

Bentonville Affordable Housing Committee Meeting Minutes September 23, 2022

Meeting Called to Order

Public Comment: None expressed at start of the meeting

August Minutes:

1. Minutes were approved.

Meeting overview:

1. Reviewed of our three target population bands

POPULATION ANALYSIS

Typical jobs are illustrated for each of the three target sectors and make up many positions in our community

| | | |
|--|----------------|---|
| Affordable Housing 30%-50% \$20,000 to \$39,999 - Households Percent Affordable | 2,634 14.5% | Production Occupations Firefighting & Prevention Community & Social Services Healthcare Support Occupations |
| Attainable Housing 50%-80% \$40,000 to \$59,999 - Households | 2,376 13.0% | Teachers Healthcare technologists & technicians Law enforcement & Supervisors Sales & Related Occupations |
| Core Housing 80%-120% \$60,000 to \$99,999 - Households Percent Attainable | 4,283 24% | Management Occupations Health diagnosing & treating Business & Financial Operations Architecture & Engineering Occupations |

Source: 2019 Census Data - EF Analysis

2. Reviewed Emerging Issues:

AFFORDABLE HOUSING ASSESSMENT

Emerging Issues...

Home ownership:

Single family home additions are not keeping pace with city growth

The reasonable priced homes that are built, are not being accessed by our target three sectors

Multi-family:

Limited units are being built, but are priced above our two lower target sectors

Pressure is mounting financially on our two lower target sectors causing out-migration of our workforce

3. Reviewed Alignment Point (Mission):

City of Bentonville:

Create an environment (via removing barriers & creating incentives) so that properly priced housing can be built and ensure our target populations live there

4. Reviewed key Barriers to Housing supply:

APRIL RECAP - SUMMARY BARRIERS

During the April meeting, the team discussed and aligned around a set of Summary Barriers

| <u>Key Alignment Point Reviewed & Discussed by team</u> |
|--|
| City of Bentonville: |
| Create an environment (via removing barriers & creating incentives) so that properly priced housing can be built <u>and</u> ensure our target populations live there |
| Initial Barriers: |
| Barrier #1: |
| Total Development and Cycle-times |
| Barrier #2 |
| Zoning Limiting Affordable Development |
| Barrier #3 |
| Regulatory infrastructure & Permit costs or fees |
| Barrier #4 |
| Land Costs prohibitive for Affordable Developers |
| Barrier #5: |
| Target sector unable to purchase appropriate priced housing |
| Barrier #6: |
| Participation in Government programs |

Sub-barriers included in earlier email

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5. Reviewed the Mapped Best Practices by Barrier :

MAY RECAP - SOLUTION DISCUSSION

The May meeting focused on learning from other cities

Exam ple: →

| Market Study | Consider for Bentonville |
|--|---|
| #2 Zoning Limiting Affordable Development | #2 Zoning Limiting Affordable Development |
| Affordability Unlocked - Austin The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included. | The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included. |
| In return for setting aside half of a development's total units as affordable, bonuses include height and density increases, parking and compatibility waivers, and reductions in minimum lot sizes. | In return for setting aside half of a development's total units as affordable, bonuses include height and density increases, parking and compatibility waivers, and reductions in minimum lot sizes. Also cottage zoning. |
| Requirements set by city on "Affordability" price points (eg rents), duration & escalation in rents, and income levels. | Requirements set by city on "Affordability" price points (eg rents), duration & escalation in rents, and income levels. |
| Tiered program where more requirements met, bigger incentives offered | Tiered program where more requirements met, bigger incentives offered |

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6. Reviewed Survey Results: (full spreadsheet by team member available).

