



TOWN OF CHAPEL HILL

Town Council Meeting Minutes - Draft

Town Hall
405 Martin Luther King Jr.
Boulevard
Chapel Hill, NC 27514

Mayor Pam Hemminger
Mayor pro tem Karen Stegman
Council Member Jessica Anderson
Council Member Camille Berry
Council Member Tai Huynh

Council Member Paris Miller-Foushee
Council Member Michael Parker
Council Member Amy Ryan
Council Member Adam Searing

Wednesday, April 26, 2023 7:00 PM RM 110 | Council Chamber

Language Access Statement

For interpretation or translation services, call 919-969-5105.

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Para servicios de interpretación o traducción, llame al 919-969-5105.

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In-Person Meeting Notification

View the Meeting

- View and participate in the Council Chamber.
- Live stream the meeting - <https://chapelhill.legistar.com/Calendar.aspx>
- View on cable television channel at Chapel Hill Gov-TV (townofchapelhill.org/GovTV)
- The Town of Chapel Hill wants to know more about who participates in its programs and processes, including Town Council meetings.
- Participate in a voluntary demographic survey before viewing online or in person - <https://www.townofchapelhill.org/demosurvey>

Parking

- Parking is available at Town Hall lots and the lot at Stephens Street and Martin Luther King Jr. Boulevard.
- See <http://www.parkonthehill.com> for other public lots on Rosemary Street
- Town Hall is served by NS route and T route, and GoTriangle Routes of Chapel Hill Transit.

Entry and COVID-19 Protocols

- Entrance on the ground floor.
- Visitors and employees will self-screen. Do not enter if you have these symptoms: Fever, chills, cough, sore throat, shortness of breath, loss of taste or smell, headache, muscle pain

Speakers

- Sign up with the Town Clerk to speak.
- Individuals may speak for 3 minutes maximum, unless more than 14 people sign up for an item. Council may reduce time to 2 min./person.
- Please do not bring signs.

ROLL CALL

Present: 9 - Mayor Pam Hemminger, Mayor pro tem Karen Stegman, Council Member Jessica Anderson, Council Member Camille Berry, Council Member Paris Miller-Foushee, Council Member Tai Huynh, Council Member Michael Parker, Council Member Amy Ryan, and Council Member Adam Searing

OTHER ATTENDEES

Interim Town Manager Chris Blue, Deputy Town Manager Mary Jane Nirdlinger, Deputy Town Manager Loryn Clark, Town Attorney Ann Anderson, Planning Director Britany Waddell, Assistant Planning Director Judy Johnson, Senior Planner Tas Lagoo, Affordable Housing and Community Connections Director Sarah Viñas, Affordable Housing and Community Connections Assistant Director Nate Broman-Fulks, Affordable Housing Development Officer Emily Holt, Senior Project Manager Sarah Poulton, Police Officer P. Bell, Fire Marshal Chris Covington, Communications Manager Ran Northam, and Deputy Town Clerk Amy Harvey.

OPENING

Mayor Hemminger called the meeting to order at 7:00 p.m. and reviewed the agenda. All Council Members were present.

0.01. Mayor Hemminger Regarding 2023 Community Arts and Culture events. [\[23-0373\]](#)

Mayor Hemminger showed a copy of Celebrate Chapel Hill, a new, one-page brochure that listed major Town events.

0.02. Proclamation: Historic Preservation Month. [\[23-0374\]](#)

Council Member Parker read a proclamation about the National Trust for Historic Preservation's designation of May 2023 as National Preservation Month. He pointed out that several historically significant places in Chapel Hill had received federal designations and that the Town had designated several historic districts and recognized the distinctive character of others. The proclamation stated the Town's commitment to telling its complete

history and preserving its civil rights legacy. It proclaimed the month of May 2023 as Historic Preservation Month and urged everyone to celebrate the places that had shaped Chapel Hill's social, cultural and ethnic communities.

0.03.Proclamation: Bike Month in Chapel Hill.

[\[23-0375\]](#)

Council Member Searing read a proclamation that noted the personal and environmental benefits of biking and pointed out that Chapel Hill had been designated a national bike-friendly community. The proclamation noted that the Town had improved its bike lanes and greenways, equipped its buses with easy-to-load bike racks, and expanded its biking resources. Chapel Hill, Carrboro, the University of North Carolina, and other community partners would be providing a wide range of bicycling activities and events during the month of April, he said.

0.04. National Wildlife Federation's Monarch Pledge.

[\[23-0376\]](#)

Mayor Hemminger pointed out that she, as Mayor, would be signing the National Wildlife Federation's Monarch Pledge for the third year in a row. She explained that the number of Monarch butterflies had been dwindling to the point where they had been added to the extinction list in July 2022. Residents could help by planting milkweed and other nectar sources to support their migration, she said.

ANNOUNCEMENTS BY COUNCIL MEMBERS

0.05.Mayor Hemminger Regarding Congratulations to Chapel Hill High School's Kimberly Jones on being named North Carolina Teacher of the Year.

