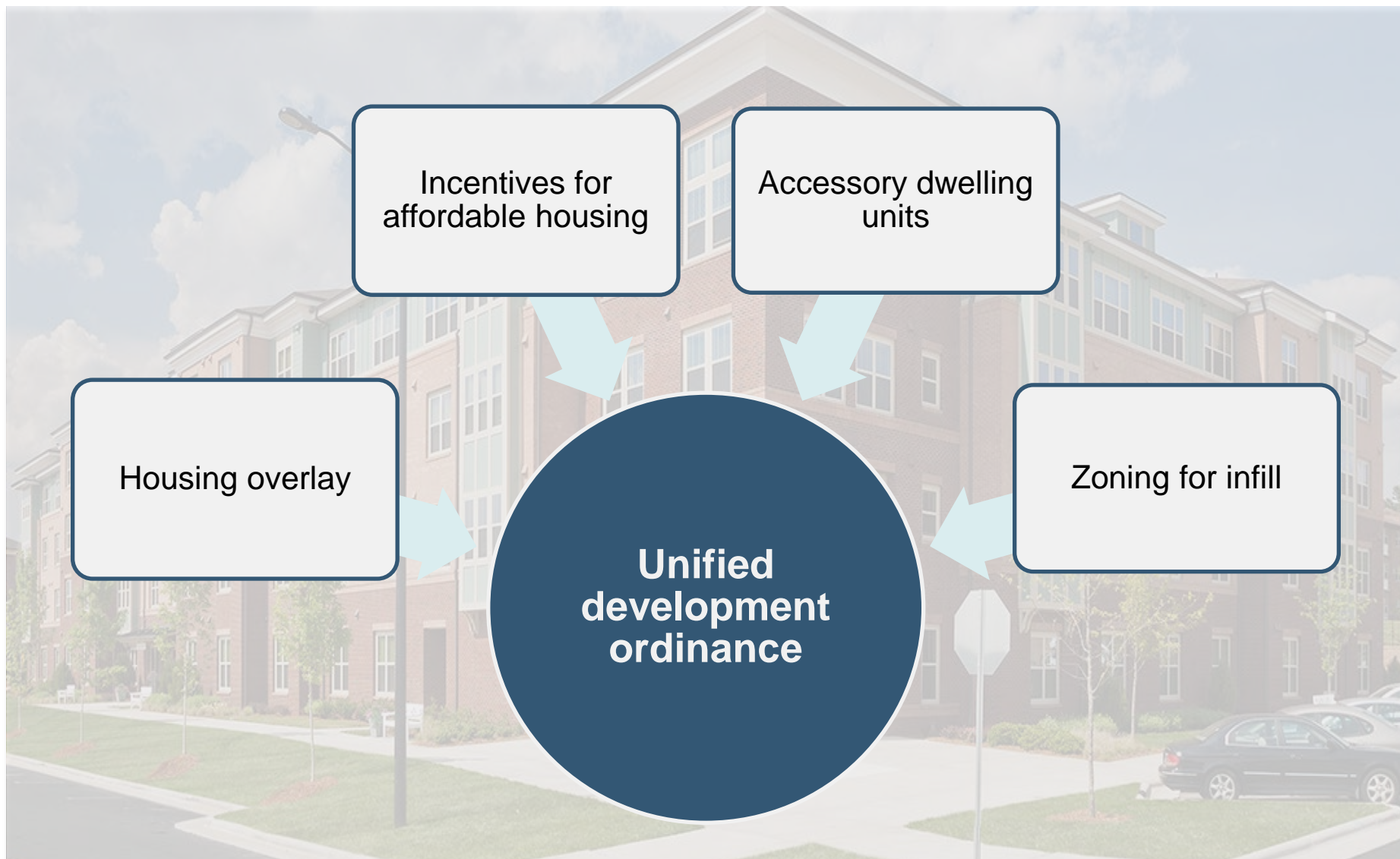


# Role of regulatory tools for affordability





# Specific regulatory tools for affordability





## Incentives for affordable housing

Specific concessions offered to developers to encourage the creation or preservation of affordable housing.

