



MEMORANDUM

June 21, 2023

To: Ms. Demetria John
Assistant Town Manager
Town of Apex, NC

From: Mr. Aaron K. Sorrell, AICP

Subject: Affordable Housing Incentive Zoning Policy

Attached for Town Council consideration is the Affordable Housing Incentive Zoning Policy Procedures Manual. The procedures manual outlines how housing developers apply for zoning-based incentives in exchange for voluntarily providing either affordable rental units, ownership units, or improved lots. This policy document is the culmination of over 18 months of discussions with the development community, staff research into best practices, and thoughtful deliberations and discussions among Housing Advisory Board (HAB) members. The Planning Board and the HAB have approved the policy and recommend adoption by the Town Council.

The Affordable Housing Incentive Zoning Policy aims to provide zoning incentives to spur the construction of long-term affordable housing in Apex. The voluntary incentives are negotiated between the developer and staff when seeking entitlements during the rezoning process. The policy outlines a menu of zoning incentives available to the developer, allowing the developer to tailor the incentives based on the specific needs of their project and the unique characteristics of the development site. This flexible approach is intended to maximize developers' utilization of these incentives and accelerate the construction of long-term affordable housing.

[Affordable Housing Requirements](#)

Developing an affordable housing incentive policy was a recommendation in the Affordable Housing Plan (AHP) adopted on February 1, 2021. This policy is designed to create housing targeted to the needs outlined in the AHP, therefore, the developers must meet minimum production thresholds, maximum household income limits, and maximum sales price or rent limits.

The policy sets forth the following development thresholds:

Minimum Development Unit Size Threshold	Minimum Affordable Housing Rental/Ownership On-Site Unit/Lot Percentage (%)	Maximum Affordable AMI Percentage (%)	Minimum Affordability Term
20+ Units/Lots	5%	Ownership - up to 135% AMI	Ownership – 20 Years
		Rental – up to 100% AMI	Rental – Negotiable based on income targeting

The zoning incentives are only available to projects developing 20 or more housing units. A minimum of 5% of the units or lots must be affordable at a negotiated household income target based on Area Median Income (AMI). The minimum period of affordability is 20 years for ownership developments. The minimum affordability period for rental projects will be negotiated with the developer based on the proposed income targeting.

As stated previously, the policy's goal is to incentivize the creation of affordable housing that meets the needs of Apex, which includes elements of our workforce, including first responders, teachers, and service workers. The maximum housing income percentages were established based on several considerations, including the needs outlined in the AHP and public employers' current salary ranges, including the Town of Apex and Wake County Schools. The maximum household income for rental units of 100% AMI and 135% AMI for ownership units will help develop housing that meets the needs of Apex workers who wish to reside in the community.

Development Process

Developers who wish to utilize the zoning incentives outlined in the policy will work closely with Apex staff during the entitlement process from concept to approval by the Planning Board and Town Council. The developer will initially meet with staff to review the development project and discuss the various zoning incentives available and the long-term compliance requirements. After this meeting(s), the developer will decide whether these incentives and the creation of affordable housing fit the project.

If the developer decides to move forward with creating affordable housing units, they will submit a formal application describing the project in detail, the zoning incentives they wish to utilize, and the proposed income target (maximum household AMI). Planning and Housing staff will work closely with the applicant to balance affordable housing creation and the appropriate zoning incentives for the project. A zoning incentive recommendation will be made to the Planning Board and Town Council (when applicable) as part of the rezoning or development approval process.

Once the project is approved, Apex staff and the developer will record the various instruments necessary to secure the negotiated long-term affordability limits. These instruments may include restrictive covenants, easements, or other mechanisms appropriate to the project based on factors such as financing restrictions or other governmental entities involved.

Periodic Review and Updates

The Affordable Housing Incentive Zoning Policy Procedures Manual is a living policy document. The incentives, income limits, and other policy thresholds will be reviewed periodically to ensure the goal of providing long-term affordable housing in Apex is realized. The stakeholders who drafted this policy, including Apex staff, HAB members, Planning Board, and our housing development partners, will be instrumental in periodically reviewing and updating the policy to maximize its effectiveness.