

Incentive Based Inclusionary Housing

Citizen Advisory Group Meeting #3 - November 3, 2011

Meeting Summary

Attendees:

Rod Banks
Alexardes Beight
Amy Braun
Roger Coates
Bill Daleure
Claire Fallon
Maureen Gilewski
Brenda Hayden
Monica Holmes
Mary Klenz

Karla Knotts
Bill Martin
Jeff Meadows
Joe Padilla
Mike Raible
Kylie Roberts
Teresa Robinson
Lucille Smith
Katie Zender
Andy Zoutewelle

Staff Attendees:

Debra Campbell
Linda Keich
Shad Spencer

Bryman Suttle
Pamela Wideman
Jan Whitesell

Meeting began: 6:08pm

I. Welcome / Introductions

Debra Campbell opened the meeting, welcomed attendees, and went around the room for introductions. She noted that the group's primary objective will be to discuss the third draft recommendations for a single family density bonus program which were finalized at the October 24th CAG work session and provide feedback on the proposed program as heard from the council committee overseeing this process. In addition, she planned to update the group on the status of the follow up performed in response to concerns for additional stakeholder representation, provide a brief overview of previous single family density bonus draft recommendations. She finished her opening remarks by thanking the group for giving their time.

II. Advisory Group Process Update

Ms. Campbell stated this initiative started back in 2010 when Council asked staff to look at all of the City's housing policies. She noted that there is a strong commitment from Council to increase the supply of affordable housing.

The H&ND committee recommended to Council a list of 11 incentive based strategies, both regulatory and financial, to encourage private sector development of affordable housing units. This action plan was approved and staff was asked to form a committee focused on the regulatory strategies and to work with the citizens group to come with the details recommendations that could go to Council for adoption. She acknowledged that most of time thus far had been spent on a single family density bonus strategy. Other strategies being considered include:

- Fee waiver reductions
- Expedited review
- Allowance of duplexes on any lot (currently duplexes are allowed only on corner lots)
- Allowance of accessory dwelling units (ADUs) to include non-relatives (currently only relatives and employees are allowed to reside in these units)
- Other considerations that come up in this committee

She stated what is important is the range of strategies needed to address the City's affordable housing needs and objectives.

a. Follow-up on "Who's missing?"

Ms. Campbell acknowledged we have a range of people and organizations that are represented here but some concern has been raised about representation from additional stakeholders. The missing people are:

1. Financial institution which we now have
2. Charlotte Mecklenburg schools we now have.
3. We need a South Charlotte neighborhood organization president or business owner. We really need south charlotte representation. We are currently working on that issue. She stated we will try every measure to have the appropriate representation before going to council.

b. Overview of previous single family density bonus draft recommendations

Ms. Campbell reviewed the Density Bonus Goals:

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

She then provided an overview of both the draft 1 and draft 2 recommendations.

The draft number 1 density bonus recommendation only allows one unit above base density for all single family districts and other development incentives allowing for some reduced development standards. It required a minimum 50% of the additional units must be affordable, affordable units not to exceed 25% of total housing units in the development, units externally blend in architecturally with other units, affordable units must be dispersed within the development, and perimeter of development reflect the character of adjacent neighborhoods.

The Draft 2 Density Bonus Recommendation redefined our geography and narrowed down where this density bonus would be appropriate. Within geographies that would have a median home value of greater than (\$153,000) we would allow two (2) units above the base density for applicable single family district serving 80% AMI (currently \$54,000). We would allow three (3) units above the base density for applicable single family districts serving 60% AMI (currently \$40,500). The development and design guidelines were generally the same as in Draft 1.

The concerns we heard were:

- Density increase was not large enough

- Target areas where we don't have affordable units
- Trying to target 60% AMI is too low
- Development Standards can't achieve bonus when other development standards are applied
- Need to mix the housing types to achieve the bonus

c. **October 24th Work Session**

Ms. Campbell stated at our last work session we spent time going over the 5 aforementioned issues and the way we present the draft recommendations for our third draft will be in the context of a typical inclusionary housing program.

III. **Proposed Single Family Density Bonus Program**

a. **Review of Draft 3 Recommendation**

Shad Spencer from Planning went over the Proposed Single Family Density Program. He stated that some areas in Charlotte have too much affordable housing and this program is focused on adding affordable units where they are needed.

Applicability

- R-3, R-4, R-5, and R-6 zoning districts within Census block groups in Charlotte's Sphere of Influence that have a median home value at or above \$153,000 (US Census Bureau's, American Community Survey 2005-2009)
- Median Home Value will be reassessed every five years and based upon the most recent US Census Bureau's, American Community Survey five year average estimates

The Set-Aside

- Minimum 50% of additional units allowed by the density bonus must be affordable
- Number of affordable units not to exceed 25% of total housing units in the development

Threshold Level of Development

Project size must be a minimum of one (1) acre.

Income Targeting

Income levels at or below 80% (currently \$54,000) of Area Median Income (AMI). *

** AMI is updated annually by the US Department of Housing and Urban Development.*

For example, the maximum home price a family of four (4) can afford to pay at or below 80% AMI is \$168,000. This price point is based on current conditions assuming 25% of annual income is spent on housing over a 30 year period with an average mortgage rate of 4.5%.

Incentives/Offsets

Density Bonus:

Allow up to three (3) units above the base density for applicable single family districts.

Reduced Development Standards:

- 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
- Apply the cluster provisions for lot size and lot width of the zoning category
- Apply the cluster provisions for lot size and lot width of the zoning category two districts higher if a minimum of 10% is applied to common open space. Perimeter lots that abut or are across a local residential street from other single family zoned properties shall meet the underlying zoning cluster provisions. A minimum 20' wide tree save area within common open space may be utilized to eliminate this requirement for perimeter lots that abut other single family zoned properties.

