

## LUMO Discussion Summary

October 2023 – May 2025

### Overview:

The Chapel Hill Town Council met thirteen times between October, 2023, and May, 2025, to discuss the LUMO Update. This document provides a high-level summary of those discussions and identifies Town staff's recommendations regarding each of the topics discussed.

<u>October 2023 – Work Session</u>			
Topic	What We Shared	What We Heard	Staff Recommendation
Development Intensity	There is a lack of consistency between the Comprehensive Plan, Future Land Use Map (FLUM), and the LUMO. This lack of alignment often necessitates the use of a Special Use Permit (SUP) or Conditional Zoning District (CZD) process for many projects, which can deter developers due to their uncertain nature. By better aligning the LUMO with our adopted plans and enabling more predictable, by-right development, we can reduce obstacles to entry and foster more equitable outcomes.	<ul style="list-style-type: none"> <li>• Interest in ensuring that the Complete Community Strategy (CCS) leads development decisions, rather than the FLUM.</li> <li>• Desire to move away from project-by-project decision-making and towards a more predictable process.</li> <li>• Interest in better understanding trade-offs and achieving community benefits beyond mandates.</li> <li>• Negotiations within the CZD process are seen as necessary for larger projects requiring Council approval, while smaller projects meeting specific requirements may benefit from by-right development.</li> <li>• Recognition that the 20/40 rule and other regulations create uncertainties and risks for developers.</li> <li>• The FLUM and CCS need to be aligned, with the CCS leading the way.</li> </ul>	<p>There is strong alignment between the FLUM and CCS. The CCS explicitly references the FLUM several times. In many instances, the FLUM offers specific guidance on topics that CCS does not address.</p> <p>The new LUMO will draw from both documents as appropriate. CCS defines the overall vision and the FLUM provides guidance on how to implement it.</p> <p>As called for in the CCS and other elements of the Comprehensive Plan, the new LUMO will promote in-fill development and a range of housing options that take advantage of existing infrastructure.</p> <p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Update the 20/40 Rule to allow up to 30 units of residential development and up to 40,000 square feet of commercial development through</li> </ul>

			<p>administrative approvals. Projects that fall above these thresholds will continue to need a Conditional Zoning or Special Use Permit.</p> <ul style="list-style-type: none"> <li>Update dimensional standards to fully implement the development types/intensity called for in the FLUM.</li> </ul>
Mixed Use Development	<p>The current residential zoning districts in Chapel Hill primarily allow for residential uses only. Meanwhile, some mixed-use districts have minimum requirements for commercial floor area that are often adjusted through the CZD process. By allowing small-scale commercial development within or near residential neighborhoods, we can improve walkability by bringing amenities closer to residents.</p>	<ul style="list-style-type: none"> <li>Development should align with the FLUM but also build upon it to enhance the community.</li> <li>Desire to expand options for mixed-use development.</li> <li>Interested in implementing more flexible standards for neighborhood retail.</li> <li>There is a desire to explore zoning regulations that permit, but do not require, the development of smaller-scale retail within walking distance of residential neighborhoods.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Establish more mixed-use zoning districts and allow a broader range of compatible commercial uses in residential zoning districts.</li> </ul>
Parking Standards	<p>The Planning Commission supports removing parking minimums, reducing parking maximums, and separating parking costs from housing costs. However, developers argue that investor/lender requirements influence the amount of parking provided more than the LUMO.</p>	<ul style="list-style-type: none"> <li>Most Council members believe that the town does not have a parking minimum problem.</li> <li>Acknowledgement that it may not always be feasible to travel everywhere in Chapel Hill without a car and there is interest in studying the potential consequences of eliminating parking minimums.</li> </ul>	<p>Several factors influence how much parking a new development should provide. There is a growing consensus that local land use regulations should not be among those factors.</p> <p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Eliminate Town-mandated parking minimums.</li> </ul>
Single-Family Homes	<p>State law places significant limitations on the ability of local governments to regulate single-family development. The LUMO currently exempts single-family development from various</p>	<ul style="list-style-type: none"> <li>Concerns about the environmental impacts of demolishing smaller homes and trees to make way for larger single-family houses.</li> </ul>	<p>Chapel Hill is unlikely to see many new single-family subdivisions. Meanwhile, the existing single-family housing stock is aging and becoming increasingly expensive.</p>

	standards, such as floor area ratio (FAR), tree canopy coverage, and most stormwater regulations.	<ul style="list-style-type: none"> <li>• Interest in ensuring that new single-family developments align with the town's sustainability and CCS goals.</li> <li>• Desire to investigate tree canopy coverage requirements for new multi-family developments as well.</li> </ul>	<p>Staff do not recommend imposing more stringent standards on existing single-family developments. More stringent standards would likely make existing single-family neighborhoods even more inaccessible to future residents.</p> <p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Heavily incentivize conservation/cluster subdivisions by allowing significantly more density than the underlying zoning permits.</li> <li>• Allow more missing middle infill development to create more redevelopment opportunities for aging single-family homes that have reached the end of their useful lives.</li> </ul>
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#### November 2023 – Work Session