[\[23-0377\]](#)

Mayor Hemminger congratulated Kimberly Jones for receiving the highly competitive Teacher of the Year award. She said that the Town was grateful for Ms. Jones's service.

0.06. Mayor Hemminger Regarding UNC hosts a soccer match between the Chelsea and Wrexham Football Clubs in July.

[\[23-0378\]](#)

Mayor Hemminger announced that UNC-Chapel Hill would be hosting a soccer match between Chelsea and Wrexham on July 19, 2023, and that the Town was looking forward to that fun and historic event. She pointed out that a portion of ticket sales would benefit UNC Children's Hospital.

0.07. Council Member Miller-Foushee Regarding Orange County Remembrance Coalition Soil Collection Ceremony to Honor 1869 Victims.

[\[23-0379\]](#)

Council Member Miller-Foushee invited everyone to attend an Orange County Community Remembrance Coalition program to honor the lives of

five victims of racial terror lynchings that had occurred in Orange County in 1869. The ceremony would be held at the County Courthouse on April 29th, from 1:00-4:00 p.m., she said.

0.08. Council Member Berry Regarding Northside Festival on April 29, 2023.

[\[23-0380\]](#)

Council Member Berry said that she and other Council Members would meet in front of the Marion Cheeks Jackson Center on April 29th and attend the Northside Festival, which would run from noon to 4:00 p.m.

0.09. Mayor Hemminger Regarding May 5 Council Committee on Economic Sustainability Meeting.

[\[23-0381\]](#)

Mayor Hemminger pointed out that the Council Committee on Economic Sustainability would meet in person at The Story venue on April 28th. There would be no Council Meeting on May 4th, she said.

PUBLIC COMMENT FOR ITEMS NOT ON PRINTED AGENDA AND PETITIONS FROM THE PUBLIC AND COUNCIL MEMBERS

Petitions and other similar requests submitted by the public, whether written or oral, are heard at the beginning of each regular meeting. Except in the case of urgency and unanimous vote of the Council members present, petitions will not be acted upon at the time presented. After receiving a petition, the Council shall, by simple motion, dispose of it as follows: consideration at a future regular Council meeting; referral to another board or committee for study and report; referral to the Town Manager for investigation and report; receive for information. See the Status of Petitions to Council webpage to track the petition. Receiving or referring of a petition does not constitute approval, agreement, or consent.

0.10. Eric Bredeson Appreciation for the Community Home Trust.

[\[23-0382\]](#)

Eric Bredeson, a Meadowmont resident, shared his experience of being unable to afford a home in Chapel Hill until he finally qualified for one in 2006 through the Town's Affordable Housing Program.

This matter was read into the record.

0.11. PJ Miller Appreciation for the Community Home Trust.

[\[23-0383\]](#)

PJ Miller, a West Franklin Street resident, explained how she finally felt part of the community after being able to purchase a home through the Community Home Trust in December 2022.

This matter was read into the record.

0.12. Tina and Mike Nicholson Appreciation for the Community

[\[23-0384\]](#)

Home Trust.

Tina Nicholson, a Vineyard Square resident, said that she and her husband had lived in an apartment for 13 years before being able to obtain their current home in 2019 with the help of Community Home Trust. She thanked the Mayor and Council as well for their efforts to create affordable housing in Chapel Hill.

This matter was read into the record.

CONSENT

Items of a routine nature will be placed on the Consent Agenda to be voted on in a block. Any item may be removed from the Consent Agenda by request of the Mayor or any Council Member.

Approval of the Consent Agenda

A motion was made by Council Member Anderson, seconded by Council Member Miller-Foushee, that R-1 be adopted, which approved the Consent Agenda. The motion carried by a unanimous vote.

1. Approve all Consent Agenda Items. [\[23-0350\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
2. Approve and Authorize the Donation of Shredded Office Paper and Surplus Plastic Bins to Local Nonprofit Organizations. [\[23-0351\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
3. Authorize the Town Manager to Enter into a Municipal Agreement with the North Carolina Department of Transportation (NCDOT) and Accept Federal Funds for Design and Construction of the Estes Drive Extension Bicycle and Pedestrian Improvements. [\[23-0352\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
4. Call a Public Hearing to Consider Closing a Portion of Public Right-of-Way of Hamilton Road within the Glen Lennox Development on May 24, 2023. [\[23-0353\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
5. Adopt Minutes from January 11, 18, and 25, 2023 and February 3, 4, and 8, 2023 Meetings. [\[23-0354\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.

INFORMATION

6. Receive Upcoming Public Hearing Items and Petition Status List. [\[23-0355\]](#)
This matter was received and filed.
7. University of North Carolina at Chapel Hill Semi-Annual Campus Development Report. [\[23-0356\]](#)
This matter was received and filed.
8. University of North Carolina at Chapel Hill 2022 Annual Development Plan Report on Transportation. [\[23-0357\]](#)
This matter was received and filed.