| Green = unanimous | Staff | Committee | |
|-------------------|---------|-----------|--|
| Olive = Majority | Average | Average | Item |
| Yellow = split | | | |
| Y = Yes | Y S | S | Waiver of compatibility requirements (height restrictions and setbacks from property line) |
| S=Soon L=Later | Y L | S | Waiver of building bulk restrictions ("Floor-to-Area Ratio/FAR") - Land area per dwelling unit. |
| | Y L | S | Waiver of duplex design requirements (including common wall, roof, & front porch regulations) |
| | Y S | S | Waiver of dwelling unit occupancy limits (generally limiting homes to 4-6 unrelated individuals) |
| | Y S/L | S | Waiver of site area requirements (density limits that apply in higher density zones) |
| | Y S | S | Modified parking requirements (accessible parking still required) |
| | Y S/L | S | Front & rear yard setbacks decreased by 50 percent |
| | N L | S | Minimum lot size & lot width reduced - Supply ord vs incentive |
| | N L | S | Maximum height allowed by base zoning increased by 1.25 times |
| | N L | S | Up to 6 dwelling units per lot in single family zones |
| | N L | S | Maximum height allowed by base zoning increased by 1.5 times |
| | N L | S | Up to 8 dwelling units per lot in single family zones |
| | | | Item |
| | Y L | S | Development Fee Waiver |
| | Y L | S | Impact Fee Waiver |
| | Y S | S | Tax exempt program |
| | Y L | | Reduced sewer capacity charge |
| | | | Item |
| | | L | Create City Land Trust |
| | | S | Participate in NWA Housing Trust (loans) |
| | | | Item |
| | Y S | Y S | Participate in CBDG Program |
| | Y S | Y S | Support LIHTC programs |
| | | | Item |
| | L | Y S | Expedited process for Affordable Housing Projects |
| | | Y L | Process redesign |
| | | Y S | PUD & PRD Review |
| | | Y S | Cottage zoning |

7. Agreed on Priorities to of solutions:

| Green = unanimous | | | |
|-------------------|------|-----------|---|
| Olive = Majority | | | Item |
| Yellow = split | Rank | Action | |
| Y = Yes | 1 | Immediate | Waiver of compatibility requirements (height restrictions and setbacks from property line) |
| S=Soon L=Later | 1 | Immediate | Waiver of building bulk restrictions ("Floor-to-Area Ratio/FAR") - Land area per dwelling unit. |
| | 1 | Immediate | Waiver of site area requirements (density limits that apply in higher density zones) |
| | 1 | Immediate | Modified parking requirements (accessible parking still required) |
| | 1 | Immediate | Front & rear yard setbacks decreased by 50 percent |
| | 1 | Immediate | Minimum lot size & lot width reduced - Supply ord vs incentive |
| | | | Item |
| | 1 | Immediate | Impact Fee Waiver |
| | | | Item |
| | 1 | Immediate | Participate in NWA Housing Trust (loans) |
| | | | Item |
| | 1 | Immediate | Participate in CBDG Program |
| | 1 | Immediate | Support LIHTC programs |
| | | | Item |
| | 1 | Immediate | Expedited process for Affordable Housing Projects |
| | | | Process redesign |
| | 1 | Immediate | PUD & PRD Review |
| | 1 | Immediate | Cottage zoning |

8. Recapped incentives for Multi-family Tier 1 - 3, and Single Family Tier 1 – 3.



Mapping is close to final for both types

| Income Cap | Rent Price | | Multi-family | Single-family Owner Occupied | Home Price | Income Cap |
|------------|------------|---|---|---|------------|------------|
| \$40,000 | \$700 | Tier 3 EG: 160 units 160 @ 770 35 year | Outside Incentives (Large) CDBG Fund Access Public/Private Land Donation Waived Impact Fee Expedited Process (HOV) Increased density (20%)* | State Fund Fund Access Land Trust / Donation Waived Impact Fee Process priority Cluster zoning (16 /acre min) Increased density (20%)* By right | \$153K | \$40,000 |
| \$60,000 | \$1000 | Tier 2 EG: 160 units X @ 1000 15 year | CDBG Fund Access Waived Impact Fee Process priority Increased density (20%)* | Waived Impact Fee Process priority Cluster zoning (12-16 / acre) Increased density (20%)* By right | \$229K | \$60,000 |
| \$100,000 | \$1500 | Tier 1 EG: 160 units 160 @ 1500 5 year | Process priority Increased density (20%)* | Process priority Zoning (8-12 / acre) Increased density (20%)* By right | \$383K | \$100,000 |

*Increased density via Parking, setbacks, utility easement relief, ROW, etc...

