



Chatham County Planning Board Agenda Notes

Date: June 5, 2012

Agenda Item: VII. 3.

Attachment: #3

☐ **Subdivision**

☐ **Conditional Use Permit**

☐ **Rezoning Request**

☒ **Other: Text Amendments**

Subject:	Request by the Chatham County Board of Commissioners to consider amendments to Section 12.3 Housing – Moderately Priced Dwellings of the Compact Communities Ordinance to provide a payment-in-lieu of providing lots for affordable housing option and use the funds to address the needs of low and moderate income residents.
Action Requested:	See Recommendations
Attachments:	Proposed amendment drafted by the County Attorney

Introduction & Background

At their meeting on May 21, the Board of Commissioners held a public hearing for an amendment to the Compact Communities Ordinance (CCO) to include a provision in Section 12.3, Housing, to include an alternate option for moderately priced dwellings. Six people spoke at the public hearing; written comments from two of the speakers are posted on the Planning Department website with this item.

Discussion & Analysis

The CCO was adopted in 2004 to provide an additional option for a mixed use community to be developed in the zoned areas of the county and, as Section 3 states, to “provide greater environmental, economic, and social benefits to Chatham County when compared with conventional development.” Under the CCO, a developer can obtain increased density for a project, if they meet stringent regulatory standards that include provisions for affordable housing. The current provision requires the developer to dedicate lots for the provision of affordable housing. This amendment would allow for a payment-in-lieu option, instead of lots, which the Board of Commissioners could use to fund programs to address the needs of low and moderate income residents in the county.

Only one project, Briar Chapel, has been approved under these standards since the adoption of the CCO in 2004. At the time of adoption of the conditional use permit in 2005, a condition was added modifying the moderately priced dwellings section of the ordinance. Briar Chapel intended to provide 5%, or 120, of the lots for development as affordable housing to comply with the ordinance; however, the county and developer agreed to a condition allowing for a \$1.1 million payment-in-lieu for 60 of those lots. The condition further provided that the contribution represented the approximate value of 2.5% of the approved lots in the development, or \$18,333.33 per lot.

A portion of the remaining 60 lots are provided with each new phase of the development at the time of final plat approval, with 19 lots currently platted. Of the 19 lots, three have been transferred to the county and one has an affordable home that was constructed by Empowerment, Inc. Earlier this year, the Board of Commissioners approved the Community and Economic Development Coordinator to issue a request for proposals to allow affordable housing builders to submit proposals for constructing homes on the affordable lots. The Affordable Housing Advisory Committee reviewed the submittals and made a recommendation for a pilot program at the January 17th Commissioners meeting, but the Board has not acted on the recommendation.

At the public hearing Marcia Perritt, representing the Affordable Housing Advisory Committee (AHAC), urged commissioners not to adopt the proposed amendment as currently written. She stated that the CCO lays the groundwork for workforce housing in the Northern part of the county where it is needed for teachers, nurses, firefighters, etc. She also noted that the housing market has been abnormally slow in recent years, which has delayed developers of affordable housing and market rate developers alike. She stated the following issues: 1) the proposed language does not accurately reflect the history of affordable housing in Briar Chapel; 2) the proposed amendment does not guarantee the payment in lieu will be allocated to housing issues in the county 3) the language of the proposed amendment leaves many questions unanswered – for example, how will the funding from the payment in lieu be prioritized? Who will decide? According to what process? Who will oversee the expenditure of any such funding? 4) the proposed amendment calls for valuing a lot through open-ended negotiations between the developer and the BOC. AHAC believes that the exclusive use of a professional appraiser, certified in NC, makes better economic sense from the public's perspective and gives the public assurance that the process is fair.

She recommended the following: 1) review the AHAC's recommendation (delivered to the BOC on Jan 2012, per their request) and 2) allow more time to produce a plan with public participation.

Nick Robinson, an attorney representing NNP-Briar Chapel LLC, addressed the board and confirmed his client's commitment to fulfill the current obligation under the existing conditional use permit, which includes provision of 60 lots for affordable housing and payment of \$1,100,000 over the life of the development for ameliorating the housing needs in the county. He also stated the developer would be willing to consider a payment-in-lieu option for the affordable housing lots, if it was adopted. Four people spoke in favor of the existing ordinance provisions, including the prospective owner of the one affordable dwelling that has been constructed in Briar Chapel.

Unlike many of the adopted land use regulations in the county, the CCO is unique as a stand-alone ordinance that provides detailed standards for the development of a mixed use community that a developer voluntarily agrees to follow. The benefit to the developer is an increase in density, with a portion of those additional lots required to be dedicated for affordable housing. The board needs to consider whether it is essential to maintain some minimum level of affordable housing within a compact community, or if a payment-in-lieu option addresses that concern. If the text amendment is not approved, the Board of Commissioners will need to work with staff to outline a strategy to ensure that an affordable housing program has the capacity to utilize the lots. Other issues to consider are whether a payment-in-lieu should be based on the fair market value of a lot or whether it should be negotiated between the developer and the county, and how the funds would be spent.

Recommendation: There is no staff recommendation, as this is a policy recommendation for the Planning Board.