

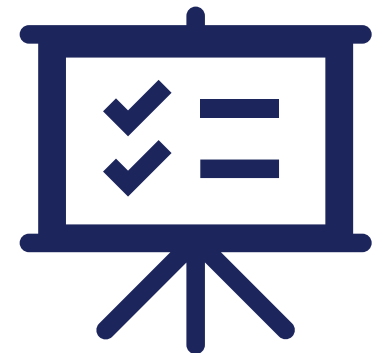
Affordable Housing UDO Updates Chatham County

Affordable Housing Advisory Committee

April 6, 2023

Objectives

- Discuss case studies from Apex and Raleigh
- Identify what may be feasible for Chatham County to pursue
- UDO recommendations and what's next?



Strategies for Implementation



PLAN/ASSESSMENT



BUY-IN



FINANCIAL
INCENTIVES



ZONING
INCENTIVES

Housing Plan

- 5-year to 10-year document
- Quantified timelines and goals
- Assessment to determine how to prioritize dollars
- Serves as an evaluation tool



Adopted
February 1, 2021

Buy-In

- **Stakeholder Committee:**
 - ✓ Affordable housing developers and market rate developers
 - ✓ County and municipal representation
 - ✓ Home Builders Association
 - ✓ Multifamily representation
 - ✓ Lenders
- ***Ensure that stakeholders have a say in the development of this process EVEN before going to the decision-makers***

Financial Incentives

- **Chapter 157 – Housing Authorities and Projects**
 - ✓ "Persons of low income" means persons in households the annual income of which, adjusted for family size, is not more than sixty percent (60%) of the local area median family income as defined by the most recent figures published by the U.S. Department of Housing and Urban Development.
 - ✓ "Housing project" also includes any project that provides housing for persons of other than low or moderate income, as long as at least twenty percent (20%) of the units in the project are set aside for the exclusive use of persons of low income.
- **If a local government provides financial assistance:**
 - ✓ NC G.S. law says the developer will need to provide a minimum of 20% of units at 60% AMI.

Financial Incentives

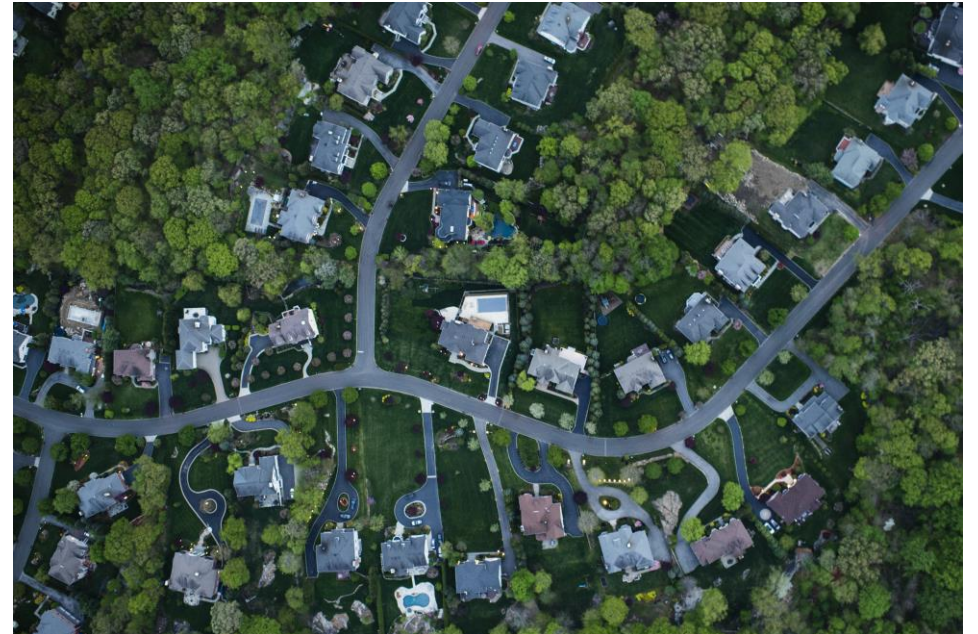
- **157-9.4. Multi-family rental housing projects.**
 - ✓ If an authority owns, operates, or provides financial assistance to a multi-family rental housing project, at least twenty percent (20%) of the units in the project shall be set aside for the exclusive use of persons of low income. An authority may group projects being developed concurrently in order to meet the requirement of this subsection.
 - ✓ If an authority provides financial assistance to a multi-family rental housing project, the authority shall establish, as a condition of the assistance, requirements and procedures that insure that all units initially set aside for the exclusive use of persons of low income continue to be so used for at least **15 years** after the initial date on which at least fifty percent (50%) of the units in the project are occupied

