



CHARLOTTE



## Incentive Based INCLUSIONARY HOUSING

# Initial Public Meeting

September 15, 2011

# Presentation Outline

- **Council Assignment**
- **Defining Affordable Housing**
- **Affordable Housing Initiatives**
- **Inclusionary Housing Policies Overview**
- **Recommended Action Plan**
- **Next Steps**
- **Citizen Input Process**
- **Questions**



# 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



# 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)**

**The City has convened a number of committees and advisory groups to address affordable housing:**

- **1999 Affordable Housing Stakeholder Group**

- Five major strategies and 15 recommendations

- **2000 Affordable Housing Implementation Team**

- Housing Trust Fund
- Density Bonus (single family & multi-family)
- Assisted Multi-family at Transit Stations
- Housing Locational Policies
- City-County Cooperation
- Increase Homeownership
- Information Clearinghouse
- Mixed Income Development
- Section 8 Rental Incentives





- **Housing Charlotte 2007**

- Community Forum on Affordable Housing

- **Housing Charlotte 2007 Implementation**

- Committees formed around priorities established at the Community Forum. Staff provided administrative support to committees but effort lead by coalition of public and private organizations. Committee structure included:

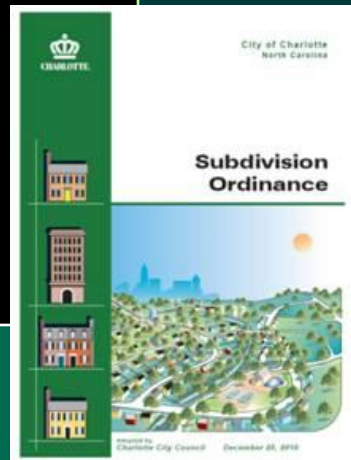
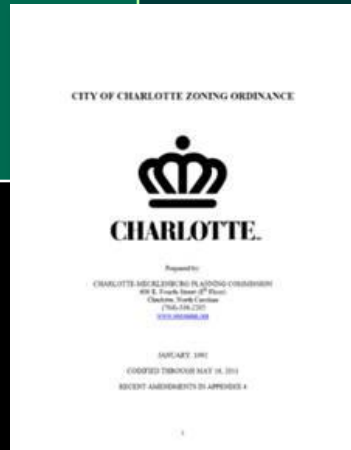
1. Education, Outreach and Advocacy
2. Rental Housing Subsidy
3. Acquisition Strategy
4. Dedicated Funding Source

- 5. Incentive Based Inclusionary Housing Policies**

- **2011 H&ND Committee Efforts**

- H&ND Committee discussed and reviewed 21 different regulatory and financial incentives including the Housing Charlotte's 2007 Incentive Based Inclusionary Housing Policies Subcommittee recommendations
- H&ND Committee recommended five regulatory and six financial strategies to continue to support and/or further develop

# Inclusionary Housing Policies



- Tool used by jurisdictions to increase the amount of affordable housing
- 300-400 jurisdictions have programs, including Boston, Denver, NYC, San Diego, San Francisco, Ashville, Chapel Hill, Davidson, Durham City and County, Winston-Salem, and Wilmington.
- At the local level this is usually accomplished by zoning ordinance (mandatory requirements or voluntary conditions optional)

- Inclusionary housing program types can be **mandatory** or **voluntary**
  - Mandatory programs require developers to include affordable units in a development
  - Voluntary programs rely on incentives to encourage developers to “opt-in” to build affordable units (e.g. density bonuses)





- Typical **Program Components** include:
  - **Applicability** - types of development to be included
  - **The Set-Aside** - percentage of affordable units to be included in a development
  - **Threshold Level of Development** - minimum project size that triggers set-aside
  - **Income Targeting** - income levels housing units need to be affordable to serve
  - **Period of Affordability** - period of time that units must remain affordable
  - **Incentives/Offsets** - strategies to offset costs associated with providing affordable units
  - **Program Administration** - administrative system to track, monitor, enforce, and preserve affordable units