Topic	What We Shared	What We Heard	Staff Recommendation
Building and Site Design	<p>New design/dimensional standards are foundational to how LUMO can operate and support the CCS tenet “excellence in the public realm.”</p> <p>Regulations could make design standards more contextual by enabling the LUMO to regulate by building type and street type.</p>	<ul style="list-style-type: none"> <li>• A Council member expressed a desire for design standards, not guidelines.</li> <li>• A Council member is interested in a streetscape palette.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Include updated design/dimensional standards that will apply district-wide in some zoning districts. In other zoning districts (primarily residential districts), dimensional standards will be tailored to individual building types. In more heavily commercial districts, it will likely be more beneficial to use a combination of building type and street frontage standards.</li> </ul>

<p>Affordable Housing Analysis</p>	<p>The CCS is a strategy for meeting the Town's housing needs for the future.</p> <p>Staff shared a preliminary analysis of the impact that density bonuses have on incentivizing affordable housing. The analysis concluded that a density bonus alone would not incentivize affordable housing. The next step is for staff to analyze the financial implications of other code-based incentives.</p>	<ul style="list-style-type: none"> <li>• Several Council members would like to continue to negotiate for affordable housing in future developments.</li> <li>• Some Council members opposed a code-based incentive that could allow a developer to reduce the Resource Conservation District (RCD) buffer.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Increase the threshold for residential conditional zonings from 10 units to 30 units. Council will still have the ability to negotiate for affordable housing for projects that go through the conditional zoning process.</li> <li>• Provide a by-right density bonus for development that voluntarily provides affordable housing.</li> </ul> <p>Staff are continuing to review opportunities to support affordable housing developers through targeted relief from some provisions of the LUMO. Some possible avenues for relief include:</p> <ul style="list-style-type: none"> <li>○ density bonuses,</li> <li>○ reductions in RCD buffers (if supported by the Natural Areas Model and other conservation data)</li> <li>○ reductions in setbacks or landscape buffer requirements</li> <li>○ relaxed landscaping standards</li> </ul>
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**January 2024 – Work Session**

Topic	What We Shared	What We Heard	Staff Recommendation
<p>Missing Middle Housing</p>	<p>Expanding missing middle housing offers but doesn't guarantee opportunities for affordability and connectivity.</p> <p>Staff asked if we should expand opportunities for triplexes, fourplexes, cottage courts, and</p>	<ul style="list-style-type: none"> <li>• Most Council members supported expanding missing middle housing along transit corridors.</li> <li>• Some Council members asked how expanding missing middle housing relates to Everywhere to Everywhere Greenways. There was a concern about creating an 'incomplete community' if</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Regardless of zoning district, permit some additional types of missing middle housing (e.g., triplexes and fourplexes) <b>along arterial and collector roads and near greenways.</b></li> </ul>

