

**Incentive Based Inclusionary Housing  
Citizen Advisory Group Meeting 7 February 23, 2012  
Meeting Summary**

**Attendees:**

Andy Zoutewelle  
Bill Daleure  
Don Means  
Elizabeth Barnhardt  
JoAnne Means  
Joe Padilla  
Karla Knotts  
Lee McLaren  
Maddy Baer  
Maureen Gilewski

Miriam Martin  
Monica Holmes  
Randy Monk  
Roger Coates  
Sherill Hampton  
Steve Bock  
Wil Russell  
Wilna Eury

**Staff Attendees:**

Debra Campbell  
Mark Fowler  
Linda Keich  
Shad Spencer

Pamela Wideman  
Jan Whitesell  
Brent Wilkinson  
Bryman Suttle

Meeting began: 6:05pm

**I. Welcome/Introduction**

Debra Campbell opened the meeting by welcoming everyone and went around the room for introductions. Debra reminded the new members of the group to visit our website to receive additional information about the process. She stated that at this point in the process, we are only having a conversation and that nothing has gone to council for adoption. We are in the process of developing recommendations that will go to council.

**II. Discuss Single Family Density Bonus Program Administration**

Debra began this discussion by restated this is a voluntary program. Until someone volunteers to participate in the program as we are developing it, it will not happen. We are providing recommendations for council to consider this opportunity.

Debra stated for our agenda tonight our goal is to wrap up our discussion on the Single Family Density Bonus Program Administration. We also hope we can finalize the recommendations for duplexes and Accessory Dwelling Units, then discuss next steps and adjourn. This meeting format is extremely informal. What we do hope is you respect one another and respect each other's time. We want to make sure that whoever has a question or an issue can ask or speak.

We want to wrap up our discussion on the Single Family Density Program Administration. At our last meeting we talked a lot about Program Administration and the components of the program administrative efforts which would be the development review process and the program administrative

process. We wanted to remind you of what those goals would be. Our goal for the development review process, if the ordinance is adopted, will be ordinance compliance. Some examples for ordinance compliance would be architectural consistency, the dispersal of affordable housing units, and mitigation of traffic impact. We have not talked a lot about the mitigation of traffic impact. We will talk to you about a conversation we had with Charlotte Department of Transportation.

Our program administration goals involve homebuyer qualification, first time homebuyer counseling, financing assistance, and tracking of units. This is extremely important from the city's view. Program administration could be a three party agreement or arrangement. If a non-profit could do the program administration which includes qualifying home buyers, tracking the number of units, providing homeowner education and counseling. Then the city and county would do the ordinance compliance. The developer and builder would design and build the community.

Debra noted the process steps in terms of the review process. We are looking at the underlying zoning for the single family density bonus program allowing a certain number of units by-right. The density bonus will provide the opportunity to increase the number of units allowed by-right without going for a rezoning. As part of this density bonus you can also increase that base density up to three additional units. Half of the bonus units would need to be affordable. You can also have a variety of housing types up to a quadraplex.

If a proposal comes in from a developer that says I will take advantage of this density bonus effort, this would be the process that this proposal will go through. There would be a review of the proposed development and we would be looking for compliance with a number of components that we are calling for in a Housing Plan. This process would go through our normal subdivision process. Administration of the affordable units could be assigned to a non-profit. We are creating an incentive for the private sector to create affordable units. Some of you have asked why we need somebody monitoring or tracking us. Every inclusionary housing program we looked at has a program administration component. This component is needed again to ensure that people who are qualified at 80% AMI are reaping the benefits of this density bonus. Further, if someone called the Planning Department and said I read in your zoning ordinance you have an inclusionary housing program, can you tell me how many units have been built? What was the average income of the people who purchased these homes? When they ask us for that information who do we turn to? We have to turn to ourselves and do some monitoring of this effort. I wanted to make sure we explained why the administration component is needed. It is very essential to this effort.

Comment: I do understand the need for administration through some of this process. Once they close on the home, I don't see where it is needed any longer.

Response: Debra replied that is something we will talk about. We have a couple of questions we are going to ask the group. Is this initiative only about getting an affordable buyer or is there some need over time to ensure that the unit remains affordable?

Question: "Remains affordable" what does that mean?

Response: Debra replied we will discuss that.

We talked about a Housing Plan. In terms of dividing up the potential component of a housing plan. We divided it up in terms of the development review and program administration. The information that is

needed for development review is the total number of units, where and when the units are going to be built, and architectural consistency. Under program administration we are potentially looking at pricing, marketing, deed restrictions, and restrictive covenants and they all have a purpose. Pricing has a schedule for each affordable unit, marketing to make sure we have buyers for those units, deed restrictions to ensure adherence to the control period, and restrictive covenants to address things such as homeowners' dues. Some of this may be necessary in terms of sustaining affordability.

