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**A QUICK REPORT ATTACHMENT 3**

DATE: March 13, 2007  
TO: Roger L. Stancil, Town Manager  
FROM: J.B. Culpepper, Planning Director  
SUBJECT: March 12, 2007, The Residences at Chapel Hill North Council Committee Meeting

The following provides a brief summary of the March 12, 2007 Council Committee meeting:

- Members Present: Cam Hill (Co-Chair) and Mark Kleinschmidt (Co-Chair)
- Staff Present: Loryn Clark, J.B. Culpepper, Ralph Karpinos, Phil Mason, Gene Poveromo
- Others: Robert Dowling, Scott Radway, David Raven, Dick Wasicko

Call to Order  
The meeting was called to order at 3:05 p.m.

Affordable Housing Policy as it Relates to Rental Units  
The Council Committee began discussion of the affordable housing plan issues identified at the February 12 Council meeting regarding the proposed multi-family development: The Residences at Chapel Hill North. The applicant described the rental nature of the proposed project as it relates to the Affordable Housing goal of the Comprehensive Plan.

The group noted that because of the nature of the rental housing market, providing rental units to individuals that make 80% of the median family income does necessarily provide affordable housing. Because of the rental market, the target income level in need may be much lower. The group reached a consensus that the provision of rental units does not fit well into the existing Council policy on affordable housing which is geared toward ownership. It was suggested that because the issues associated with the provision of affordable rental units is very different from ownership issues, the Council may need a specific policy to address affordable rental units.

Because a Council policy regarding affordable rentals is not in place, the Committee asked the applicant to consider an alternate proposal that would either provide 1) a lower percentage of affordable units as rental to a lower income; or 2) consider an annual payment-in-lieu to the Town to be used toward affordable housing needs. The applicant indicated that they will consider it and bring something back to the group.

The Council Committee meeting was recessed to 4:00 p.m. on March 19, 2007, Human Resources Conference Room, second floor, at Town Hall.

The meeting adjourned at 4:35 p.m.

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A QUICK REPORT

DATE: March 20, 2007  
TO: Roger L. Stancil, Town Manager  
FROM: J.B. Culpepper, Planning Director  
SUBJECT: March 19, 2007 Council Committee Meeting: The Residences at Chapel Hill North

The following provides a brief summary of the March 19, 2007 Council Committee meeting:

Members Present: Sally Greene, Cam Hill, and Mark Kleinschmidt  
Staff Present: J.B. Culpepper, Ralph Karpinos, Gene Poveromo  
Others: Robert Dowling, Scott Radway, David Raven, Dick Wasicko

**Call to Order**

The meeting was called to order at 4:05 p.m.

**Affordable Housing Policy as it Relates to Rental Units**

The Council Committee continued discussion of the affordable housing plan issues identified at the February 12 Council meeting regarding the Special Use Permit application which proposes a multi-family development: The Residences at Chapel Hill North.

Because a Council policy regarding affordable rentals is not in place, the Committee asked the applicant to consider alternate proposals that would either provide 1) a lower percentage of affordable units as well as lower rental rate; or 2) consider an annual payment-in-lieu to the Town to be used toward affordable housing needs. The applicant provided information about both a lower percentage and a payment-in-lieu. The applicant also indicated consideration of for-sale units.

The lower percentage option dropped the percentage of affordable units by 50% (to 7 ½ %) at 65% of the median income. Because many of the older apartment complexes in town offer rent at a rate lower than this figure, this option was not considered further.

The payment-in-lieu option for this particular development proposal was determined by the Committee to be the most viable though as a one-time payment rather than annually. Through discussions with the applicant, because rental unit considerations are very different, the rental payment figure was suggested to be between \$20,000 and \$25,000 per unit. At \$22,000/unit, the payment amount to the Town fund for 15% of the units would be \$411,000.

Discussion continued regarding possible conversion of the project at a later date to condominiums. Because a payment-in-lieu of providing rental units is proposed, a formula will be necessary to determine the number of dwelling units that would need to be made permanently affordable, if the project is converted to condominium units, at a date in the future. The Committee intends to develop a detailed affordable housing stipulation to offer the full Council. Because time is needed to develop and discuss the specific language of an affordable housing stipulation, the Committee set a time to meet again on April 3<sup>rd</sup>.

The applicant and the Committee agreed that additional time was needed to develop specific language and, therefore, consideration of the Special Use Permit application should be continued to the April 11 Council meeting. It was suggested that the Hearings be reopened at the March 26 Council meeting and recessed to the April 11 Council meeting.

The Council Committee meeting was recessed to 4:00 p.m. on April 3, 2007, Human Resources Conference Room, second floor, at Town Hall. The meeting adjourned at 5:40 p.m.