Multi-family

9. Staff prepared the first half of requested information with respect to allowed vs actual densities and timelines for projects through the development process.



What information do we still need from staff to complete the committee recommendations?

Within the next two weeks (ie Sept 9):

- 3-year historical data on all developments actual timing from First Bid to breaking ground broken by multi-family and single family
- 3-year historical actual density built/achieved for multi-family and single-family broken by zoning area

Development of the following recommendations for next committee meeting (Sept 23):

- How to approach multi-family incentives: eg overlay to existing or density codification "R3-AH".
- How you would recommend we do our "cottage" approach. : eg Black Apple, vs single lots..
- How are we going to get the additional 20% that we can predictably communicate to the developer?

10. Densities for the presented set of projects indicates actual densities achieved are well below the "newly" allowed levels.



In most cases, actual densities are tracking well below the new allowed levels.

| Zoning | Zoning Description | # Projects | Density Units | | | | % Utilized | Min | Average | Max | Range |
|--------------|--------------------------------------|------------|---------------|-------------|-----------|------------|------------|-----------|-----------|----------|-------|
| | | | NEW Allowed | Old Allowed | Actual | Difference | | | | | |
| DC | | 1 | 48 | 28 | 20 | 59% | 28 | 28 | 28 | - | |
| D-E | | 3 | 18 | 34 | 16 | 186% | 24 | 34 | 48 | 24 | |
| DN-2 | | 1 | 22 | 13 | (9) | 58% | 13 | 13 | 13 | - | |
| PRD | Combo of all residential zonings | 3 | | #DIV/0! | 6 | #DIV/0! | 4 | 6 | 8 | 4 | |
| R-1 | Low density residential | 6 | 7 | 6 | 3 | (3) | 1 | 3 | 7 | 6 | |
| R-2 | Medium Density | 1 | 9 | 9 | 9 | (0) | 9 | 9 | 9 | - | |
| R-3 | Also single family townhomes & multi | 4 | 29 | 14 | 12 | (2) | 9 | 12 | 15 | 6 | |
| R-4 | Above plus more height usually multi | 3 | 52 | 24 | 20 | (4) | 20 | 20 | 21 | 0 | |
| RC-2* | | 1 | 18 | 23 | 23 | 5 | 23 | 23 | 23 | - | |
| R-O | | 1 | 6 | 8 | 2 | 128% | 8 | 8 | 8 | - | |
| Total | | 24 | | | 16 | | 14 | 16 | 18 | 4 | |

Questions:

1. Is DC really allowed 48 and R-4 only 24?
2. Why is zoning D-E actual higher than allowed?
3. Why does PRD zoning have no allowed density?
4. Others?

Observations:

1. What steps can be taken to get R3 & R4 up to allowed?
2. R1 currently 50% of allowed. How do we get to allowed?

Discussion:

Discussion revolved around how to create more units per acre. Examples were given where zoning may be high (eg 52/acre), yet actual developments weren't necessarily reaching those numbers. So, the point of increasing units per acre is really with respect to actuals that have been built. An example of 20/acre actual do to parking, setbacks, easements, ROW, going up by 20%, would take that specific development up to 24/acre, still far under the current zoning level. **Next steps will be for Staff to present a template for how this could be achieved.**

