Town of Davidson’s 
Inclusionary Zoning Program

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History

• 1994 Moratorium
  – Allowed review of land use rules and policies

• 1995 Task Force- Affordable Housing Committee
  – Diverse coalition of local stakeholders
  – Collect local housing data (needs assessment and a housing market study)
  – Very public process

• 2001 New Planning Code adopted
  – First mandatory program in NC
Philosophy/Core Value

• Davidson’s 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

• Town Mission Statement
Significant Policy Points:

1. Percentage: 12.5%

2. Income Targeting/Distribution:
   - Very low income (less than 50% AMI): 30% – 100%
   - Low income (less than 80% AMI): 0% - 70%
   - Moderate income (less than 120% AMI): 0% - 20%
   - 120 % - 150% did not work
3. Alternatives to on-site construction
   – Fee-in-lieu
   – Land dedication
   – Off-site construction/purchase of foreclosed properties?
   – Credit transfers

4. Developer Incentives
   – Density bonus (high setbacks and parking can undermine)
   – Form based zoning (no density caps)
   – Design flexibility
5. Length of Affordability

— 10 – 99 years is national range
— Balance interests of homebuyer (short control) and interests of community (longer control)
— 99 year protects finite resource and has not prevented sales
What are the Challenges of Inclusionary Zoning?

- Short term administration
  - Complex rules and regulations
  - Explain, interpret and guide developers through process
  - Educate and qualify buyers (DHC-strong coordination)
  - Marketing
  - Must maintain good communication, be flexible and available
  - Be willing to tweak things (ex. Davidson Bay)
• Long Term Administration
  – Re-sales and Renting
    • Annual letter (send it certified) that explains the process required by the deed restrictions, the % increase in AMI that can be added to the resale price, and renting is illegal
    • Sign and return letter as evidence of residency?
    • Include a copy of a notice of availability
    • Town assists seller with sale of home

  – Monitoring
    • Illegal resale, re-rental, refinancing, unapproved modifications, failure of closing attorneys and realtors to abide by deed restrictions
    • In-person periodic check?
Key components

Affordable Housing Plan = Certainty

- Description of development
- Number of bedrooms
- Square footage
- Location
- Pricing and income class served
- Phasing (later addition to ordinance)
- Description of marketing plan
- Total amount of PIL and estimated date payment will be made
- Landscaping & trash storage (lessons learned)
Design and Building Requirements

- Functionally equivalent
- Minimum unit size:  
  | 1 bedroom | 625 sq ft | 900 sq ft |
  | 2 bedroom | 950 sq ft | 1000 sq ft |
  | 3 bedroom | 1200 sq ft | 1350 sq ft |
  | 4 bedroom | 1350 sq ft | 1450 sq ft |

- Guidelines and Standards: address appliances, floor coverings, room sizes, storage, closets, laundry access, etc.
- Visually compatible
- Design must be well integrated for community support
Deed Restrictions

• Original sales price and rental rates for affordable units are restricted by ordinance and agreed upon in plan.
• Recorded deed restrictions keep units affordable when they pass to new occupants. Potential buyers must be made aware of advantages and disadvantages of resale restrictions.
• Foreclosure and Right to Purchase
Interior Examples
Design examples

Bungalows
Residential over retail
Case Studies

Harbour Place Brownstones

• Mixed-use development with 44 residential townhomes near public transportation, grocery, clinic, etc.
• HOA dues based on square footage
• 4 townhomes and Developer made PIL for 2:

  2 homes for families with incomes less than $41,200. The sales price was $96,500. (80%)

  1 home for families with incomes less that $61,800. The sales price was $135,000. (120%)

  1 home for families with incomes less than $77,200. The sales price was $145,000. (150% & did not work at this price point)
Townhomes @ Harbour Place
Harbour Place:
Urban Multi-Family
Summers Walk: Rural Single Family

30 homes affordable for households below 80% AMI or less than $51,400 for a household of four. The price range is $113,000-$139,000 and HOA dues $75 a year.