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	Built	# Units	1BD	2BD	Occupancy
<b>CH NORTH</b>					
CH North	2008	18	\$ 980	\$ 1,250	
Income			\$ 39,200	\$ 50,000	
% of Median			55%	70%	
<b>Projects &lt; 10 Years Old</b>					
82 Magnolia	2000	240	\$ 750	\$ 1,000	98%
Income			\$ 30,000	\$ 40,000	
% of Median			42%	56%	
Meadowmont	2000	258	\$ 985	\$ 1,205	91%
Income			\$ 39,400	\$ 48,200	
% of Median			55%	68%	
Chapel Ridge	2003	180	\$ 775	\$ 1,200	90%
Income			\$ 31,000	\$ 48,000	
% of Median			43%	67%	
Notting Hill	2000	200	\$ 855	\$ 1,055	94%
Income			\$ 34,200	\$ 42,200	
% of Median			48%	59%	
Southern Village	1997	250	\$ 875	\$ 1,085	95%
Income			\$ 35,000	\$ 43,400	
% of Median			49%	61%	
<b>Projects over 17 years old</b>					
Bridges at CH	1990	144	\$ 730	\$ 880	99%
Timber Hollow	1987	198	\$ 550	\$ 750	93%
Willow Brook	1986	176	\$ 595	\$ 670	95%
Walden Greenfields	1986	228	\$ 670	\$ 840	72%
Shadowood	1986	336	\$ 690	\$ 830	95%
Chapel View	1986	224	\$ 700	\$ 940	99%
Timberlyne	1985	144	\$ 590	\$ 740	96%
Sunstone	1985	260	\$ 660	\$ 775	97%
Franklin Woods	1985	100	\$ 790	\$ 708	100%
Foxcroft	1973	248	\$ 609	\$ 680	93%
Pinegate	1972	289	\$ 456	\$ 551	93%
Laurel Ridge	1972	160	\$ 600	\$ 745	98%
Kingswood	1972	288	\$ 608	\$ 620	88%
Bolinwood	1972	120		\$ 615	93%
Booker Creek	1971	118		\$ 680	99%
Stratford Hills	1969	152	\$ 645	\$ 750	90%
Sharon Heights	1969	50	\$ 645	\$ 745	82%
Northhampton Plaza	1969	155	\$ 620		75%
Kings Arm	1967	64		\$ 575	80%
Northhampton Terrace	1966	74	\$ 525		98%
Colony	1962	198	\$ 550	\$ 775	70%
Townhouse	1961	111	\$ 400	\$ 625	100%
Glen Lennox	1949	440	\$ 660	\$ 890	94%
<b>TAX CREDIT</b>					
Dobbins I	1994	55	\$ -	\$ 560	100%
Income				\$ 22,400	
% of Median				31%	
Dobbin II (40%)	2008	16	\$ 450	\$ 530	
Income			\$ 18,000	\$ 21,200	
% of Median			25%	30%	
Dobbins II (60%)	2008	16	\$ 525	\$ 625	
Income			\$ 21,000	\$ 25,000	
% of Median			29%	35%	

CH North Calcs 3-16-2007(1).xls  
 Payment-in-lieu Methodology  
 Annual Subsidy Cost for 15% AH  
 Net Present Value Calculation over 30 years.

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<b>Market Rate</b>		1BD	2BD
CH North	18	\$ 980	\$ 1,250
Incomes		\$ 39,200	\$ 50,000
% of Median		55%	70%
<b>&lt;80%</b>			
CH North		1BD	2BD
CH North (<80%)		\$ 980	\$ 1,250
		\$ 819	\$ 978

	# of 1BDs	Discount	161	Discount	\$ 23,184
# of 2BDs	6	\$ 272	\$	\$ 19,584	\$ 42,768
Incomes		\$ 32,760	\$ 39,120		
% of Median		46%	55%		
<b>&lt;65%</b>					
CH North		1BD	2BD		
CH North (<65%)		\$ 980	\$ 1,250		
		\$ 630	\$ 765		

	# of 1BDs	Discount	350	Discount	\$ 25,200
# of 2BDs	3	\$ 485	\$	\$ 17,460	\$ 42,660
Incomes		\$ 25,200	\$ 30,600		
% of Median		35%	43%		

<b>Payments</b>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
\$	42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768	\$ 42,768

<b>NPV</b>	\$ 403,170	payment in lieu
	\$ 22,398	per affordable unit

<b>Value</b>	
Repl Cost Apt	\$ 120,000
Value (20%)	\$ 144,000
profit margin	
Profit	\$ 24,000 per unit
<b>Payment</b>	<b>\$ 432,000</b>

DATE: April 4, 2007

TO: Roger L. Stancil, Town Manager

FROM: Loryn Clark, Housing and Neighborhood Services Coordinator

SUBJECT: April 3, 2007 Council Committee Meeting: The Residences at Chapel Hill North

The following provides a brief summary of the April 3, 2007 Council Committee meeting:

Members Present: Sally Greene, Cam Hill, and Mark Kleinschmidt  
Staff Present: Ralph Karpinos, Gene Poveromo, Phil Mason, Loryn Clark  
Others: Robert Dowling, Scott Radway, David Raven, Dick Wasicko

**Call to Order**

The meeting was called to order at 4:05 p.m.

