

**City of Charlotte**  
**TRANSIT ORIENTED DEVELOPMENT DISTRICTS**

**General Administrative Requirements and Procedures**  
**Affordable Housing Bonus Program**

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**A. Purpose and Intent**

- (1) The purpose of this part is to establish general requirements and procedures for the submittal and review of an application for the Affordable Housing Development Bonus Program (AHDBP), which is a voluntary, incentive-based bonus program to enhance the development potential for projects that increase the supply of low to moderate income housing units and special needs housing consistent with the requirements of this part and the Transit Oriented Development (TOD) zoning districts.
- (2) The intent of the AHDBP is to:
  - a. Implement the goals and policies of the City’s Consolidated Plan and Housing Charlotte Plan;
  - b. Increase housing supply, diversity, and affordability while preserving and enhancing the unique character of the City’s neighborhoods; and,
  - c. Decrease the housing deficit for households that cannot afford market-priced rental or for-sale housing in Charlotte.

**B. Applicability**

- (1) The AHDBP is applicable to the following zoning districts:
  - a. **TOD-UC** (Transit Oriented Development - Urban Center)
  - b. **TOD-NC** (Transit Oriented Development - Neighborhood Center)
  - c. **TOD-CC** (Transit Oriented Development - Community Center)
  - d. **TOD-TR** (Transit Oriented Development - Transition)

- (2) Within each applicable zoning district, the AHDBP bonus standards are indicated, and the voluntary, affordable housing set-asides and income targets are established.

### C. Approvals

- (1) Prior to applying for a building or land development permit, an applicant must attend a pre-submittal meeting with Housing & Neighborhood Services (HNS) staff to discuss program guidelines and the proposed development project.
- (2) Prior to issuance of a building permit, the applicant must obtain an Affordable Housing Development Bonus Program Certification Letter from the Director of Housing & Neighborhood Services (the HNS Director) setting forth the specific terms and agreements applicable to participation in the AHDBP.
- (3) For the production of affordable housing units, the applicant must also present evidence in advance of seeking a building or land development permit that the development site has been deed-restricted in accordance with the Certification Letter and affordable housing requirements set forth in this part.
- (4) An affordable housing bonus under this section is approved administratively and does not require approval by the City Council. Any appeal of the HNS Director's decision should be made to the City Manager.

### D. Administration

- (1) The HNS Director shall administer the AHDBP and may adopt and implement program guidelines or rules and establish the requirements for an application under the program. Program guidelines may be amended annually by the HNS Director.
- (2) The HNS Director shall notify the Director of Planning, Design & Development when an Affordable Housing Development Bonus Program Certification Letter has been issued.

### E. Program Requirements for Production of Affordable Housing Units

- (1) **Affordable Dwelling Unit.** An affordable dwelling unit is one that is affordable for purchase or rent according to the following:
  - a. If the dwelling unit is offered for purchase, the maximum sales price of the dwelling unit must not exceed the maximum sales price limits for the City's House Charlotte Down Payment Assistance Program.
  - b. If the dwelling unit is offered as a rental, the maximum monthly rental rate as a percentage of Area Median Income (AMI) must not exceed the U.S. Department of Housing and Urban Development's Fair Market Rents and Area Median Income (AMI) adjusted for household size and a utility allowance.
  - c. Local Unit Size Average as referenced in Table 15.1 of the TOD Districts is defined as the total gross heated floor area of the residential units divided by the total number of units in the development project at the time of application for building permits.

(2) **Availability.**

- a. All affordable housing must be made available concurrently with the market rate units for single-phase developments.
  - b. For multi-phase developments, an applicant must submit a written project phasing plan in a form approved by the HNS Director. The phasing plan must be filed with, and approved by, the HNS Director before the first Certificate of Occupancy is issued and must contain a plan for the sequence of construction of all residential units, including the construction of the affordable units.
- (3) **Proportional Bedroom Count.** Affordable units must be delivered and maintained such that the mix of the number of bedrooms in the affordable units is the same as the mix of the number of bedrooms in the comparable market rate units, except that the provision of dedicated two or three-bedroom affordable units may count as two or three one-bedroom efficiency market-rate units at the discretion of the HNS Director.
- (4) **Floating Rental Units.** The locations of affordable rental units in the development may change over time provided the property owner maintains the total number and bedroom mix of required affordable units for the duration of the affordability period.

