Carrboro LUO Section 15-54.1 Affordable Housing Goal and Alternative Methods of Achieving the Goal (REWRITTEN 6/26/07)

(a) The Board of Aldermen has established as a policy goal that at least fifteen percent of the housing units within all new residential developments should consist of affordable housing units as described in Section 15-182.4. That section, as well as Section 15-188, establish incentives for developers to provide for such affordable housing. The purpose of this section is to establish alternative processes whereby developers who do not achieve the 15% objective can nevertheless contribute to the fulfillment of this goal in another way, and also to create a process to ensure that developers understand the importance of attempting to meet this goal.

(b) An applicant for approval of any residential development containing five or more dwelling units or lots that does not elect to meet the Board's 15% affordable housing policy goal by constructing affordable housing units or donating affordable housing lots (as those terms are described in Section 15-182.4) shall nevertheless be considered to have met this goal if such applicant makes a payment to the Town's Affordable Housing Special Reserve Fund in lieu of such construction or donation in an amount calculated as provided in this subsection:

(1) The number of dwelling units or lots authorized within the development (including additional units or lots authorized when the developer chooses to utilize the bonus density provisions of Section 15-182.4 shall be multiplied by 0.15 and the product shall be carried to two decimal places.

(2) The number of affordable housing units or affordable housing lots proposed to be provided by the developer (as described in Section 15-182.4) shall be subtracted from the product derived under subsection (b)(1).

(3) The product derived under subsection (b)(2) shall be multiplied by the affordable housing payment in lieu fee. The result is the amount that must be paid to satisfy the provisions of this subsection (b).

(4) The affordable housing payment in lieu fee shall be an amount established annually by the Board of Aldermen at the beginning of the fiscal year. This fee shall be established so that it roughly corresponds to the average subsidy required for an affordable housing agency to complete an affordable unit. In making this determination, the Board shall be guided by the following:

a. At the end of each fiscal year, each affordable housing agency that operates within the Chapel Hill-Carrboro School District will be asked to provide the town with a list of new affordable units within that district during that year and to specify for each such unit the dollar

amount of subsidy needed to make such unit affordable. The subsidies considered will be inclusive, i.e. donated lots, discounted land, public funds, private funds, donated infrastructure, donated or discounted labor and materials, or other forms of subsidy and shall represent the difference between the appraised market value and the sales price, less any additional subsidies provided at the time of sale.

b. The per unit average of the subsidies will be calculated.

c. The per unit average will be multiplied by the average percent increase in the cost of new homes constructed in the Chapel Hill Carrboro area for that fiscal year, and the result will be the payment in lieu fee for the coming year.

(c) An applicant for approval of any residential development containing five or more lots restricted to single-family residential use (which lots the developer intends to sell undeveloped) who does not elect to meet the Board's 15% affordable housing policy goal by donating affordable housing lots (as those terms are described in Section 15-182.4) or making a payment in lieu as provided in subsection (b) above shall nevertheless be considered to have met this goal if such applicant chooses to follow the process that reserves lots for purchase by the Town of Carrboro and made a payment for the eventual purchase of such lots as outlined in this subsection.

(1) The developer shall request that a condition that obligates the developer to comply with the provisions of this subsection be added to the special or conditional use permit that authorizes the subdivision in question, and such condition shall be added by the permit issuing authority.

(2) Before the final plat is approved, the developer shall designate on the plat a number of lots that are reserved for purchase by the Town of Carrboro. The number of lots so reserved shall be equal to the product of the number of lots within such subdivision multiplied by 0.15, rounded down to the nearest whole number.

(3) The purchase price for each reserved lot shall be the estimated market price as agreed upon by the Town and the developer, which price shall be specified in the condition added to the special or conditional use permit.

(4) The lots so designated shall be restricted by the permit to the development of affordable housing as defined in Section 15-182.4 of this chapter.