### Local context:

- Offers a density bonus via Mixed-Income Housing Development Program:
- Density bonus has not produced any affordable housing units (as of May 2017).

### Proposed action(s):

- Establish **additional development incentives** to encourage inclusion of affordable housing units in market-rate projects and lower costs for affordable housing developers:
  - Modified density bonus
  - Lower parking requirements
  - Expedited review & permitting
  - Tax relief (competitive)

### Targeting considerations

- Near transit
- Opportunity pathway



# Elements of an effective incentive-based housing program

## **Value**

Incentives should be seen as valuable to encourage participation.

## **Market conditions**

Incentives should account for market realities.

## **Clear standards & administration**

Incentives should be clearly communicated and applied consistently.

## Housing overlay

Flexible tool applied on top of conventional zoning.

Can increase opportunities for by-right development.

Can target incentives that encourage the creation or preservation of affordable housing.

Can target development for specific populations (like families or seniors).

### Local context:

- No existing housing overlays.
- Tradeoffs associated with UDO update (i.e., using overlays versus embedding standards within districts).

### Proposed action(s):

- Create a **housing overlay**, which would expand by-right development of multifamily development.
- Create a **housing overlay** (and related incentive packages) in targeted areas with weaker pathways to promote mixed-income and mixed-use development projects.

### Targeting considerations

- Near transit
- Opportunity pathway
- Public investment areas

## Accessory dwelling units

Second dwelling unit within an existing single-family home or an independent unit located on the same lot as a primary dwelling unit.

### Local context:

- Permitted in Single-Family; Multifamily; Urban Residential; Mixed-Use; and Office zoning districts.
- Similar standards across various zoning districts.
- Not tracked through separate permit.

### Proposed action(s):

- Support **additional affordable housing opportunities** through accessory dwelling units (ADU).
- Continue to **target ADU program** as a tool to lower housing cost of existing owner households.

### Targeting considerations

- Prevalence of cost-burdened homeowners
- Opportunity pathway

## Zoning for infill

Supports construction of new homes on vacant, underused lots, often interspersed among older, existing properties.

### Local context:

- No formal initiative focused on infill development.

### Proposed action(s):

- Assess **standards** across zoning districts to identify opportunities to **subdivide lots** or **relax standards** to support infill development.

### Targeting considerations

- Pathway to opportunity

# Regulatory Tools & Opportunities

## **Our Legal Framework**



- North Carolina cities have only those powers granted to them by the North Carolina General Assembly.
- Authority to mandate the inclusion of affordable housing has not been provided to North Carolina cities.
- Despite the lack of express authority, the City Attorney's Office advised that it was comfortable with the Council adopting a voluntary program to incent affordable housing with an understanding of the legal risks.

## Our Place Type Approach

Resetting our policy context

- Vision and guiding principals support affordable housing, encouraging a range of housing choices including those that meet the needs of people with different incomes, ages, physical abilities and lifestyle preferences.
- Neighborhood Place Types propose to allow a greater mix of housing in our neighborhoods.
- Activity Center Place Types promote the inclusion of a mix of urban uses, including multi-family housing, in a walkable environment.



## **Our Unified Development Ordinance Approach**



- Dedicated Affordable Housing Staff Team
- Hold Forums with Affordable Housing Providers to Hear Their Feedback on Regulations
- Explore the Following:
  - Including Additional Affordable Housing Incentives
  - Removing Unnecessary Barriers in Existing Regulations
  - Providing Additional Moderate and High Density Housing Opportunities
  - Other?

## **Adjusting Our Regulatory Processes**



- Inform Property Owners in Rezoning and Permitting Processes about Affordable Housing Incentives
- Prezone City Land for Affordable Housing Development
- Expedite Rezoning Process for Projects Meeting Affordable Housing Thresholds
- “On Time” Affordable Housing Regulatory Process
- Zoning Committee Involvement in Supporting Affordable Housing in Rezoning Process
- Other?

