

**AN ORDINANCE ADOPTING AN AMENDMENT TO THE  
UNIFIED DEVELOPMENT ORDINANCE OF THE TOWN OF PITTSBORO  
ZTA-2022-03 – AMENDING AFFORDABLE HOUSING INCENTIVES**

WHEREAS, the Board of Commissioners of the Town of Pittsboro has considered the proposal in Zoning Case No. ZTA-2022-03 to adopt affordable housing incentives (the “Proposed Amendment”), the text of the Proposed Amendment being attached hereto as **Exhibit B** and incorporated by reference; and

WHEREAS, pursuant to by North Carolina Statutes 160D-604 and Article 10 of the Town of Pittsboro Unified Development Ordinance the Town of Pittsboro Planning Board has advised and commented to the Board of Commissioners regarding the Proposed Amendment by a “Land Use Plan Consistency Statement For Approval” that the Proposed Amendment is consistent with the Town’s comprehensive plan, including the Land Use Plan, and other officially adopted and applicable Town plans and policies, and recommending that the Proposed Amendment be adopted; and

WHEREAS, pursuant to North Carolina General Statutes 160D-601(a) and Article 10 of the Town of Pittsboro Unified Development Ordinance a public hearing on the Proposed Amendment was held on February 28, 2022, and the Board of Commissioners has duly considered the written and oral comments from the public hearing regarding the Proposed Amendment; and

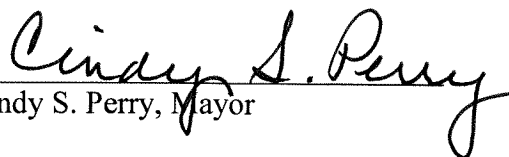
WHEREAS, pursuant to North Carolina General Statutes 160D-701, the Board of Commissioners has determined that the Proposed Amendment advances the public health, safety, and welfare;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF PITTSBORO as follows:


1. That pursuant to North Carolina General Statutes NCGS 160D-605, when adopting this amendment, the Board of Commissioners also hereby approves the statement attached hereto as **Exhibit A** and incorporated by reference.
2. That all ordinances and portions of ordinances in conflict herewith are hereby repealed.
3. That the Proposed Amendment is **Exhibit B**.

Adopted this 28<sup>th</sup> day of February 2022.

TOWN OF PITTSBORO

By:   
Cindy S. Perry, Mayor

ATTEST

  
Paul S. Messick, Interim Town Clerk

**EXHIBIT A**  
**CONSISTENCY STATEMENT FOR THE APPROVAL OF TEXT AMENDMENTS TO**  
**UNIFIED DEVELOPMENT ORDINANCE OF THE TOWN OF PITTSBORO**

The Town of Pittsboro Board of Commissioners finds that:

1. The proposed text amendment is consistent with the Town of Pittsboro Land Use Plan because it advances the vision and goals of the plan such as promoting practices that:
  - Enhance economic development,
  - Create a mix of housing types and balance the mix of housing types to provide housing opportunities for all members of the community regardless of age, income, or background, and
  - Preserves the character of the Town as the Town grows.
  
2. The text amendment is reasonable, is in the public interest, and will benefit the surrounding community by:
  - Creating more opportunities for economic growth for low-income families,
  - Creates a more diverse and equitable community, and
  - Protects the current and future public health, safety and welfare of the Town by promoting housing of high quality in neighborhoods throughout the community for households of a variety of income levels, ages and sizes in order to meet the Town's goals of preserving and promoting a culturally and economically diverse population in the Town, overcoming economic segregation, and producing a community in which lower and moderate-income households have opportunities for economic advancement.

## **EXHIBIT B**

### **Article 7: Development Incentives**

#### **Section 7.2 Affordable Housing**

##### **Section 7.2.1. Purpose**

The purpose of this chapter is to promote the public health, safety, and welfare by incentivizing high-quality and affordable housing in neighborhoods throughout the Pittsboro for households of all income levels, ages, and sizes to meet the Town of Pittsboro's goal of preserving and promoting a community with a culturally and economically diverse population. The diversity of the Pittsboro's housing stock has declined due to increasing property values and construction costs. The Town of Pittsboro recognizes the need to provide affordable housing to low- to moderate income earning households to maintain a diverse population and to provide housing for those who live or work in the town. This article is intended to attract rather than forcibly compel or otherwise mandate affordable housing. This article provides incentives available to developers to encourage developers to participate in the construction of affordable housing within Pittsboro.