DISCUSSION

9. Consider Approving the Recommended Funding Plan for Tanyard Branch Trace (Jay Street) Development. [\[23-0358\]](#)

Assistant Director for Affordable Housing (AH) and Community Connections Nate Broman-Fulks presented a recommended funding plan for the Tanyard Branch Trace (formerly "Jay Street") development on Town-owned land. He reviewed how the Council had approved a \$9 million plan in November 2022 to support six projects, including a future Low Income Housing Tax Credit (LIHTC) or Town-prioritized project.

Mr. Broman-Fulks said that Tanyard Branch Trace had received the highest possible score from the NC Housing Finance Agency and was expected to be a 9 percent LIHTC project. Nearly 90 percent of its budget would be leveraged from outside sources, and it had also been recommended for \$1.5 million in federal funding, he said.

Mr. Broman-Fulks said that the Town's development partners, Taft Mills Group and Community Home Trust, had applied for \$1,950,000 from the Town to support the development of 48 affordable units for people with area median incomes (AMIs) of 60 percent, and below. The project had scored 86 percent on the Town's AH rubric, which was the second highest score (just behind Trinity Court) of 10 applications, he said.

Mr. Broman-Fulks said that the application deadline was May 12, 2023, and that a letter of funding commitment from the Town would be needed prior to that. He recommended that the Council approve Resolution 6, which would provide a gap loan of up to \$1,950,000 to Taft Mills Group to support Tanyard Branch Trace. The plan would be contingent upon the project receiving 9 percent LIHTC award in 2023, he pointed out.

Council Member Ryan confirmed that the \$1,950,000 would come from American Rescue Plan Act (ARPA) funds and recommended that staff

discuss the implications of any possible federal recall. She and Mr. Broman-Fulks discussed how LIHTC projects could be structured, and she requested a report at some point on current LIHTC loans and terms.

Council Member Parker confirmed that staff had not yet allocated funds and would make sure that all funding sources would work before doing so.

Brieann Mendez, a Chapel Hill resident, testified about physical injuries that had led to a reduction in her income and her ability to afford housing. She expressed gratitude for the Town's AH program and emphasized that there was a high need for it in Chapel Hill.

Kimberly Sanchez, executive director of Community Home Trust (CHT), noted that CHT would be co-developing and managing Tanyard Branch Trace. She stressed the need for the requested funding and thanked the Council for allowing her to speak for those who could not because they were not yet able to be Town residents.

Pam Cooper, a Chapel Hill resident, said that she and some of her neighbors were in favor of AH but thought that the site's location and topography made it unsuitable for development. The site lacked adequate bus service and the Town needed to conserve its remaining greenspace, she said.

Tara Kachgal, a Chapel Hill resident, said that there was poor bus service and a lack of connectivity in the Jay Street area. Moreover, that Jay Street property had been purchased with open space bond funds that voters had approved in 2003 in order to preserve that land, she said.

Council Member Searing pointed out that he had supported and voted for several of the Town's AH projects. However, Tanyard Branch Trace had a fatal flaw in that it would be built on land purchased with 2003 preservation bonds that taxpayers had approved, he said. He said that Chapel Hill was breaking its promise to taxpayers by developing the land. Other towns in similar situations had found and preserved equivalent open space near affected neighborhoods, he said.

Mayor Hemminger pointed out that the Council had already approved the project and that the current discussion was about the recommended funding plan.

A motion was made by Mayor pro tem Stegman, seconded by Council Member Anderson, that the Council adopted R-6. The motion carried by the following vote:

Aye: 8 - Mayor Hemminger, Mayor pro tem Stegman, Council Member Anderson, Council Member Berry, Council Member Miller-Foushee, Council Member Huynh, Council Member Parker, and Council Member Ryan

Nay: 1 - Council Member Searing

10. Consider Adopting the Council Strategic Focus Areas & Goals 2023-2025. [\[23-0359\]](#)

Interim Town Manager Chris Blue reviewed the Council's strategic goals for 2023-2025 and said that its commitment to diversity, equity, inclusion and sustainability had been reflected in the Town's strategic focus areas. He pointed out that all Town functions had been involved in delivering on the Complete Communities Framework (CCF) that the Council had adopted.

Deputy Town Manager Mary Jane Nirdlinger outlined the following seven strategic focus areas, which staff had identified based on Council goals: Environmental Stewardship; Economic and Financial Stewardship; Affordable Housing and Housing Production; Connected Community; Healthy and Inclusive Community; Safe Community; Employee Recruitment and Retention.

Ms. Nirdlinger said that focus areas and strategic goals had been refined and updated based on input from Council Members during their retreat. The proposed seven focus areas would provide high-level guidance for staff regarding budgets and departmental business plans, she said. She explained that approving Resolution 7 would adopt the strategic focus areas and goals for 2023-2025.

Council Member Ryan said that the Environmental Stewardship focus area seemed to be strongly focused on mitigating the effects of climate change while part of the Town's CCF was a commitment to building more housing and developing a more walkable community. She proposed that both be included in that goal and confirmed with the Mayor and Council that no one objected to her rewording that to align more with the CCF.

Several Council Members emphasized the importance of applying a diversity, equity and inclusion (DEI) lens to everything the Town did and to all of the Council's decision-making. Council Member Miller-Foushee stressed that preservation work needed to be done through an equity lens that centered people, countered potential inequalities, and aligned with CCF goals.

