



Affordable Housing Incentive Zoning Policy Recommendation

June 10, 2025



Policy Background

- Adopted by Town Council on June 27, 2023
- Developed as a recommendation from 2021 Affordable Housing Plan
- The intent of its creation is to provide zoning incentives to spur the construction of long-term affordable units in Apex

Policy Overview

- The Affordable Housing Incentive Zoning Policy (AHIZP) was intended to encourage applicants to provide affordable housing units or lots, in exchange for zoning-based, non-financial, and financial incentives
- Since the adoption of the policy, 3 rezonings have been Town Council approved with AHIZP minimum applicability standards

Section 1. Overview

1.3 *Applicability*

| Minimum Applicability Standards | Current Policy | Proposed Policy Enhancement |
|---|----------------|------------------------------|
| Minimum Development Threshold Unit Size Threshold | 20 units/lots | 10 units/lots |
| Minimum Affordable Housing Rental/Ownership On-site Unit/Lot Percentage (%) | 5% | 10% |
| Maximum Affordable AMI Percentage (%) – Ownership | 135% | 120% |
| Maximum Affordable AMI Percentage (%) – Rental | 100% | 80% |
| Minimum Affordability Period - Ownership | 20 years | 20 years |
| Minimum Affordability Period – Rental | Negotiable | 30 years |
| Targeted Prices – Ownership | - | HUD Home Initial Sales Price |
| Targeted Prices – Rental | - | NCHFA Rent Limits |

Section 1. Overview

1.4.1 *Fee-in-Lieu*

Proposals that differ from the minimum Policy recommendations will be considered alternative proposals. The applicant should specify if the alternatives are less than, equivalent to, or greater than the minimum Policy recommendations in the Affordable Housing Proposal (AHP). An applicant is not precluded from requesting one or more zoning-based, non-financial, or financial incentives if proposing an alternative proposal (i.e. different on-site residential affordable housing unit or lot percentage, different Area Median Income (AMI) percentage, different affordability term, etc.), that differs from the Town's minimum Policy recommendation. **As an alternative to on-site units, a fee in lieu is recommended to be dedicated to the Affordable Housing Fund. The equivalent of 10% of the development units should be provided to the Town as gap financing for the development for future affordable rental units.** The Town Council may approve, conditionally approve, or deny any proposal including an alternative proposal. The Town may retain the services of a consultant or outside legal counsel to review the reasonableness of the submitted proposal.

| Fee in lieu Calculation Example | |
|---|-----------------------------------|
| High Density Single-Family Residential Zoning Designation | Up to eight (8) units and acre |
| Development Acreage | 10-acres |
| Projected Maximum Unit Count | 80 units |
| Maximum AHIZP Unit Designation | 80 x 10% = 8 affordable units |
| Median Development Sales Price | \$600,000 |
| HUD HOME New Construction Sales Price (HUD, 2024) | \$382,000 |
| Sales Price Difference | \$218,000 |
| Total Fee in lieu Dedication | \$218,000 x 8 units = \$1,744,000 |

Section 1. Overview

1.4.2 *Lots in Lieu*

~~Proposals that differ from the minimum Policy recommendations will be considered alternative proposals. The applicant should specify if the alternatives are less than, equivalent to, or greater than the minimum Policy recommendations in the Affordable Housing Proposal (AHP). An applicant is not precluded from requesting one or more zoning-based, non-financial, or financial incentives if proposing an alternative proposal (i.e. different on-site residential affordable housing unit or lot percentage, different Area Median Income (AMI) percentage, different affordability term, etc.), that differs from the Town's minimum Policy recommendation.~~ **As an alternative to developer built onsite affordable units, the equivalent to 10% of onsite lots is recommended to be dedicated to an affordable housing developer to develop as affordable housing.** The Town Council may approve, conditionally approve, or deny any proposal including an alternative proposal. The Town may retain the services of a consultant or outside legal counsel to review the reasonableness of the submitted proposal.

| Lots in lieu Calculation Example | |
|---|--|
| High Density Single-Family Residential Zoning Designation | Up to eight (8) units and acre |
| Development Acreage | 10-acres |
| Projected Maximum Lot Count | 80 lots |
| Minimum Applicable Lot Designation | 80 x 10% = 8 lots designated for affordability |
| Total Lots in lieu Dedication | 8 onsite lots |

Section 1. Overview

1.4.3 *Land in Lieu*

Proposals that differ from the minimum Policy recommendations will be considered alternative proposals. The applicant should specify if the alternatives are less than, equivalent to, or greater than the minimum Policy recommendations in the Affordable Housing Proposal (AHP). An applicant is not precluded from requesting one or more zoning-based, non-financial, or financial incentives if proposing an alternative proposal (i.e. different on-site residential affordable housing unit or lot percentage, different Area Median Income (AMI) percentage, different affordability term, etc.), that differs from the Town's minimum Policy recommendation. **As an alternative to developer built onsite affordable units/lots, the equivalent to 10% of onsite lots is recommended to be dedicated to the Town to develop affordable homes in the future.** The Town Council may approve, conditionally approve, or deny any proposal including an alternative proposal. The Town may retain the services of a consultant or outside legal counsel to review the reasonableness of the submitted proposal.

| Land in lieu Calculation Example | |
|---|---|
| High Density Single-Family Residential Zoning Designation | Up to eight (8) units and acre |
| Development Acreage | 10-acres |
| Projected Maximum Unit Count | 80 Units |
| Projected Acreage per Unit | .125 acres |
| Minimum Applicable Unit/Lot Designation | 80 x 10% = 8 units lots |
| Total Land in lieu Dedication | .125 acres x 8 units/lots = 1 acres of offsite developable land |