##### **Section 7.2.2. Eligibility (Qualifying Projects)**

All Affordable Housing Development Projects must provide 30-years of affordability to qualify for the Development Incentives listed in Section 7.2. In addition to the requirement that an eligible Development Project shall provide 30-years of affordability with its affordable housing, the eligibility for the incentives listed and the determination of a qualifying project is as follows:

###### **A. Level 1 Development Incentives Eligibility**

1. Development Projects that participate in the Density Credit Payment option set forth in Section 7.2.3.

###### **B. Level 2 Development Incentive Eligibility**

1. Development Projects that propose and construct at least one (1) Affordable Housing Dwelling Unit consistent with one of the available AMI categories listed in Table 7.2.1.

###### **C. Level 3 Development Incentive Eligibility**

- A. Development Projects that propose and construct at least 10% of the total dwelling units in the Development Project with Units allotted for Qualifying Persons or Qualifying Households earning 60% AMI or less, or
- B. Development Projects that propose and construct at least 15% of the total dwelling units in the Development Project with Units allotted for Qualifying Persons or Qualifying Households earning more than 60% AMI and up to and including 80% AMI, or
- C. Development Projects that propose and construct at least 20% of the total dwelling units in the Development Project with Units allotted for Qualifying Persons or Qualifying Households earning more than 80% and up to and including 120% AMI are eligible for the following incentives, or
- D. Development Projects that propose and construct at least 15% of the total dwelling unit in the Development Project with Units allotted for Qualifying Persons or Qualifying Households that include a mixture of the three AMI

categories listed in A, B or C of this Section. A Development Project eligible pursuant to this subsection D, shall qualify for the incentives listed in Table 7.2.1 based upon the AMI average of the Units allotted.

### **Section 7.2.3. Density Credit Payment**

In situations where a Developer is not proposing to directly construct an Affordable Housing Dwelling Unit but still desires to participate in the Town's Affordable Housing efforts, the Developer may make a Density Credit Payment to the Town of Pittsboro in the form of cash or by land donation. Participation in this Density Credit Payment option to obtain incentives from the Town is regulated by the following:

1. One (1) Density Credit, obtained by either cash or land donation, is equal to one (1) Affordable Housing Dwelling Unit.
2. Developers who opt into the Density Credit payment option are eligible to receive an increase in density and expedited review equal to that of the standards outlined in Sections 7.2.4(A) and 7.2.4(B). A Density Credit Payment shall not entitle a Developer to Application and Development fee rebates nor dimensional standard variations.
3. The Density Credit payment dollar amount is to be determined annually and specified in the Town of Pittsboro budget ordinance fee schedule.
4. If approved by the Town of Pittsboro Board of Commissioners, the Developer may transfer any Density Credit not used in the subject Development Project to another Development Project of the Developer, or the Developer may transfer any part or all of the Density Credit not used by the Developer to another Developer of a Development Project. This approval by the Board of Commissioners need not require a public hearing.
5. The Density Credit proceeds will be distributed by the Town and may be applied to any targeted AMI group of Affordable Housing Dwelling Units, including households earning 60% AMI or less, households earning more than 60% AMI and up to and including 80% AMI, and households earning more than 80% AMI and up to an including 120% AMI.
6. Density Credits obtained by either cash or land donation added to a qualifying project via the provisions of Section 7.2 shall not count against the minimum threshold to determine project eligibility defined Section 7.2.2. For example, if a Development Project has 100 total units, with 10 affordable housing units, the density may be increased to allow 130 dwelling units using the 3:1 ratio as set forth in Table 7.2.1. The percentage used for eligibility determination shall be 10% of 10 of 100, and not 10 of 130.
7. In addition to Sections 7.2.3(A-F), the Density Credits associated with Developer land contributions are also subject to the following:
  - a. The Town of Pittsboro Board of Commissioners shall approve all land donations. This approval by the Board of Commissioners need not require a public hearing.
  - b. Density Credits will be determined using the most recent year's tax valuation of the land to be contributed and using the dollar figure referenced in Section 7.2.3(C) as the denominator to determine the number of credits. Credits will not be rounded to the nearest whole number so any excess value will be forfeited by the land contributor upon donation. For example, if one (1) Density Credit is equal to \$100,000 as set forth in the Town's budget ordinance, then a payment or land donation equal to \$100,000 entitles the developer to one (1) additional Affordable Housing Dwelling Unit. If the land being donated is valued at \$210,000, the developer is entitled to two (2) additional affordable

dwelling units. Similarly, a land donation equal to a value of \$290,000 will only entitle the developer to two (2) additional affordable dwelling units.