Comment: This is what makes it not work for what we want it to work for. If you are going to try to control price and you sell to somebody for 80% AMI, would you as the buyer go there or somewhere else where there are no controls for the same price.

Response: Debra stated it depends and gave an example on why. A buyer might want their child to go to a particular school or want to live near work.

Comment: I have a 100 units and I am going to add an additional 20, 10 have to be affordably priced and 10 identical units do not have to be affordably priced, the problem is you would not buy the affordably priced one because of administration.

Comment: You bring the 20 units to market and they all come about the same time. How do you say that these 10 under the program administration sell at this price and the other 10 are at market price? Why would you sell at \$100,000 when the market says you can get \$200,000?

Comment: The 20 lots will be less square footage. For example some lots will be 3,000 square feet and to get the rest in they will have to be smaller lots. I have different size lots for the 10 that are not affordable and the 10 that are affordable.

Comment: The difference between affordable and market will be the amenities that are within the units.

Debra stated we will go into a group exercise with these two questions:

1. Do you generally agree with the components of the Housing Plan?
2. What should the control period and conditions be for the affordable units?

The larger group broke up into two groups with staff facilitating. The groups then came back together to report on the discussion results.

Group 1:

Pam Wideman reported back for her group and noted that 8 people generally agreed with the components of the Housing Plan with 1 neutral and 1 against. With respect to the control period for the affordable units 6 people were in favor and 4 against.

Group 2:

Elizabeth Barnhardt and Wil Russell reported back for this group. The consensus of our group agreed to the housing plan minus the deed restrictions and the covenant. We had 3 people vote for no control, 4 people with limited control period, and 1 in between. The way we discussed the control part is matching the unit with the buyer, but not to put that control in place where they can't resell at some point. The buyer has as much responsibility for this incentive as the developer does.

Debra stated we know from our past experience, the research we have done, and from the numerous perspectives that we have in the room that there is a need for programmatic accountability. Program Administration has always been the toughest part of the discussion. We have heard some concern about what role does a non-profit have, why do I have to tell you who I am going to market to, and we want these things to be optional and not mandatory.

Debra stated she appreciated all the time and dialogue we had about program administration. We will work out all the details. What potentially could go to council is that our group was split on whether we should have a control period. This could be very difficult on bringing this to council without having a general concept of a control program and not having the details. It is all about the details.

Debra stated if you think about what council is adopting, they are adopting a text amendment to the zoning ordinance. This level of detail related to program administration will not be a part of that process, it will be separate. If we are not able to tell Council in general how we would administer the text amendment, they would not understand. Therefore, we had to get into program administration. Additionally, in order for you all to get comfortable with this concept of a density bonus program, we would have to give you some idea how this would work. Staff will come back with a recommendation on the Program Administration piece.

Comment: There would be nothing wrong with a unit being a rental. It was not said today. We were targeting an income group. I want to make sure we do not eliminate that if I buy a market rate duplex and agree that the rent is 80% AMI.

Response: This program is geared toward people buying a home and not renting. We can put in there the unit can be rented to someone who makes 80% or less of the area median income.

Comment: Do the developers make any money on this? Yes the developer makes money, but there has to be a little give and take.

Question: Would you lease the unit with the option to buy?

Comment: The goal is to create home ownership opportunity. I do not think there should be control beyond the initial sale of the home.

Comment: Research needs to be done locally and around the country on the control issue. Bring back one program that has a control period where the buyer or renter doesn't receive any subsidy.

Debra stated the buyer should reap some benefits. The issue becomes when they get the benefits.

Question: Can we come to a group consensus what the overall housing goal percentage is.

Debra commented there is an established goal of market share of the density bonus initiative related to the overall housing needs. We figured out if we implement this program everybody has the maximum density bonus based upon available vacant land today we could add 15,000 units.

Comment: Has anybody thought about the existing affordable housing? You are going to hurt the people that own the existing affordable housing.

Debra commented I think that is part of the concept of capitalism.

Comment: We are trying to put a plan together for the future.

Debra stated I hope you feel that we disagree and we are not ignoring you.

Are next meeting is March the 15, 2012 at 6 pm in this room and we will come back with the recommendations for program administration. We will close out Accessory Dwelling Units and Duplexes. We need to start getting this to Council soon.

Question: Can you identify some programs that have some kind of restrictions on the housing that have no public funds going into it.

Debra stated we will come back with some programs that do not have any kind of equity going into it and provide staff recommendations.

Meeting adjourned at 8 pm