(5) The lots so designated shall be in all other ways equal to the market rate lots and shall be provided with utility connections and other

necessary infrastructure so as to render them buildable at the time of sale.

(6) With respect to all other lots within the subdivision, no certificate of occupancy shall be issued for any dwelling unit constructed on such lots unless and until a payment is made to the town in an amount determined as follows:

a. Prior to approval of the permit for such subdivision, the applicant for the permit shall estimate the total market value of all developed lots (i.e. lots with houses completed on them) within the subdivision that are not restricted to affordable housing units, and calculate from this number the percentage number that, when applied to the total market value of such developed lots, would yield the number of dollars necessary to purchase the lots within the subdivision that are restricted to affordable housing use. My note says to clarify that the designated lot purchase funds are coming from the sale of the other lots. But, at the moment, this seems fairly clear.

b. If the town accepts the percentage number derived above as a reasonable estimate, such percentage shall be included as part of the condition on the permit prohibiting the issuance of a certificate of occupancy until a payment is made to the town as provided in this subsection.

c. The amount of the payment shall be determined by applying the percentage determined in accordance with this subsection to the appraised value of the completed house and lot, as determined by a licensed appraiser.

(7) The funds so received shall be held and reserved for the purchase of the lots designated to be developed with affordable housing.

(8) The town shall have the right to purchase the designated lots at any time after final plat approval, and must purchase the lots not later than ninety days after sufficient funds to do so have been received by the town from the other lots.

(9) If sufficient funds have not been received by the town to purchase one or more of the affordable housing lots after the last certificate of occupancy is issued for the other lots within the subdivision, then the town shall either purchase such affordable housing lot or lots using such funds as may be available to the town within ninety days after the date of issuance of such certificate of occupancy, or the condition limiting the use of such designated lot or lots to affordable housing

shall be deemed to have expired and such designated lot or lots may thereafter be conveyed without this restriction.

(10) If the funds received exceed the amount necessary to purchase the lots that have been reserved then such funds shall be retained in the fund and used for other purposes authorized for that fund.

(d) The Board finds that some developers may not fully understand how the affordable housing provisions of this chapter operate or the incentives that are available under the ordinance to encourage affordable housing. Therefore, the Board concludes that, when developers of proposed developments containing five or more dwelling units propose to construct such developments without meeting the affordable housing goals established by the town for new developments, it may be beneficial to both the developers and the town for the Board and such developers to have an opportunity, prior to the formal consideration of a permit request, to discuss the town's affordable housing policy, the affordable housing opportunities and incentives provided by this chapter, and any questions or concerns such developers may have about utilizing those provisions. Subsections (e) and (f) below provide for that opportunity.

(e) The applicant for any residential development containing five or more lots or dwelling units, and therefore required to obtain either a special use permit from the Board of Adjustment or a conditional user permit from the Board of Aldermen, shall be required to participate in an Affordable Housing Review Meeting with the Board of Aldermen if the residential development does not meet the Board's affordable housing goal in any of the ways described in this section or Section 15-182.4.

(f) Should an applicant for any residential development containing five or more lots or dwelling units decide in the course of the development review process to change the application in such a way that it no longer satisfies the Board's affordable housing policy goal, further review of the project will be delayed until the applicant participates in an Affordable Housing Review Meeting with the Board of Aldermen.

Carrboro LUO Section 15-188 Restrictions Designed to Mandate the Construction of Some Smaller New Homes for Sale (AMENDED 06/22/99; 03/23/04)

(a) The Board finds that:

(1) Construction of new, single-family homes within the town's planning jurisdiction in recent years has been limited almost exclusively to homes that exceed 1,350 square feet in heated floor area and/or that sell for prices in excess of $ 175,000;

(2) It is in the public interest to have available within the town's planning jurisdiction a diversity of new housing stock such that at least some newly constructed single-family homes are potentially

affordable to families other than those in the highest income brackets;

(3) The objective of providing some diversity in terms of the affordability of new housing stock within the town's planning jurisdiction as described above can be advanced by mandating that a certain percentage of the homes within new subdivisions be limited to not more than 1,350 square feet in heated floor area.