Council Member Searing proposed including an obligation to preserve green space for future generations as an Environmental Stewardship goal. He would not feel comfortable approving a focus area plan that did not

include that, he said.

Mayor Hemminger said that it seemed as though the Council needed to have a deeper conversation and improve the wording of the Environmental Stewardship area. She proposed passing the other six focus areas and then continuing to work on that one. Council Member Ryan said that she had texted the following proposed wording to staff: "And as we densify, to also strengthen protection of sites in our Natural Areas Plan and Parks Master Plan."

Ms. Nirdlinger pointed out that the staff presentation was only showing the seven focus areas. She said that the full document included four preliminary statements in its introduction and that the first one was that the Council's commitment to DEI and Sustainability would be applied to all focus areas and initiatives and that the Council intended that all efforts would be conducted with those principles in mind.

A motion was made by Mayor pro tem Stegman, seconded by Council Member Miller-Foushee, that the Council adopt R-7 with amendments to the Council Strategic Focus Areas and Goals. The motion carried by a unanimous vote.

11. Affordable Housing Plan Update.

[\[23-0360\]](#)

Director of Affordable Housing and Community Connections Sarah Viñas said that the Town's Affordable Housing (AH) Plan was at a pivotal moment where needs were exceptionally high but major resources for execution had been depleted. She said that a new AH Plan was still a work in progress, but that staff wanted to give the Council a look at its foundational information.

Ms. Viñas said that she would return in June with a more built-out version of the Plan. She then introduced Phillip Kash, a consultant with HR&A Advisors, to present an overview of his analysis to date and the potential policy, program and investment options that could be a part of the new AH Plan.

Mr. Kash explained that his objective was to identify a range of new implementation tools and establish an investment strategy. His conditions analysis was just about complete, he said.

Mr. Kash pointed out that the Town's housing challenges included a relatively limited increase in housing supply (about 1 percent since 2010), a significant decrease in AH ownership opportunities (a 36 percent increase in median home sales prices since 2019), increasing rental cost burden (78 percent of renter households making less than \$75,000 per year were paying more for housing than they could afford), and ongoing displacement pressure (a 32 percent decrease in Black homeownership since 2010).

Mr. Kash said that Chapel Hill had added less housing than other communities in the region. The Town had shifted toward greater wealth and had primarily added homeowners who were making more than \$150,000 per year, he said. He noted that the Town's demographics showed a drop in households making less than \$35,000 and that Black homeownership, which had never been high, had been dropping.

Mr. Kash recommended a comprehensive approach to AH programs that included public subsidies, land use, and regulations. He said that tenants' rights were not strong in the south but that the Town could dedicate funding towards ensuring that tenants have access to Legal Aid and Rapid Rehousing. The Town could also impose requirements whenever it puts public money into a project, he said.

Mr. Kash said that Chapel Hill already was pushing most of the recommended policy initiatives and programs. The Town also had a diverse set of funding sources, he said. He recommended refining, tweaking and being clear about Town priorities and the tensions and tradeoffs among them. He said that additional funding would be needed for the Town to even sustain its current level of AH development and preservation, considering the significant increases in development costs and interest rates.

Mr. Kash discussed the pros, cons and trade-off of various funding sources and financing tools. He discussed the benefits of having a Preservation Loan Fund. He addressed the advantages and disadvantages of using land use tools, such as zoning changes and inclusionary zoning ordinances. He asked for feedback on whether the Town planned to sustain its current level of funding for AH, and, if so, what funding mechanisms should be considered and what tools might be expanded or added.

The Council and Mr. Kash discussed the challenge of mobile home park displacement, and he offered to return with recommendations. They also discussed possibilities for enabling rentals to convert to ownership over time.

Mayor pro tem Stegman verified with Mr. Kash that a lease-to-purchase model would work in Chapel Hill as long as it included long-term capital that would prevent having to evict a tenant who is never ready to become a homeowner. She asked about tax increment financing for market rate units, and he described two possible approaches and discussed the implications of NC law.

Council Member Miller-Foushee confirmed that Mr. Kash would be willing to look at the Town's AH program for its employees. She also discussed one-stop housing resource centers with him and he offered to return with

more information once he understood where the friction was.

Council Member Searing requested that the impacts of each funding mechanism on expected Town revenues be very specific, and Mr. Kash replied that staff had been clear about the need to show costs and returns.

Kimberly Sanchez, Orange County Affordable Housing Coalition co-chair, said that the Coalition supported using all available tools for AH. Coalition members were particularly in favor of increasing taxes to two cents for AH and creating a \$50 million AH bond, she said.

The Council advised Mr. Kash to consider all funding mechanisms and determine which would provide the best return for the Town. When asked about creating AH in an impactful way without crowding out other community needs, and Mr. Kash noted the importance of setting goals with upper limits and said that he would provide options.

The Council commented on the Town's strong development pressures and the vulnerability of its mobile home parks. They would welcome ideas on how to meet the needs of those who make 30 percent of AMI, and below, they said. Council Member Miller-Foushee emphasized the importance of data in addressing people's perceptions and the tensions between goals such as AH and land preservation.