Zoning District	Cluster Min. Lot Area	Standard Min. Lot Area	Cluster Min. Lot Width	Standard Min. Lot Width
R-3	8,000 SF	10,000 SF	60 Feet	70 Feet
R-4	6,000 SF	8,000 SF	50 Feet	60 Feet
R-5	4,500 SF	6,000 SF	40 Feet	50 Feet
R-6	3,500 SF	4,500 SF	40 Feet	40 Feet

Mix of Dwelling Unit Types:

Allow duplex, triplex, and quadraplex buildings to be integrated within a subdivision in accordance with the following standards:

- These unit types must be located internal to the subdivision
- Of the additional units achieved by the density bonus, up to 50% of the dwelling units may be duplex, triplex, and quadraplex units
- Minimum Lot Sizes and Lot Widths:

Dwelling Type	Minimum Lot Area	Minimum Lot Width
Duplex*	6,500 SF	50 Feet
Triplex*	9,500 SF	70 Feet
Quadrplex*	11,500 SF	90 Feet

* If land is sold with an attached unit, the minimum subplot size must be sufficient to accommodate the dwelling unit and 400 square feet of private open space.

Design Guidelines

- Units within the development must externally blend in architecturally with other units to include materials and style (such as roof pitches, foundations, window types, building materials)
- Affordable units must be dispersed within the development
- Perimeter of development must reflect the character of adjacent neighborhoods based on Zoning

Program Administration

This section is Incomplete and yet to be determined, but will involve a higher level of staff review to address the following:

- affordable housing units are built
- architectural consistency
- dispersal of affordable housing units
- mitigation of traffic impacts

Mr. Spencer reviewed with the group an example staff produced that took into account all of the program components, including the mix of units.

b. H&ND Committee Feedback

Ms. Campbell asked who was at the H&ND committee meeting and a few members raised their hand. She stated that concerns were made about a 3 DUA increase in density. Their concerns were from a design quality and marketability standpoint and about the potential transportation impacts. They also expressed concern about the legality of the locational component because we are using home value to determine the zoning. Ms. Campbell stated their question was can you link a regulatory tool like zoning to the value of land or value of home prices? The concern being home value changes which in effect creates a floating zoning overlay. Debra stated the reason we went back to those values is to narrow specific geographies where you don't have affordable housing. We picked a figure that was easily accessible. We needed a target to get more affordable housing. She stated she does not have a issue with using any other figure, we just need to make sure that we are targeting the geography to increase opportunity for affordable housing.

Debra then asked if anything else was heard in that meeting.

c. Group Discussion

Question: Would defaulting to the Multi-family Locational Policy be an option here if there are legal concerns?

Debra replied with we went through the same exercise to exclude geographies when we did 2007 Housing Charlotte Implementation phase. We talked to our city attorney at that time and asked if this was legal and they said it was. The concern about defaulting back to the locational housing policy it currently does not include single family as part of the criteria to what is allowed or not. In terms of affordable housing we would be introducing and broadening the scope of the locational housing policy.

Question: Why was \$153,000 chosen?

Jan Whitesell answered \$153,000 is the median house value for all census tracts in our jurisdiction.

Question: How does that relate to the \$120,000 that was arrived at?

Bryman Suttle replied \$126,000 is affordable at 60% AMI and \$168,000 is affordable at 80% AMI.

Question: Are you saying that \$168,000 is considered affordable and is that permissible where the median home value is \$153,000?

Debra Campbell stated what we are saying in order for a developer to get a by-right density bonus it must be in a geography that is below the median home value, which is currently \$153,000. \$168,000 is the maximum home value a family can afford at 80% of the area median income.

Ms. Campbell stated our debate is where would someone be eligible for a density bonus increase by-right for the purpose of affordability? She stated the Neighborhood and Business Service will be responsible for the administrative and tracking part.

Question: When do the homes go up in price where it is not considered affordable anymore?

Debra stated that is part of the administration piece that we are still working on. Philosophically she stated that it is unfair to not allow some percentage of increase in value and return on investment for the property ownership. If we do not allow some opportunity for that person to get some value out of the house, then they should have just rented.

Pamela Wideman stated that from Neighborhood and Business Services they do not want to penalize anyone for buying property for that time period.

A point was stated that this is not a subsidized program. There is no federal, state, or city money going into this.

Debra stated that it could be subsidized and there are situations where you could get a density bonus and city money.

Debra commented there will be restrictions. We are debating what would be the share of the equity as a result of the appreciation of the value of the home.

Debra asked what the group's general feelings about the recommendations are. We have a number of other initiatives like the multi-family bonus to get to. She recapped stating this is a density bonus of up to 3 units per acre for our single family districts and we are using a lot of the cluster provisions as to defining lot sizes, setbacks, yard requirements, architectural compatibility, and we are narrowing down the block group as to location where this would be applicable and added a mix of housing types up to a quadraplex.

An argument was made that allowing town homes should be added to the mixture of allowable housing types.

Debra said if we are going to use this as a model, then we should show how this can work without townhomes and in conformance with current ordinances. Monica Holmes with the Lawrence Group offered to provide a development scenario for the next meeting.

Debra asked the group if they were comfortable with where we are currently at with the recommendations. The group responded yes.

IV. Next Steps / Adjourn

Debra said the next step is to get a refined site plan / development scenario and to explore any legal concerns. She stated our next meeting is November 29 and at that meeting we will finalize this recommendation and move on to other strategies.

Meeting adjourned at 7:35.