- Provide **incentives/cost offsets** to developers to decrease the cost of construction, which can include:
  - Density bonus
  - Increased Floor Area Ratio (FAR)
  - Increased building height allowances
  - Decrease in minimum lot area
  - Reduced front setback or side yard
  - Fee waivers
  - Expedited permit process
  - Tax abatement
  - Reduced parking requirements on affordable units
  - Cash subsidy (from local housing trust fund)
- Can be used in mandatory or voluntary programs

- 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 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

- 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

## **1. Develop a voluntary single family and multi-family zoning density bonus program**

- A density bonus allows for an increase in the number of dwelling units permitted over the otherwise maximum allowable density under the existing zoning district
- Current regulations allow for density bonuses in:
  - MX Districts (MX-1, MX-2, MX-3)
  - Swim Buffers
  - Residential Tree Save Ordinance



- Need to determine how much of a density increase and how many of the additional units would be affordable.

*In a single family development, for example:*

- An increase from 3 to 4 dwelling units per acre on a ten acre site would allow an increase from **30** to **40** dwelling units
- This allows for **10** additional units on a 10 acre site
- If 50% of units affordable could yield **5** units with affordable being **12.5%** of total units

## **2. Waive certain development fees associated with cost of constructing affordable units**

- Fees would include such things as inspections, reviews, entitlements (e.g. grading/erosion control, residential tree ordinance, subdivision, bonds, rezoning if needed)
- No current fee waiver program or policies



## 3. Fast Track Permitting

- Time for staff reviews are expedited over normal time for review
- Planning and Engineering have developed a specialized level of service for affordable housing
- County has expedited review for a premium fee





## 4. Amend ordinance to allow duplex units on all single family lots

- **Current Zoning Regulations**

- Duplex dwellings are allowed in R-3, R-4, R-5, and R-6 provided they are located on a corner lot and meet design criteria
- Duplex dwellings are allowed on any lot within R-8



## **5. Amend ordinance to allow Accessory Dwelling Units to serve non-relatives**

- Currently, the ordinance allows for elderly and disabled housing along with guest houses and employee quarters



## 6. Create local Rent Subsidy Program

- Annual contract with Crisis Assistance and the Work Force Initiative Program (WISH)
- Support existing program or policies





## **7. Increase Housing Trust Fund (HTF) commitments for federal low income housing tax credits**

- In May, 2011 City Council approved reallocation of the HTF including the following categories: Tax Credit Set Aside, Rapid Acquisition, and Supportive Services
- Support existing program or policies

## **8. Lobby NCHFA for changes to its Qualified Application Process to allow urban projects to score higher**

- N&BS staff currently participates in an annual review of NCHFA's QAP
- Support existing program or policies

## 9. **Develop a program to make available government owned land at reduced cost in exchange for affordable housing**

- The City currently makes properties available for affordable housing and will continue this process
- Support existing program or policies and partner with the County and CMS when possible



**10. Establish aggressive acquisition program for existing apartments currently in financial difficulty or underutilized; and**

**11. Cash Subsidies**

- In May 2011 City Council approved reallocation of the HTF including the following categories: Tax Credit Set Aside, Rapid Acquisition, and Supportive Services
- Support existing program or policies



- 
- ✓ **Citizen Input process  
September 2011-January  
2012**
  - ✓ **Committee Action  
February 2012**
  - ✓ **Council Action April/May  
2012**



## Citizen Input Process

- Process description
- Citizen Advisory Group (CAG) Meeting Dates:
  - September 29, 2011
  - October 13, 2011
  - November 3, 2011
- Please indicate your willingness to participate in the CAG process by filling out cards or by contacting:  
**Bryman Suttle**, *Charlotte-Mecklenburg Planning Department*  
**704-336-8325**     [bsuttle@charlottenc.gov](mailto:bsuttle@charlottenc.gov)
- Tonight's presentation and future CAG materials, including meeting minutes, will be posted at:  
[www.charlotteplanning.org](http://www.charlotteplanning.org)







CITY OF CHARLOTTE

# Questions?