Council Member Berry asked if any other communities had instituted philanthropic grants into which the public could contribute, and Mr. Kash replied that community fundraising projects were appropriate but that the need for high sustainability was the challenge.

Mayor Hemminger proposed that the Town's fare free transit system be listed as one of its unique affordability tools. She said that the Town needed better coordination among funding sources. She encouraged Mr. Kash to look at the Town's Inclusionary Zoning Ordinance in terms of ranges rather than numbers of units and determine where the Town should focus its efforts. She asked that projections regrading AH units that had been approved but were not yet constructed be included in reports as well.

This item was received as presented.

12. Consider Moriah Ridge, LLC's Request for the Town of Chapel Hill to Collaborate with the City of Durham to Amend Existing Consent Judgment. [\[23-0361\]](#)

Assistant Planning Director Judy Johnson showed the Mt. Moriah Ridge location on an area map and pointed out that the 140-150-acre site was in the Chapel Hill/Durham extraterritorial jurisdiction (ETJ) area where neither town could annex into the other. The property was outside the

Town's water and sewer area and Orange Water and Sewer Authority (OWASA) was not interested in extending its services there, she said. She recommended that the Council consider adopting Resolution 8, which would direct the Town Manager and Town Attorney to collaborate with the City of Durham.

Mayor Hemminger explained that state legislators had recently tagged a last-minute provision onto a Social District Bill. That provision authorized a property owner to petition either jurisdiction for annexation in order to obtain water and sewer services, she said. In this case, the Town was not offering those services because OWASA had written a letter stating its unwillingness to do so, she explained.

Erica Leatham, representing MI Homes, asked for the Town's permission to annex specific properties into Durham. She showed a diagram of those properties and explained that some were currently under contract while others were still being negotiated. She showed the areas that Chapel Hill and Durham owned, indicating one particular portion that Chapel Hill had been discussing for AH. She discussed connectivity, greenways and sidewalks that MI Homes would build.

Ms. Leatham indicated where existing water and sewer lines ended and said that, if the project succeeded, MI Homes would extend those to serve the Town-owned property on the other side. She presented a concept plan that showed a mix of housing types that included market rate and affordable units. She described a mix of lot and unit sizes and said that the project had qualified for 9 percent LIHTC. She indicated proposed greenways and sustainability elements and said that MI Homes's philosophy mirrored the Town's Complete Communities goals. Ms. Leatham asked the Mayor and Council to direct Town staff to collaborate with Durham on allowing specific parcels to be annexed into Durham. Benefits for the Town would include meeting CCF goals, providing AH, addressing the housing shortage, facilitating the development of a Town parcel, and providing Chapel Hill residents with home ownership opportunities, she said.

Mayor Hemminger told the Council that a workgroup from both jurisdictions had been collaborating on how each could benefit even before MI Homes came along. She mentioned that individual property owners would need to request annexation. She and Council Member Parker confirmed with the Town Attorney that whether or not the Town's property would need to be annexed in order to receive water and sewer would be part of the negotiations.

Council Member Searing confirmed that the parcels did not go all the way to New Hope Creek and Council Member Ryan emphasized the importance of following the New Hope Wildlife Conservation Plan.

A motion was made by Council Member Anderson, seconded by Council Member Berry, that the Council adopt R-8. The motion carried by a unanimous vote.

ZONING ATLAS AMENDMENT(S)

Zoning Atlas Amendment: The Zoning Atlas Amendment, to change the zoning designation on this property, is Legislative. The Council receives and considers public comment on the merits of the proposed rezoning, including opinions, when making Legislative decisions.

13. Close the Legislative Hearing and Consider a Conditional Zoning Application for 101 E. Rosemary Street.

[\[23-0362\]](#)

Ms. Johnson presented a request to rezone a former PNC Bank and adjacent surface parking lot from Town Center-2 to Town Center-3-Conditional Zoning District and build a seven-story apartment building with approximately 150 units on that 0.64-acre site. She pointed out that the applicant was requesting a modification to regulations regarding the 44-foot height limit and was proposing 90 feet on all four elevations.

Ms. Johnson said that the applicant had recently put forward an AH proposal that included five units at 80 percent AMI for a 30-year period. However, there was no formal proposal or stipulation for an affordable commercial/retail component, she said. She recommended that the Council consider adopting R-A and enacting O-A, for approval.

Council Member Parker confirmed with Ms. Johnson that the applicant had shown an affordable component in March but had not yet worked with staff to prepare actual conditions. In response to a question from Council about the effect of that on its ability to take action, Attorney Ann Anderson replied that it was unusual to not have a formulated condition and that she had significant concerns about creating one from the dais that would not undergo legal scrutiny.

Whitney St. Charles, a senior associate with Grubb Properties, said that Grubb was offering its most feasible package. Grubb absolutely understood the importance of AH, but could not change its offer, she said. She discussed Grubb's request for relief to setback requirements and reviewed their proposed street activation plan.