11. Historic timelines through Phase 2 – 5 through the development process was shown and discussed.



Historic timing through the process

| Zoning | # Projects | Phase 2 | | | | Phase 3 | | | | Phase 4 & 5 | | | | Phase 2-5 | | | | Phase 2 - 5 yrs Years |
|--------------|------------|---|------------|------------|-----------|--|------------|------------|------------|------------------------------|------------|------------|------------|---|------------|--------------|------------|--------------------------|
| | | Application to Planning Commission Approval | | | | Planning Commission Approval thru Pre-Construction | | | | Pre-Construction to Complete | | | | Total Days to Complete (LSD units complete; PP units can start) | | | | |
| | | Min | Average | Max | Range | Min | Average | Max | Range | Min | Average | Max | Range | Min | Average | Max | Range | |
| DC | 1 | 267 | 267 | 267 | - | 142 | 142 | 142 | - | 763 | 763 | 763 | - | 1,172 | 1,172 | 1,172 | - | 3.3 |
| D-E | 3 | 50 | 83 | 113 | 63 | 42 | 64 | 100 | 58 | 518 | 957 | 1,799 | 1,281 | 668 | 1,104 | 1,954 | 1,286 | 3.1 |
| DN-2 | 1 | 35 | 35 | 35 | - | 65 | 65 | 65 | - | 551 | 551 | 551 | - | 651 | 651 | 651 | - | 1.8 |
| PRD | 3 | 36 | 62 | 113 | 77 | 65 | 173 | 382 | 217 | 265 | 417 | 495 | 230 | 366 | 651 | 890 | 524 | 1.8 |
| R-1 | 6 | 35 | 112 | 442 | 407 | 59 | 259 | 577 | 518 | 166 | 446 | 799 | 633 | 295 | 817 | 1,738 | 1,443 | 2.3 |
| R-2 | 1 | 247 | 247 | 247 | - | 155 | 155 | - | - | 588 | 588 | 588 | - | 990 | 990 | 990 | - | 2.8 |
| R-3 | 4 | 36 | 43 | 64 | 28 | 58 | 195 | 407 | 349 | 355 | 472 | 651 | 296 | 526 | 709 | 893 | 367 | 2.0 |
| R-4 | 3 | 36 | 41 | 80 | 14 | 161 | 536 | 1,248 | 1,087 | 285 | 885 | 1,396 | 1,111 | 534 | 1,461 | 2,257 | 1,723 | 4.2 |
| RC-2* | 1 | 421 | 421 | 421 | - | 142 | 142 | 142 | - | 320 | 320 | 320 | - | 883 | 883 | 883 | - | 2.5 |
| R-O | 1 | 36 | 36 | 36 | - | 107 | 107 | 107 | - | 371 | 371 | 371 | - | 514 | 514 | 514 | - | 1.5 |
| Total | 24 | 120 | 135 | 179 | 59 | 100 | 184 | 323 | 223 | 418 | 577 | 773 | 355 | 660 | 895 | 1,194 | 534 | 2.5 |

Discussion:

A rich discussion took place with full participation by multiple department heads, city council members, developers, and the Housing Committee members. Challenges covered included many individual parts of each phase of the process, including the role of developer's engineers in the process, what was out to be achieved by creating Phase 1, etc. It was noted that a full overhaul of the process could be warranted but was beyond the scope of this committee.

However, emerging alignment centered around creating an expedited process for projects that were a priority for the city in addressing the Affordable Housing need, which should be included as a key deliverable of the Committee. **Next steps will be for Staff to present a method on how this could be achieved.**

Agenda for next meeting (Oct 28)

1. How to approach multi-family incentives: eg overlay to existing or density codification "R3-AH". - **Staff**
2. How you would recommend we do our "cottage" approach. : eg Black Apple, vs single lots.. - **Staff**
3. How are we going to get the additional 20% that we can predictably communicate to the developer? – **Staff**
4. How to implement an expedited process for Affordable Housing projects that are a priority for the city (HOV Lane) - **Staff**
5. Ensuring Compliance - **Team**
6. Measures of success (time permitting) - **Team**

Next meeting - Friday, October 28 at 11:00 am – 12:30 pm Zoom option available.