Example Tool:

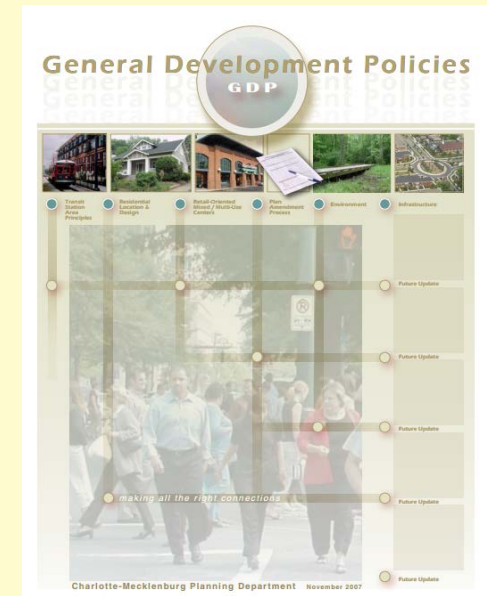
# Neighborhood Character Overlay

## Overview:

- Protecting Neighborhood Character – Why is this Important?
- What is a Neighborhood Character Overlay
- How does it work

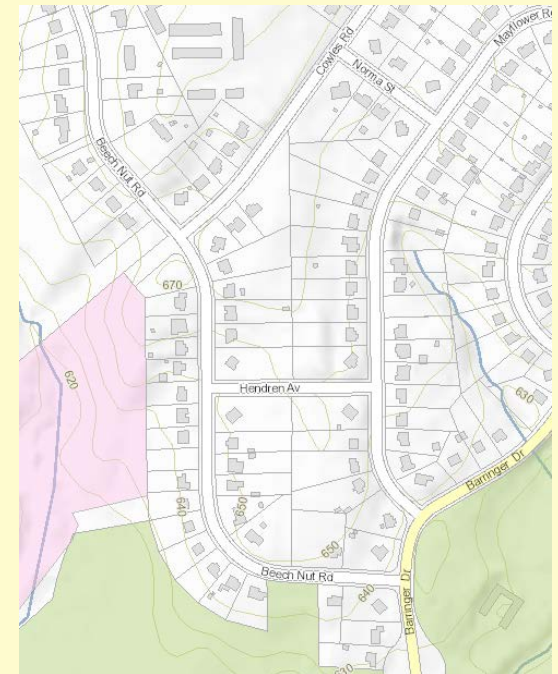
# Protecting Neighborhood Character: **Why is this important?**

- To reflect the community's desire for appropriate infill, the re-use of old buildings and managing impacts to landscapes.
- City of Charlotte adopted plans and policies recommend the protection and enhancement of established neighborhoods:
  - Area plans
  - Corridor plans
  - General Development Policies



## What is a **Neighborhood Character Overlay District**?

- An overlay zoning district that identifies unique characteristics not regulated in underlying zoning
- Usually more restrictive than the base zoning district, less restrictive than a historic district
- Does not regulate single family **architectural design**
- Initiated by neighborhood residents or City Council