Ms. St. Charles pointed out that the Rosemary Street frontage would be about 2,400 square feet of retail. She said, however, that Grubb Properties had concerns about the viability of that retail. She pointed out that about 1,000 square feet of retail space would be about 15 feet below grade on Columbia Street. Grubb was asking for flexibility to turn that into amenity space if the retail did not succeed, she said.

Kristen Casper, director of development for Grubb Properties, said that Grubb wanted its agreement regarding affordable retail to be like its parking agreement with the Town. According to Grubb's affordability calculations, the total loss for \$371,420 for the affordable units and \$1,113,495 for the affordable retail, she said. She pointed out that the average rent would be about 110 percent of AMI and said that was why the AH proposal could be for only five units at 80 percent AMI.

Council Member Parker calculated that offering five units at 65 percent AMI, rather than 80 percent, would amount to a total loss of about \$1,500 a month for Grubb Properties. That could be made up for if the other tenants paid an extra \$10 or \$15 per month in rent, he pointed out. He said that there seemed to be a way to get to 65 percent if that was the goal.

Ms. Casper replied that Grubb had run the numbers and had determined that 80 percent was as low as it could go.

Aaron Nelson, president of the Chamber for a Greater Chapel Hill and Carrboro, expressed support for the project. He said that hiring was the primary challenge for local businesses and that primary reason for that was the lack of local housing. Grubb's \$40 million project would provide the Town with \$200,000 in annual taxes, which could be used for AH, he pointed out.

Council Member Parker ascertained from Attorney Anderson that the Town did not have a legal policy framework for affordable retail. However, if the Council desired to have a general condition that required the Town Manager to formulate a plan, that could be done, Ms. Anderson said.

Mayor Hemminger stressed that she wanted the project to succeed and said that she wanted to move forward with it. She pointed out that the Town desperately needed housing for young professionals and said that the proposed units at 110 percent AMI was better than anything else being offered in the downtown area. She was excited about the affordable retail opportunities, she said, and she proposed crafting an economic development agreement for that space.

Mayor pro tem Stegman said that she felt frustrated over Grubb Properties not being able to quite reach addressing a need that the Council had repeatedly expressed as part of its vision for Downtown. Council Members Parker and Miller-Foushee expressed similar disappointment over the AH offer, but Council Member Parker emphasized the importance of not letting its perfection prevent the Council from attaining some of its goals. On balance, the project met more needs and requirements than not, he said.

Council Member Berry pointed out that no development proposal was ever perfect. Council Members Anderson and Searing spoke in favor of moving forward with the project.

Council Member Ryan said that she hated the interior pool and courtyard because amenity space should be public in an urban area. She and Attorney Anderson discussed possible language for the retail space, and Ms. Anderson said that she had texted the following rough statement to Ms. Johnson: "Owner will provide a program satisfactory to the Town Manager to provide at least 1,500 square feet of retail space at a rental rate of between 50 and 65 percent of the market rate of retail property in the downtown Chapel Hill area off Franklin Street for a period of 10 years from the date of building occupancy."

The Mayor and Attorney Anderson discussed how negotiations should also address factors related to aiming businesses at minorities and women.

Ms. St. John asked for direction on whether or not to provide street trees, and Mayor Hemminger recommended discussing that with the Town's urban designer. "The Council is always in favor of providing shade," the Mayor said.

A motion was made by Council Member Berry, seconded by Council Member Miller-Foushee, that the Council close the legislative hearing. The motion carried by a unanimous vote.

A motion was made by Council Member Anderson, seconded by Council Member Berry, that the Council adopt R-9. The motion carried by a unanimous vote.

A motion was made by Council Member Berry, seconded by Mayor pro tem Stegman, that the Council enacted O-2 as amended. The motion carried by a unanimous vote.

14. Open the Legislative Hearing: Conditional Zoning Application for UNC Health Eastowne. [\[23-0363\]](#)

Principal Planner Tas Lagoo outlined a request from UNC Health to rezone its property on Eastowne Drive from MU-OI-1, OI-2 and OI-3 to Office Institutional-3-Conditional Zoning District. The site was located in Subarea A of the North 15-501 Corridor, where commercial and office was considered primary land uses and institutional/university was a secondary use, he said.

Mr. Lagoo summarized UNC Health's proposal to build 1.1 million square feet of medical office buildings and associated parking garages on the property in addition to a building and garage that it had already built there. He said that UNC Health expected to construct a new building every three to five years, with full buildout in approximately 25 years.

Mr. Lagoo noted a list of requested modifications to Town regulations. He

provided details regarding those related to the Resource Conservation District (RCD) and steep slopes disturbances, parking, floor/area ratio, and landscape buffers. He noted that the applicant had asked to modify a Town regulation regarding staff-approved modifications.

Ms. Viñas said that AH staff had worked with UNC Health on advancing the Council's AH interests and that a revolving loan fund had emerged as the preferred option. Such a fund could be used to address the threat of displacement and the loss of AH in the community, and it could also allow the Town and UNC Health to leverage substantial outside resources, she said.