(5) **Dispersion and Access.**

- a. On-site affordable housing units should be reasonably dispersed throughout the development to avoid clustering of affordable units.
  - b. All affordable housing units must be accessible by the same entrance as the market-rate units.
  - c. Occupants of affordable housing units must have access to all on-site amenities available to occupants of market-rate units, including the same access to common areas and facilities afforded to occupants of market-rate units.
- (6) **Design Standards.** Affordable for sale units created through the AHDBP shall have similar exterior finishes and features as the market rate units, however, interior finishes, features, and appliances may be different as long as the affordable units are functionally equivalent to the market-rate units in the development and the interior components in the affordable units are durable, of good quality, and consistent with federal, state, and local standards for new housing.

**F. Required Affordability Period**

- (1) Unless a longer term is required by law, private agreement, or another provision of this manual, all affordable dwelling units must remain affordably-priced for the following affordability periods, commencing on the date the final Certificate of Occupancy is issued:
- a. For-sale dwelling units, a minimum period of 15 years;
  - b. Rental dwelling units, a minimum period of 20 years.

- (2) If an affordable dwelling unit within a development is converted from a rental unit to a for sale dwelling unit during the applicable affordability period, the dwelling unit is subject to the remaining affordability period and requirements applicable to a for sale dwelling unit.
- (3) If the development does not comply with the requirement to maintain the applicable percentage of dwelling units as affordably priced for the duration of the applicable affordability period, the developer shall reimburse the City for the total cost of the dwelling unit(s) lost pursuant to the current Fee-in-Lieu Schedule provided by the HNS Director.
- (4) The applicant is required to execute a deed restriction on the property that preserves affordability in compliance with the Affordable Housing Development Bonus Program.

## **G. Alternatives to On-Site Production of Affordable Housing**

- (1) **Purpose.** This section describes potential alternatives to on-site production of affordable units.
- (2) **Review Authority.** Any request to meet the AHDBP requirements through an alternative other than the production of affordable on-site units requires review by the HNS Director.
- (3) **Housing Fee-in-lieu.** An applicant may pay a fee-in-lieu for providing affordable units in compliance with the following:
  - a. The total fee-in-lieu for affordable units required for the development is determined by multiplying the bonus gross square footage by the corresponding fee-in-lieu per square foot as indicated by the HNS Director at the time the project's plans are submitted for building permit.
- (4) **Off-Site Production.** Off-site production of affordable units may be proposed if the off-site production of affordable units produces more affordable units or a greater community benefit, as determined by the HNS Director. Off-site affordable units:
  - a. Must be deed-restricted to achieve at least the same affordability period and income restrictions as would be required for projects that provide affordable units on-site;
  - b. Must include at least the same number of units and same bedroom count mix as would be required for projects that provide affordable units on-site, except that the provision of dedicated two- or three-bedroom affordable units may count as two or three one-bedroom/efficiency market-rate units at the discretion of the HNS Director;
  - c. Must be within one-half mile walking distance of an existing rapid transit station and of the property seeking the bonus or in a location approved by the director;
  - d. Must include the payment of a fee equal to the total fee-in-lieu amount due for the development accessing the AHDBP, which shall be held in escrow and released as Certificates of Occupancy are issued for the off-site units; and
  - e. Must receive a Certificate of Occupancy for the off-site units within 12 months of the date that the final Certificate of Occupancy is issued for the property seeking the bonus.

- (5) **Land Dedications.** Land dedication may be proposed as an alternative to the on-site production of affordable units. The applicant may donate land to the City that is within one-half mile walking distance of the property seeking the bonus or other location deemed appropriate by the HNS Director for the construction of affordable units. Such land must be of equal or higher value than the amount produced by applying the Housing Fee-in-Lieu. Any dedicated land must be within the Charlotte corporate limits and approved by the HNS Director.
- (6) **Off-Site Affordable Units Acquisition.** Acquisition of off-site affordable units may be proposed as an alternative to the on-site production of affordable units.
  - a. Must be deed-restricted to achieve at least the same affordability period and income restrictions as would be required for projects that provide affordable units on-site;
  - b. Must include at least the same number of units and same bedroom count mix as would be required for projects that provide affordable units on-site, except that the provision of dedicated two- or three-bedroom affordable units may count as two or three one-bedroom/efficiency market-rate units at the discretion of the HNS Director;
  - c. Must include at least the same number of units and same bedroom count mix as would be required in the bonus, except that the provision of dedicated two- or three-bedroom affordable units may count as two or three one-bedroom/efficiency market-rate units at the discretion of the Director;
  - d. Must be within one-half mile walking distance of an existing rapid transit station and of the property seeking the bonus or in a location approved by the HNS Director;
  - e. Must offer the off-site units for sale or rent, whichever is applicable, prior to the date the final Certificate of Occupancy is issued for the property seeking the bonus.

## H. Reporting, Compliance, and Enforcement

- (1) The HNS Director shall establish reporting, compliance, monitoring, enforcement, and technical assistance mechanisms and procedures to implement the Affordable Housing Policy and Program.