Section 4. Town Incentives

4.1 *Higher Density Zoning District*

An applicant may apply for a zoning district that allows more housing types and density than otherwise indicated on the 2045 Land Use Map to increase overall project density to support the provision of affordable housing, **if the development designates a minimum 10% of total unit amount as affordable.**

| Higher Density Zoning District Incentive Example | |
|---|-------------------------------------|
| Current Zoning Designation | |
| Rural Residential: | One (1) single-family home per acre |
| 2045 Land Use Map Designation | |
| Medium Density Residential: | Up to six (6) units per acre |
| Higher Density Zoning Request | |
| High Density Single-Family Residential: | Up to eight (8) units per acre |
| Development Acreage: | 10-acres |
| Projected Maximum Unit Count Based on Zoning Designation: | 80 units |
| Minimum Affordable Unit Designation: | 80 units x 10% = 8 affordable units |

Section 4. Town Incentives

4.1.2 *Density Bonus*

A density bonus encourages the production of affordable housing by allowing applicants to build more units or lots within the development than would otherwise be allowed by the proposed zoning district. If rezoning to the High-Density Multi-Family Residential-Conditional Zoning (HDMF-CZ), an applicant may propose a zoning condition that increases the allowed density above the 14 dwelling units per acre that the HDMF zoning district permits. An increase to ~~at least 16~~ **20** dwelling units per acre would be supported by this incentive. **Fifty percent (50%) of the units created through the density bonus must be designated towards affordability, in addition to the original ten percent (10%) that was designated as affordable.**

| High Density Multi-Family Residential-Conditional Zoning – Density Bonus Example | |
|--|------------------------------------|
| Development Acreage: | 10-acres |
| Projected Maximum Unit Count: | 140 units |
| Minimum Applicable Designation: | 140 units x 10% = 14 Units |
| Projected Maximum Unit Count with Density Bonus | 140 units + 60 Density Bonus Units |
| Unit Designation with the Density Bonus | |
| Market Rate Units without Density Bonus: | 126 units |
| AHIZP Affordable Units without Density Bonus: | 14 units |
| Density Bonus Market Rate Units: | 30 units |
| Density Bonus Affordable Units: | 30 units |
| Final Unit Designation | |
| Market Rate Units | 156 units (78% of total units) |
| Affordable Units | 44 units (22% of units) |

Section 4. Town Incentives

4.1.3 *Development Standards*

Adjustments to the development standards listed below may be requested in order to support the development of affordable housing. In all cases, the type and amount of incentives proposed will be reviewed in conjunction with the 2045 Land Use Plan (as amended from time to time by the Town Council), including the Land Use Map and Context Areas Map, and the character of the surrounding area. The incentives listed below in (a), (b) and (c) are applicable in any CZ district, without the need to rezone to a PUD-CZ district.

a. Increased maximum building height

Applicants rezoning to High-Density Multi-Family-Conditional Zoning (HDMF-CZ) may request to increase the building height to accommodate the density bonus increase from 14 units an acre to 20 units an acre to ensure the inclusion of affordable units.

b. Reduced minimum building setbacks

Applicants may request a reduction of minimum building setbacks to accommodate the inclusion of affordable units.

c. Reduced minimum lot widths

Applicants may request to reduce minimum lot widths to accommodate the inclusion of affordable units.

Section 4. Town Incentives

4.1.4 *Resource Conservation Area (RCA) Reduction*

An applicant may request a Resource Conservation Area reduction of 10% as an incentive when the minimum 10% of total units within the proposed development is designated as affordable. ~~The maximum reduction in Resource Conservation Area (RCA) that may be requested is 10%. The amount of reduction that may be supported by staff will depend upon the percentage of units or lots provided as affordable housing and the amount of RCA required for the property. This incentive is applicable in any CZ district, without the need to rezone to a PUD-CZ district.~~

Section 4. Town Incentives

4.1.5 *Parking Reductions*

An applicant may request a parking reduction for developments ~~A reduction in the required amount of parking may be requested for developments that are pedestrian-oriented mixed-use and/or within .25-mile of an existing or planned bus stop~~ **as an incentive when the minimum of 10% of total units within the proposed development is designated as affordable.** This incentive is applicable in any CZ district, without the need to rezone to a PUD-CZ district.

Section 4. Town Incentives

4.3.1 ~~Loan, Grants, and Reimbursements~~ Reductions

An applicant may request ~~The Town may choose to provide financial assistance in the form of a grant for reimbursement of certain development fees to help offset some of the total development costs for providing residential affordable housing units or lots within a development. Funds shall be structured in a manner that directly reduces the housing cost for the end user in the form of a lower purchase price or monthly rental cost. The Town may also choose to provide financial assistance in the form of a loan or grant within a development to assist with the creation of residential affordable housing units or lots.~~ This incentive is subject to Town funding availability, and will be evaluated on a case-by-case basis.

Town Financing

Applicants may request Town financing to help ensure affordable units within the proposed development. The designated affordable units must be targeted to incomes at or below 80% of the AMI and must include units that are targeted to 60% of the AMI or below.

Water and Sewer Fee Reduction

Applicants may request Town financing in the form of a 10% reduction of the Water and Sewer Fee to help ensure affordable units within the proposed development. The designated affordable units must be targeted to incomes at or below 80% of the AMI and must include units that are targeted to 60% of the AMI or below.

Parks and Recreation Fee Reduction

Applicants may request Town financing in the form of a 10% reduction of the Parks and Recreation Fee to help ensure affordable units within the proposed development. The designated affordable units must be targeted to incomes at or below 80% of the AMI and must include units that are targeted to 60% of the AMI or below.

Affordable Housing Incentive Zoning Policy Recommendation

- Approval to adopt the updates to the Affordable Housing Incentive Zoning Policy