



MEMO

Date: July 6, 2015

To: Town Board

From: Cindy Reid, Affordable Housing Director

Re: Planning Ordinance Update, Summary of Changes

REQUEST

Text amendment to Section 5 of the Davidson Planning Ordinance (Affordable Housing Requirements).

SUMMARY OF PETITION

This text amendment proposes to:

- 1) Permit a payment in lieu for all required affordable housing.

PLANNING BOARD RECOMMENDATION

This text amendment was brought to the Planning Board for approval on June 29. The Planning Board voted against approval because the amendment is not consistent with the Comprehensive Plan. Being cognizant that the Town Board previously approved a reduced payment in lieu, the Planning Board is concerned that all developers will choose the PIL option. The incentive for developers to make the PIL, rather than build, is very high because the PIL (\$26,550) is far less than the cost to build a house. The Planning Board stated that this is inconsistent with the Comprehensive Plan and the Town's goal to have affordable housing dispersed through town, in all new neighborhoods.

STAFF RECOMMENDATION

Staff recommends approving this text amendment. The text amendment is consistent with the *Davidson Comprehensive Plan* core value which is that an historic mix of people in all income levels is fundamental to our community, so town government will encourage opportunities and services that allow people of all means to live and work here. The payment in lieu funds can be used to increase the number of different affordable housing options, such as rental for low to moderate income households.

PLANNING STAFF REVIEW

Background

The current ordinance permits a payment in lieu of building affordable units that are set aside for households that earn less than fifty percent (50%) of the area median income. The proposed change will allow a payment in lieu to be made for all required units. The payments, in lieu of building required affordable housing, will be allocated to an affordable housing trust fund that will be used by the town to pursue other housing options for low to moderate income households. The adjusted payment in lieu is a decreased amount for new development projects which is consistent with the Town Board's approval of a fifty percent (50%) reduction in the payment in lieu amount for existing development projects. The reduced amount of \$26,550 per unit will be in the Town's fee schedule.

Proposed Changes

Section 5.2.C.2. Distribution Table: Remove the following language “Payment in Lieu Option available for the minimum required percentage at the discretion of the developer.”

Section 5.2.D. Payment in Lieu: Section 5.2.D. Payment in Lieu (PIL) is revised in its entirety to read as follows: “An applicant may make a payment in lieu of providing some or all of the affordable housing units. The Town shall set the payment in lieu per unit amount from time to time.”

The foregoing shall apply to all new developments and all existing or approved developments which have an unpaid payment in lieu option in the approved affordable housing plan for the development.

Public Plans and Policies

The text amendment is consistent with the *Davidson Comprehensive Plan* goal to encourage opportunities for people of all income levels to live and work in Davidson.