**Affordable Housing Policy as it Relates to Rental Units**

The Council Committee continued discussion of the affordable housing plan issues identified at the February 12 Council meeting regarding the Special Use Permit application which proposes a multi-family development: The Residences at Chapel Hill North.

Because a Council policy regarding affordable rentals is not in place, the Committee asked the applicant to consider proposals that would either provide 1) an initial payment-in-lieu of affordable rental housing and 2) if a future condominium conversion takes place, a formula for providing of a reduced number of condominium units or a payment-in-lieu of condominium units.

Discussion continued regarding the calculation of a payment-in-lieu of affordable housing, and possible conversion of the project at a later date to condominiums. A formula was developed to determine the amount of a payment-in-lieu would need to be made permanently affordable. The Committee recommends an initial payment-in-lieu to the Affordable Housing Fund for 15% of affordable units (18.45 units) totaling \$405,900. If units are converted into condominiums at a later date, the developer would have two options: 1) deed thirteen affordable units to an affordable housing provider; or 2) provide an additional payment-in-lieu that would be equal to the subsidy (\$75,000 in April 2007) multiplied by the number of required affordable units.

This meeting concluded the Committee's work.

Please let me know if you have any questions.

1/3/2007

Handed From  
Scott Radway

(30)

DRAFT AFFORDABLE HOUSING STIPULATION  
FOR  
THE RESIDENCES AT CHAPEL HILL NORTH

- 1) Payment-In-Lieu of Affordable Rental Units: That the applicant shall provide a payment-in-lieu to the Town of Chapel Hill Revolving Acquisition Fund equal to \$22,000 per affordable housing unit multiplied times the affordable housing unit requirement of the proposed development. The required number of affordable housing units is 15% of the total number of units to be developed according to building plans approved by the Inspections Department. The payment-in-lieu shall be of ~~15% affordable rental units (18.45 units), to the Town's Revolving Acquisition Fund, as a one-time payment prior to issuance of the first Certificate of Occupancy. The payment amount, for this particular rental project with 123 dwelling units, shall be \$22,000 per affordable unit or \$405,900.~~
- 2) Conversion from Rental Residential Community to Ownership Condominium Community
  - a. If the rental residential development is converted to an ownership condominium development the developer/owner of The Residences at Chapel Hill North may choose to provide either 1) for sale affordable housing units or 2) a payment-in-lieu according to the following two options:
    1. Provide inclusionary affordable housing units with the number of inclusionary units determined by a formula established by the Town Manager.
      - a) The inclusionary affordable housing units shall meet the Town's requirements for permanently affordable housing and other standards in effect at the time of conversion to an ownership condominium development.
      - b) The base number of for determining the number of provided affordable housing units is 15% of the total number of units to be developed according to building plans approved by the Inspections Department at the time of conversion.
      - c) The provided number of inclusionary affordable housing units will be determined by subtracting credited units from the base number. The credited number of units will be determined based on the subsidy (amount of money) determined by the Town Manager to be necessary for local non-profit housing organizations to make a dwelling unit affordable, minus a credit for the payment-in-lieu made for affordable rental units, if previously provided to the Town.
    2. Payment-In-Lieu of Affordable Condominium Units: ~~That in~~In the event of conversion of rental units to condominium units the applicant shall provide a payment-in-lieu, prior to the recordation of a condominium plat, for 15% of the total number of units to be developed according to building plans approved by the Inspections Department and will be of ~~15% affordable condominium units (18.45 units), to the Town's Revolving Acquisition Fund, in addition to the payment-in-lieu of affordable rental units, prior to recordation of the condominium plat, based on the following formula:~~

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The payment-in-lieu of 15% (18.45 units) affordable condominium units to the Town will be calculated according to the time at which the development converts to condominium ownership. At the time of conversion, the payment amount per unit shall be determined based on the subsidy (amount of money) (subsidy) determined by the Town Manager to be necessary for local non-profit housing organizations to make a dwelling unit affordable, minus the payment-in-lieu of affordable rental units, if previously provided to the Town. At the time of this approval (April 2007), that amount has been determined to be \$75,000 per dwelling unit.