(b) Subject to the remaining provisions of this section, every residential development containing between thirteen and twenty units for sale shall be developed in such a manner that at least fifteen percent of the dwelling units constructed within such subdivision contain not more than 1,350 square feet of heated floor area at the time such units are initially conveyed, and an additional ten percent of the dwelling units contain not more than 1,100 square feet of heated floor area at the time such units are initially conveyed. Every residential development containing twenty-one or more units for sale shall be developed in such a manner that at least fifteen percent of the dwelling units constructed within such development contain not more than 1,100 square feet of heated floor area at the time such units are initially conveyed, and an additional ten percent of the dwelling units contain not more than 1,350 square feet of heated floor area at the time such units are initially conveyed**.** For purposes of this subsection the term "heated floor area" means any fully enclosed (not merely screened in or partially enclosed) space that is within or attached to a dwelling unit, where either (i) the room temperature of such space is controlled or affected by a man-made heating or cooling device, or (ii) such space, although unheated, is clearly designed to be living space (as opposed to storage space or a garage) and can readily be converted into a heated living area. Such units shall be referred to in this section as "size-limited units." Notwithstanding the foregoing, the requirement for size-limited units shall not apply to residential developments located in the R-R or W-R zoning districts.

(c) The number of dwelling units that can be constructed within an architecturally integrated subdivision or un-subdivided development is determined at the time the conditional use permit is approved. With respect to residential subdivisions other than architecturally integrated subdivisions, each lot that is large enough for only a single dwelling unit or that is limited by restrictive covenants to development only with a single dwelling unit shall be deemed to house one single-family detached dwelling unit. Lots that are large enough to accommodate more than one dwelling unit and are not so limited by restrictive covenants shall be deemed to house the largest number of duplex or multi-family units that could be approved under this chapter. The minimum number of size-limited units shall then be determined by multiplying the maximum number of dwelling units permissible within the

subdivision as determined herein by the percentage specified in subsection (b) above (resulting fractions shall be dropped).

(d) The developer's plans submitted with the application for a conditional use permit shall indicate which lots in the case of residential subdivisions or which units in the case of un-subdivided residential developments the developer proposes to develop with size-limited units. The conditional use permit plans and any necessary final plats shall indicate clearly where a size-limited unit must be constructed, and, in the case of subdivisions subject to the provisions of subsection (e), purchasers of lots shall be bound by the limitation.

(e) No zoning or building permit may be issued for the construction of any dwelling unit on any lot that has been designated as a lot on which a size-limited unit must be constructed unless the dwelling conforms to the limitations of this section. Notwithstanding the foregoing, this section shall not prevent the purchaser of any size-limited unit, or any successor to such purchaser, from enlarging the dwelling unit at any time following one year after the issuance of the initial certificate of occupancy for the unit.

(f) This section shall not apply to any subdivision where each of the lots so created contains on the date the final plat is approved a dwelling unit for which a certificate of occupancy had been issued at least three years prior to the date of final plat approval. Nor shall this section apply to modifications of previously approved subdivisions.

(g) Size-limited units may not be located apart from the remainder of the development in any manner designed to isolate such units or discourage the residents of such units from full participation in the enjoyment of all facilities and common properties available to other residents of the development.

(h) This section shall not apply to the development of land that, on the effective date of this section, was subject to restrictive covenants that preclude the construction of dwellings as those prescribed in this section.

(i) This section shall not apply to the development of land for which a conditional or special use permit authorizing the development of such land was approved prior to the effective date of this section.

(j) A residential development that provides at least 85 percent of the maximum number of affordable housing units available under the provision of Section 15-182.4 (Residential Density Bonuses for Affordable Housing) shall not be subject to the requirements of this section.