Ms. Viñas reviewed other benefits of having a revolving loan fund as well. It could be used for acquisition, rehabilitation and construction of new AH, she pointed out. She mentioned that both Durham and Wake County had such funds, and that Greensboro was preparing to launch one. She characterized the offer as a very exciting opportunity for the Town.

Mr. Lagoo recommended that the Council open the legislative hearing, receive comments, and move to schedule action on the Conditional Zoning application for May 24, 2023.

Simon George, vice president for Real Estate at UNC Health, commented on how that the project had been five years in the making. The current plan was not perfect, but UNC Health was confident that it balanced its needs with those of the community and that it supported everyone's initiatives, he said.

Janet Hadar, president of UNC Hospitals, discussed the importance of Eastowne for advancing UNC Health's mission to serve the community. She discussed the location's accessibility for patients and explained how the site would free up the main hospital for in-patient care. The Eastowne campus was a key part of UNC Hospitals' strategy for providing more accessible services and would help address Town AH needs as well, she said.

Mr. George showed a summary of work to date and emphasized that much had gone into addressing traffic. He pointed out that the total project had been reduced from 2.9 million to 1.1 million square feet as a result of discussions with the Town. UNC Health had done a lot of work around urban planning and was making sure that the project would support the Town's Community Connections goals, he said.

Bill Derks, a vice president with McAdams Company, showed the current site plan, which included approved buildings (MOB1 and MOB1), above ground stormwater facilities, bike lanes, multi-use paths, and a pedestrian bridge over a restored stream. With regard to the northern 20 acres (N20), he said that UNC Health wanted to reserve 10 of those for a parking deck, but only if that were needed after the complete 20-year

build-out.

Mr. Derks said that only one of two access points would be needed, and that RCD impact could be less if UNC Health was able to use a service road. He said that the applicant was committed to managing stormwater for the 50-year storm and to treating at least half of existing and additional impervious surface (even though they were not required to do so).

Architect Andy King, a principal with Gestalt Architecture and Design, pointed out that the concept plan had not changed from UNC Health's last meeting with the Council. He showed a layout at full buildout, which included the traffic pattern and a parking area on the N20. He emphasized UNC Health's desire to never build anything on the N20 but said that they would need to put a parking deck on half of it if parking needs remained as they currently were.

Mr. George said that UNC Health understood that the Council's collective requests were for AH, a pedestrian crossing over Highway 15-501, and a payment of fees for public services. As a result, UNC Health was offering a \$5 million 10-year revolving loan at 0 percent interest and a 10-year renewal option, he said. He outlined an alternative option as well: a \$3 million 10-year revolving loan at 0 percent interest and a \$30,000 payment in lieu per building per year once constructed.

Mr. George stated that a healthcare provider was, in itself, a benefit to the community. He said that UNC Health had provided close to \$34 million in unreimbursed healthcare in 2022 to patients who live within CH and that it paid \$1.6 million every year in property taxes either directly or indirectly through payments in lieu or third-party landlords. It was a fallacy that UNC Health did not pay property taxes, he said.

Council Member Ryan verified with Mr. George that UNC Health's payments to the Town on MOB1 were a little more than \$50,000 a year but that they were proposing \$30,000 a year for future buildings. She confirmed with Ms. Vinas that the source of the Town's contribution to the revolving loan fund could be a combination of existing AH resources and additional funds, such as contributions. Seventy-five percent of the fund would be private bank and investor contributions, Ms. Vinas said.

Some Council Members proposed that UNC Health provide more than \$5 million for the revolving loan fund. Council Member Searing pointed out that the project would also benefit UNC Health's employees. The contribution could be higher considering the amount of charity care that UNC Health had been able to provide.

Mr. George replied that UNC Health could not do more than \$5 million and that it hoped other partners would step in as well.

The Council verified that UNC Health was willing to put 10 of the N20 acres in a preservation order but felt that they needed to reserve 10 for a potential employee parking deck. The Council asked the applicant to return with a map that showed the developable part of the N20. Mr. George emphasized that a parking deck would be the last thing built and that UNC Health hoped it would never need to construct it.

The Council inquired about a request for administrative approval for 10 percent more parking and 20 percent more building, and Mr. King explained that it was to enable spreading the square footage out differently and not for more square footage.

Council Member Parker proposed adding a stipulation to specify that a parking deck on the N20 would be the last building ever constructed at Eastowne. The Mayor and Council confirmed with Ms. Johnson that the applicant probably could, if desired, separate the N20 from the current Conditional Zoning request and ask for a special use permit, which the Council would be compelled to approve if it met the required four findings. She would look into that and confirm in writing whether the parking deck would be a permitted use, Ms. Johnson said.

Mayor Hemminger said that she had recently observed many cars parked on the street at Eastowne while UNC Health's surface parking lot was virtually empty. The Town might have to regulate that by allowing parking on only one side of the road, she said. She and Mr. Derks then discussed Highway 15-501 safety and she asked for more information on UNC Health's plan for getting people safely across that street.