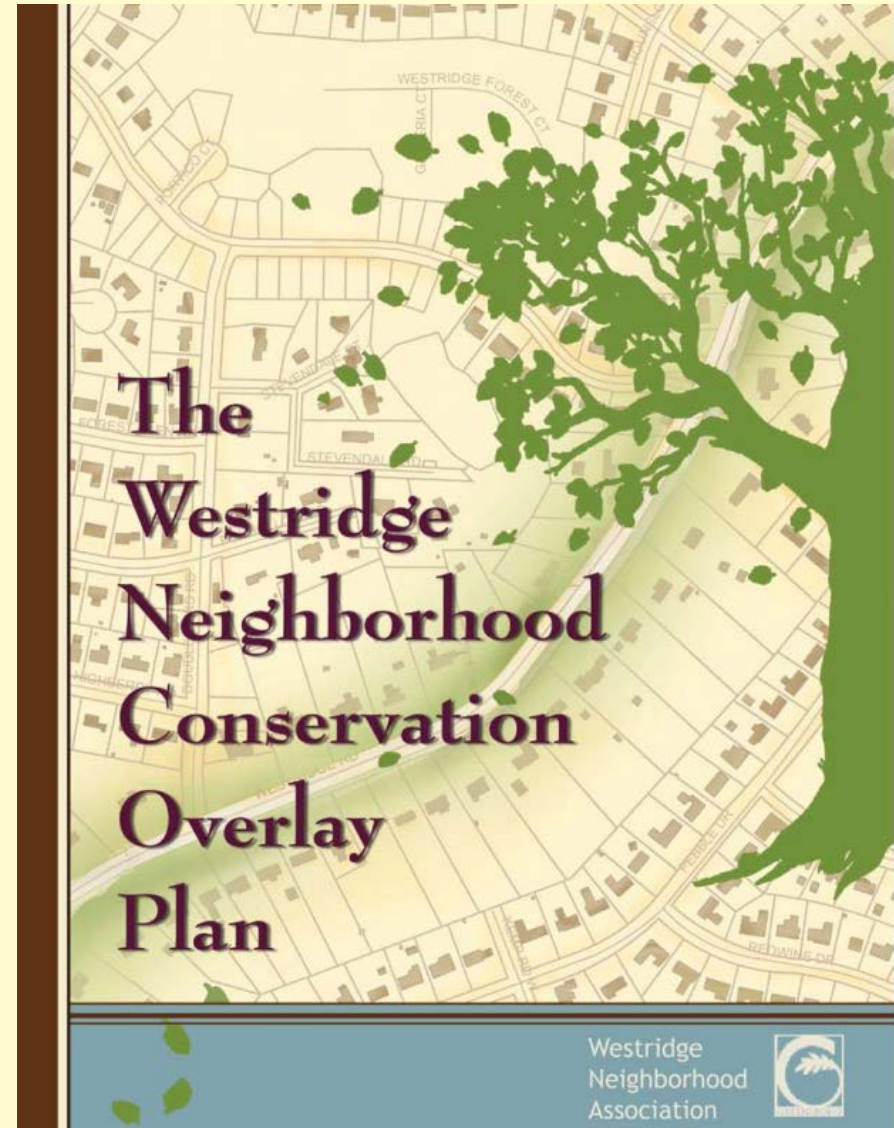
## What is a **Neighborhood Character Overlay District**?

- There are currently six jurisdictions in NC with this type of overlay
- Also called Neighborhood Preservation Districts or Neighborhood Protection Overlay Districts
- Residents typically select regulations from the following menu, one item or more:
  - Front setback
  - Height
  - Lot size
  - Lot width/frontage
  - Parking surface area
  - Side yards



# How does a **Neighborhood Character Overlay District** work?

- A rezoning application must be filed.
- A plan must be created to identify physical characteristics of the neighborhood.
- The base zoning district stays in place. (Ex. R-5 NCOD)



# How does a **Neighborhood Character Overlay District** work?

- The neighborhood plan includes a boundary map and existing conditions analysis
- During the development process residents determine important characteristics
- Those characteristics are finalized in the plan and adopted into the zoning ordinance
- Each neighborhood plan would be different