- c. To qualify for the additional density credits described in this section, the donation of land must meet all of the following criteria:
  - i. The donated land must be transferred by warranty deed no later than the date of the approval of the final subdivision plat for the first phase of the Development Project; and
  - ii. The donated land must be zoned in a manner sufficient to permit construction of affordable dwelling units; and
  - iii. The donated land shall be at least one acre in size and a shape configured to permit the development of at least as many affordable dwelling units as the number of Density Credits provided; and
  - iv. The donated land shall be at least 85% upland; and
  - v. Land donated for Density Credits shall not include slopes exceeding 15%; and
  - vi. The donated land shall be served by adequate public facilities and infrastructure so that it is connected to a public roadway and public water and sewer systems no later than the date of the approval of the final subdivision plat for the first phase of the Development Project; and
  - vii. The land will be transferred to the Town or to a housing developer approved by the Town. The Town reserves the right to require the applicant to identify a developer and to require that the land be transferred to that developer; and
  - viii. The donated land shall be annexed into the Town of Pittsboro by the developer no later than the date of the approval of the final subdivision plat for the first phase of the Development Project; and
  - ix. The Town may surplus donated land at its sole discretion with the proceeds of any surplus sell going towards affordable housing initiatives in the Town.

#### **Section 7.2.4. Level 1 Incentives**

##### **A. Expedited Review**

1. Expedited review allows the proposed project to be reviewed in advance of other projects already in the review queue that do not qualify as a qualifying or eligible Affordable Housing project as set forth in Section 7.2.2. The reviews apply to all development related reviews and approvals conducted by the Town of Pittsboro.
2. Submittal deadlines and application requirements shall not be altered.
3. Expedited review cannot contradict or alter non-Town legislated or non-Town reviewed aspects of application review. For example, review conducted by Chatham County, or the State of North Carolina cannot be expedited. Additionally, timing requirements and restraints dictated by State statute shall not be altered.
4. Conflict and Priority. In the event of multiple projects that propose Affordable Housing Dwelling Units are submitted for review, those projects with the highest percentage of Affordable Housing Dwelling Units targeting 60% AMI or less will be prioritized, followed by projects targeting and reviewed prior to projects targeting more than 60% AMI and up to and including 80% AMI, and then projects targeting more than 80% and up to and including 120% AMI. If

multiple projects within the same targeted category are submitted, the projects will be reviewed in the order in which they were received.

## **B. Density Bonus**

1. Density Bonuses permit the construction of either Market Rate or Affordable Housing Dwelling Units above the gross density for the project provided by the base zoning.
2. Density Bonuses shall be equivalent to the number of Density Credits purchased pursuant to Section 7.2.3 and/or the number of Affordable Housing Dwelling Units constructed.
3. A Developer may transfer any Density Bonus not used in the subject Development Project to another Development Project of the Developer, or the Developer may transfer any part or all of the Density Bonus not used by the Developer to another Developer of a Development Project only upon approval by the Town of Pittsboro Board of Commissioners. This approval of the Board of Commissioners need not require a public hearing.