Mr. Lagoo pointed out that a traffic impact analysis for MOB2 called for bollards and enhancements to the pedestrian refuge in Highway 15-501, within the bounds of what the NC Department of Transportation would approve. Mayor Hemminger pointed out, though, that the Council needed to know what UNC Health would be asking for.

Mayor Hemminger said that requested exceptions for square footages needed to be made clearer. She asked if the requested number of parking spaces could be lowered, but Mr. George said that the number was driven by patient volumes in MLB 1. He emphasized that UNC Health did not want to build parking decks unless it had to.

Mayor Hemminger asked if Town use of the parking decks for large weekend events, such as football games, was still a negotiable item. Mr. George replied that more discussion would be required to understand exactly what that meant.

Anthony Henage, vice chair of Environmental Stewardship Advisory Board (ESAB), reminded the Council that the ESAB had passed a resolution requesting that the N20 be preserved. That resolution had been largely based on the NC Department of Cultural and Natural Resources

identification of the area as a critical wildlife corridor, he said. He described how the unique hybrid habitat there was the only one of its type remaining in the area. The N20 was one of the most effective elements for achieving the goals in the Town's Climate Action Plan, he said.

Mr. Henage proposed several ideas for acquiring conservation funds. He said that UNC Health had earlier demonstrated that it could meet its parking needs on the lower parcel. He requested that the Council and UNC Health meet with the ESAB to discuss conservation opportunities, such as a potential grant from the NC Land and Water Fund.

Rachel Willis, a Stormwater Management Utility Advisory Board (SMUAB) member, said that the SMUAB was "absolutely opposed" to building on the N20 and did not support locating any stormwater retention facilities in the Town's RCD. She agreed with Mr. Henage's comments and encouraged the Council to read a 2019 memo from the SMUAB as well as the Town's stormwater analyst's report on the property. The SMUAB was opposed to any parking on the N20, now or ever, she said.

Jennifer Player, president and CEO of Habitat for Humanity, spoke about the need to diversify funding sources and said that AH developers could not rely solely on private philanthropy and government resources to solve the Town's AH crisis. She encouraged the Council to support UNC Health's proposal, which would provide AH developers with affordable, low-interest capital.

Aaron Nelson praised the project in general for improving access to healthcare and providing job opportunities. He expressed support for the revolving fund proposal and said that parking was a work amenity that would help UNC Health compete. He characterized asking UNC Health to give up a right that it had to build on the N20 25 years from now as irresponsible. They would never build there if they did not have to, he said.

Darrell Shaw, an Eastowne Advisory Board member and Gulf War veteran, described the excellent care that he had received from UNC Health since being diagnosed with kidney cancer in 2006. He expressed gratitude for the many treatments and procedures that he had received and explained how much easier it had been for him since MOB1 opened at Eastowne. He encouraged the Council to consider the requested expansion.

Council Members praised the project in general and thanked UNC Health for making such a large investment in the community, but they continued to express reluctance to allow building a parking deck on the N20. Council Member Searing said he wondered if the Land and Water Trust Fund, or others, might purchase development rights to the N20, which could make money available to site a parking deck elsewhere.

Council Member Anderson spoke about how amazing it would be if the applicant could purchase land across the street for future parking. Council Member Parker said that the goal was to not have anything on the N20 and Mayor pro tem Stegman and Council Member Huynh asked UNC Health to provide a plan with options for that area.

Council Member Ryan said that preserving the N20 was key. It was the only area of its kind in Town and preserving it would be a huge gift to the community and a legacy gift for UNC, she pointed out. Mayor Hemminger said that she wondered if building the other parking decks taller might help conserve that N20 land.

Several Council Members argued that UNC Health should pay for Town services in an ongoing manner. Council Member Parker pointed out that police and fire services were normally paid for through property taxes when developments were built. He and Council Member Ryan said that it would be appropriate for UNC Health to pay for such essential services.

Council Member Berry commented that the Council could not ask the community to pay more in taxes and not ask UNC Health to keep up as well. Council Member Huynh recommended that UNC Health either increase the proposed revolving AH fund to \$6-8 million or increase it to \$5 million with a payment in lieu for taxes.

Mayor Hemminger praised the Town's Interim Town Manager, its new Planning Director, and the Town Attorney for jumping into negotiations and moving the Town far beyond where it had been in the previous two years. She appreciated the teamwork and liked how the applicant had made its entire site more walkable and pedestrian friendly, she said.

Mayor Hemminger commented that there had to be a better parking solution than what was being proposed, considering the Town's great transit system, its Everywhere-to-Everywhere Greenways goals, and its other plans. She agreed with the Council regarding the need for UNC to make a payment in lieu for taxes, she said.

Mayor Hemminger said that the revolving loan fund was a great idea. She loved the central green parcel, the environmentally responsible construction, and how UNC Health wanted to make the creek an amenity, she said. The Council respected UNC Health and wanted to find a way to approve the plan, she said, noting that they were so close.

A motion was made by Council Member Anderson, seconded by Mayor pro tem Stegman, that the Council continued the Legislative Hearing to May 24, 2023. The motion carried by a unanimous vote.

ADJOURNMENT

The meeting was adjourned at 11:41 p.m.