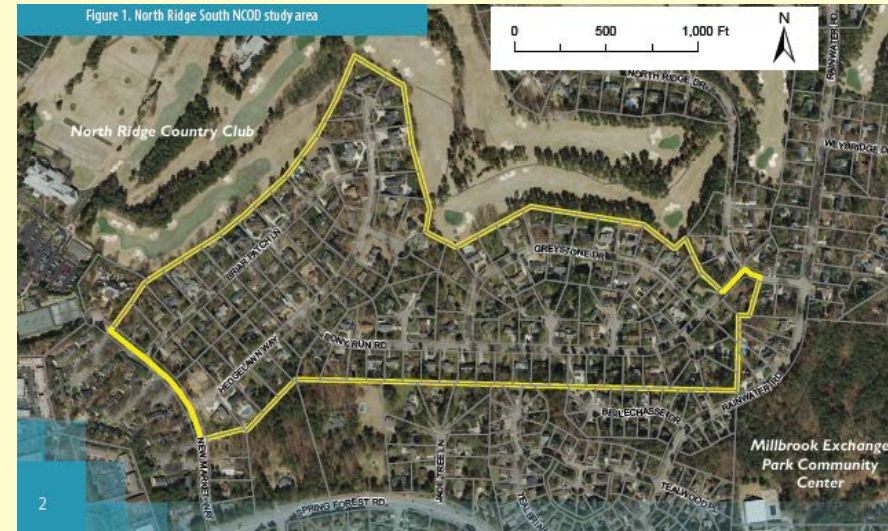


Figure 2. Built environmental characteristics summary

Characteristic	Predominant Character (> 75 Percent) minimums	Predominant Character (> 75 Percent) maximums	Range (min-max)	Average	Median
Lot size	17,900 sq. ft.	23,450 sq. ft.	12,685 sf – 33,772 sq. ft.	21,675 sq. ft.	21,165 sq. ft.
Lot frontage	100 feet	125 feet	40 feet – 195 feet	114 feet	120 feet
Front yard setback	44 feet	66 feet	19 feet – 89 feet	55 feet	54 feet
Corner side yard setback	33 feet	48 feet	27 feet – 92 feet	47 feet	44 feet
Vehicular surface area	n/a	1,743 sq. ft.	559 sf – 4,044 sq. ft.	1,494 sq. ft.	1,304 sq. ft.

## How does a **Neighborhood Character Overlay District** work?

In this example, residents chose to regulate lot size, lot frontage, front setbacks, side yards and parking area

Figure 3. Comparison of existing zoning standards and predominant built character

Characteristic	Current Standard (R-6 District)	Predominant Character ( > 75 Percent)
Lot size (min)	6,000 sq. ft.	17,900 sq. ft.
Lot frontage (min)	50 feet (interior); 65 feet (corner)	100 feet
Front yard setback (min)	10 feet	44 feet
Corner side yard setback (min)	10 feet	33 feet
Vehicular surface area (max)	n/a*	1,743 sq. ft.

\* Parking and driveway areas cannot take up more than 40% of the area between the front building line and the front property line (UDO Section 8.3.5.C.2).

# Frequently Asked Questions

## What is typically not regulated by the Overlay?

- Affordability
- Architectural style
- Building color
- Building materials
- Building square footage
- Demolition
- Garage location
- Fences and walls
- Land use
- Noise
- Property maintenance
- Traffic



# Frequently Asked Questions

## Pros

- Greater certainty of development outcomes
- Consistency of specific, measurable characteristics
- Community building among residents and property owners
- Potential increase in property value

## Cons

- Limits development; less freedom or autonomy
- Limits organic variety of neighborhood style
- Disagreement among neighbors
- Potential increase/decrease in property value

# **Commission Discussion**

Land Use Policy & Ordinance  
Opportunities

# Commission Discussion

## Quick Fire - Post it Notes

ideas, thoughts, questions on:

- Reducing **Barriers**
- Providing **Incentives**
- Supporting **Protection**
- **Other?**

# Role of the Commission

## **Goal:**

Support the City's vision for affordable housing

## **Roles:**

- Inform the development of Place Types & UDO
- Encourage affordable housing in the rezoning process
- Support short-term amendments to the ordinance (e.g. density bonus, TOD, ADU)
- Other?

## **Next Steps:**

- Draft and adopt a statement defining the Commission's position and priorities