### **Section 7.2.5. Level 2 Incentives**

Development Projects eligible for Level 2 Incentives are also eligible for Level 1 incentives defined in Section 7.2.4 plus Application & Development Fee Rebates incentives as follows:

#### **A. Application & Development Fee Rebates**

1. Development Projects constructing Affordable Housing Dwelling Units shall be eligible for Application & Development Fee rebates equal to the number of Affordable Housing Dwelling Units proposed in relation to the total number of Dwelling Units proposed in the Development Project.
2. The rebate shall provide a reimbursement of a percentage of the Application and Development Fees Paid to the Town for its review for the percentage of Affordable Housing Dwelling Units proposed in the Development Project. For example, if a project proposes 100 total dwelling units with 10 Affordable Housing Dwelling Units, then the developer is eligible for Application and Development Fee rebate on those 10 units, or 10% of the total Development Project fee expense.
3. Fees paid to other review or permitting agencies are not eligible for rebates, only those fees paid to the Town of Pittsboro.
4. Fees eligible for rebate may include any and all Application and Development Fees charged by the Town of Pittsboro, including water and sewer System Development Fees (SDF) and other connection fees.
5. This rebate program does not provide any rebate or reimbursement for water and/or sewer consumption and availability (base) rates.
6. If application fees are rebated for a Development Project that subsequently converts approved Affordable Housing Dwelling Units to Market Rate dwelling units, the current property owner at the time of the conversion must refund the Town of Pittsboro the amount of such fees that were initially rebated. The percentage of repayment shall be based upon the conversion category and whether the unit is converted to another AMI category listed in Table 7.2.1 or to market rate unit. The repayment shall also include previously rebated amount plus a ten percent (10%) administration charge and penalty. For example, if a qualifying Development Project receives a \$1,000 rebate for

application fees and converts the affordable units from the less than 60% AMI category to the more than 80% and up to and including 120% AMI category, the current property owner would be required to reimburse the Town \$500 plus a penalty of \$50 for a total of \$550 to convert the unit. If a qualifying Development Project receives a \$1,000 rebate for application fees and converts the affordable units from the less than 60% AMI category to a market rate unit, the current property owner would be required to reimburse the Town \$1,000 plus a penalty of \$100 for a total of \$1,100 to convert the unit.

**Section 7.2.6. Level 3 Incentives**

Development Projects eligible for Level 3 Incentives are also eligible for all Level 1 incentives defined in Section 7.2.4, all Level 2 incentives defined in Section 7.2.5 plus Variations in Development Standards incentives as follows and as set forth in Table 7.2.1:

**A. Property Tax Rebates (Reserved)**

**B. Variations in Development Standards**

1. Projects proposing equal to or greater than the qualifying percentage of the total dwelling units as Affordable Housing Dwelling Units, as established in Table 7.2.1, shall be eligible for variations in the development standards imposed on the Development Project.
2. Variations in Development Standards only apply to standards regulated and controlled by the Town of Pittsboro. The Town of Pittsboro has no authority to deviate or modify any County, State or other agency standard or requirement.
3. The variation types and percentages listed in Table 7.2.1 are administered and approved by the Town Manager, or designee, without further approval of the Town Board of Commissioners for a qualifying project.
4. As part of any Development Project that proposes the construction of Affordable Housing Dwelling Units, the Town Board of Commissioners may enter into an agreement that applicable development standards for the Development Project be varied or waived for that Development Project including, and limited to, minimum lot sizes, minimum lot widths, minimum building setback distances, maximum height limitations, required perimeter buffers, landscape requirements, open space requirements, tree protection requirements, and parking requirements. In considering variation or waiver of applicable development standards, the Board of Commissioners will look favorably upon the overall composition in terms of number or percentage of Affordable Housing Dwelling Units within the Development Project plus any utilization of green infrastructure, efforts that reduce the amount of impervious surface, or other innovative approaches in the Development Project. This approval of the Board of Commissioners need not require a public hearing.

Table 7.2.1 Available Incentives		AMI Category		
		60% or Less	60% - 80%	80% - 120%
Incentive Category	Expedited Review	1st Priority	2nd Priority	3rd Priority
	Application & Development Fee Rebates	100%	75%	50%

	Density Bonus Ratio Increase (Units Added: Affordable Units Constructed)	3:1	2:1	1:1
	Property Tax Rebates	N/A	N/A	N/A
	Minimum Lot Area Size - Reduction Maximum	65%	40%	25%
	Minimum Lot Width - Reduction Maximum	65%	40%	25%
	Minimum Building Setbacks - Reduction Maximum	65%	40%	25%
	Maximum Height - Increase Maximum	25%	25%	25%
	Minimum Perimeter Buffer Width - Reduction Maximum	50%	25%	10%
	Minimum Parking - Reduction Maximum	25%	15%	10%