Financial Incentives

- **Grantor must prove they are getting more value in terms of subsidized housing than financially contributing**
- **Apex**
 - ✓ 1.5 cent tax increase – brings in over \$1M/year; provides incentives for market rate developers
 - ✓ Expedited review process for LBAR – shaves off one or two months
- **Raleigh**
 - ✓ Passed an \$80M dollar housing bond
 - Used to subsidize 9% and 4% LIHTC projects (enables one to two 4% LIHTC projects per year)
 - Used to develop small housing projects on lots that the City of Raleigh owns

Zoning Incentives

- **Zoning reform allows for the creation of more housing types**
 - ✓ Density bonuses
 - ✓ Reduced setbacks – smaller scale infill
 - ✓ Parking reductions – not always needed
 - ✓ Reduced green space – in exchange for more units
 - ✓ Accessory Dwelling Units (ADUs)



Ordinance Specifics - Raleigh

- Form-based zoning: shifted from measuring density in "units per acre" to standards for lot size, yards, and building height
- A townhome or condo can be built in detached SF home districts
- Permits 3+ unit townhouses in R-6, as well as in R-2 and R-4 (when part of a development that includes significant open space.)
- Apartment buildings can be developed on smaller lots when only including three units.
- Tiny Houses – allowed on flag lots and increased allowable height.
- Reorganized the code to include ADU regulations and Cottage Court regulations in both the Residential and Mixed-Use chapters of the UDO

Overlay and Conditional Districts

- Overlay Districts "Apply regulations that achieve a specific purpose in a targeted area"¹
- Overlay districts can be used to provide zoning-based incentives by creating conditional zones that overlay onto existing zones
 - ✓ For instance, Chapel Hill recently approved a "residential community-priority" zoning district. If 25% of the units in a development are accessible to renters below 60% AMI for 30 years, or 25 percent of for sale units are affordable to 80% AMI for 99 years, the development meets the conditions for the residential community priority zoning district.
 - ✓ This conditional zoning district expands the number of non-residential uses that are eligible within the district, and changes regulations for density and parking²

1. Raleigh UDO, <https://user-2081353526.cld.bz/UnifiedDevelopmentOrdinance/139/>

2. For a detailed list of the changes made, the ordinance enacting the residential community priority zoning district can be found here: <https://mcclibraryfunctions.azurewebsites.us/api/ordinanceDownload/19952/1185126/pdf>

3. These districts are allowed under GS 160D, https://www.ncleg.gov/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_160d.html

ADUs – Raleigh

- Relaxed which districts allow ADUs; including residential, mixed-use, and townhome lots
- Set of universal ADU floor plans – easing process for the owner of the ADU
- Raleigh is working with students to raise education and awareness on ADUs
- Also looking into flexible financing mechanisms to make them more obtainable
- Creating property management forums and tools (lease templates for example)
- Three major issues with owning an ADU:
 - ✓ Financing
 - ✓ Cost
 - ✓ Property Management
- Looking into financing ADUs themselves

Cottage Courts

- Asheland, Oregon
 - ✓ Units: Minimum 3, maximum 12 (up to half the units may be attached) per acre
 - ✓ Challenges: Fire evacuation concerns, opposition to increased density, market acceptance is slow because still fairly new¹
- Raleigh
 - ✓ 9 d/u per acre (R-6)
 - ✓ 15 d/u per acre (R-10)

¹ National Association of Homebuilders (<https://www.nahb.org/>)

Landlord Incentives

- Wake County Program to increase affordable housing options
 - ✓ Up to \$2000 risk mitigation funds per home over and above deposit
 - ✓ \$750 signing bonus for every new rental home leased to a resident from the program
 - ✓ \$500 stability renewal bonus if a resident renews their lease or moves to another rental home owned by the same housing provider
 - ✓ Hundreds of Housing Provider Partners (landlords) currently participating



Feasibility

- Lack of water/sewer – what is even relevant to Chatham County?
- Do you feel the county has enough guidance? Is an assessment needed?
- Financial incentives?
- Zoning Incentives?
- Committee – what is the way to achieve said goals while getting support from developers?

What's Next?

- Invite consultant/planning department
- Compile questions/concerns
- Develop recommendations
- How do we ensure cohesion with municipalities?