	<p>small apartments based on street type.</p>	<p>there are no greenway connections. There was a question about creating zoning districts that would allow missing middle housing where connections exist.</p> <ul style="list-style-type: none"> <li>• A Council member suggested staff consider other design elements (e.g., parking, access, etc.) that would need to be addressed for missing middle housing to work, given the town's current suburban design.</li> <li>• A Council member suggested staff consider how missing middle housing relates to nodes or places expected to be developed.</li> <li>• Some Council members asked how expanding missing middle housing relates to the Housing Choices Text Amendment and how concerns expressed during that process would be addressed. There was an interest in knowing exactly where these changes would have impact.</li> <li>• Several Council members expressed support for missing middle housing everywhere, including neighborhood conservation districts and areas not along transit corridors.</li> <li>• A Council member expressed support for missing middle housing so the town could be more inclusive.</li> <li>• A Council member acknowledged the need for more housing units to support connectivity and amenities. They also asked if it would be appropriate for any new development or redevelopment to be exclusively single-family.</li> <li>• A Council member asked if dimensional requirements would be revised so missing middle housing is buildable.</li> <li>• A Council member acknowledged that expanding missing middle housing is not only for students and that utilizing our land better would help us achieve our climate action and sustainability goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Allow a broader range of missing middle housing types by-right in mixed-use, TOD, other and higher-density zoning districts.</li> <li>• Include updated dimensional standards that make missing middle housing more feasible to build.</li> </ul>
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Subdivisions	<p>Current subdivision rules could be a barrier to expanding missing middle housing.</p> <p>Current rules require subdivisions to front on a street that meets minimum road and right-of-way widths and has curb, gutter, and sidewalk. Many of Chapel Hill's streets do not meet current rules, and building this infrastructure could be a barrier.</p> <p>Staff asked if subdivision rules could be more context-sensitive to only require certain improvements where it makes sense for connectivity.</p>	<ul style="list-style-type: none"> <li>All Council members supported having more context-sensitive subdivision requirements.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Relax some infrastructure requirements for small-scale subdivisions based on the type of road they front on and their proximity to existing infrastructure.</li> </ul>
Flag Lots	<p>Current rules restrict when a flag lot can be created. This impedes opportunities to promote residential in-fill.</p> <p>Staff asked if we should explore expanding opportunities for creating flag lots.</p>	<ul style="list-style-type: none"> <li>A Council member asked for examples of safeguards for flag lots.</li> <li>A Council member mentioned that during the Housing Choices Text Amendment, there seemed to be support from the community for creating flag lots to gently densify neighborhoods.</li> <li>Many Council members supported expanding opportunities for flag lots.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Allow flag lots wherever there is sufficient land to support them. Building setbacks and requirements regarding the length and width of the "flagpole" portion of the lot will act as guardrails to prevent unsafe conditions.</li> </ul>

#### February 2024 – Work Session

Topic	What We Shared	What We Heard	Staff Recommendation
By-Right Development	<p>By-right development is a through-line of all sessions.</p> <p>We want a high-level approach to by-right development from this Council to help us set thresholds.</p>	<ul style="list-style-type: none"> <li>Council asked if staff can look at other factors like community benefits that could determine by-right development options.</li> <li>Council agreed that they want to allow robust by-right development as long as it delivers the outcomes of CCS.</li> <li>A member of Council expressed a desire to understand what elements of CCS can</li> </ul>	<p>Many community benefits can only be secured through conditional zoning. These include:</p> <ul style="list-style-type: none"> <li>Affordable housing</li> <li>Large-scale land conservation</li> <li>Publicly accessible open-space or pedestrian infrastructure outside the public right of way</li> </ul>

		<p>happen through LUMO and what happens through other means.</p> <ul style="list-style-type: none"> <li>• A member of Council expressed a desire to be direct in what the Town wants from by-right development.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy efficiency standards that go above and beyond State requirements</li> </ul> <p>Certain types of development are – in and of themselves – a community benefit because they provide something the community needs. These include missing middle housing and commercial development.</p>
Shelters	Shelters for those experiencing homelessness are a special use and limited to certain zoning districts.	<ul style="list-style-type: none"> <li>• Council wants to explore widening the options for shelters.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Create different tiers of shelters based on size/capacity and allow smaller-scale shelters by-right in certain zoning districts.</li> </ul>
Housing in a College Town	<p>Student housing is housing and we cannot make different rules for student housing.</p> <p>We expect university-related housing demand to be located near UNC and along transit corridors.</p>	<ul style="list-style-type: none"> <li>• Council wants to incentivize unit designs that fit with multiple lifestyles outside of students.</li> <li>• There needs to be partnerships with UNC to address housing challenges.</li> <li>• Council would be supportive of a shorter process for units aimed at multiple lifestyles.</li> </ul>	<p>The Town cannot use its zoning authority to regulate who lives in a particular development.</p> <p>As we learned from our affordable housing economic analysis, it can take a lot of incentives to impact developer returns even slightly. New university-related housing is typically able to demand higher rents than housing geared towards other residents. If a particular location is well-suited for university-related housing, incentivizing developers to choose a less profitable business model would be extremely difficult. The Town likely cannot provide strong enough incentives to induce developers to switch models.</p> <p>Given that university-related demand for off-campus housing is expected to grow steadily for the</p>

			<p>foreseeable future, the Town will need to find ways to accommodate this growth. Otherwise, there will be increased competition for the Town's limited housing stock.</p> <p>The FLUM notes that the best areas in which to accommodate this growth are those with easy access to campus and other amenities.</p>
Small-Scale Commercial	<p>LUMO can promote but cannot ensure small-scale commercial uses.</p> <p>We want to change rules to create a conducive environment for small-scale commercial uses.</p>	<ul style="list-style-type: none"> <li>• Council is interested in promoting small-scale commercial uses.</li> <li>• Council asked about ensuring flexibility of use for commercial spaces.</li> <li>• A council member asked what the most ambitious option would be on commercial uses.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Allow small-scale commercial uses in a wide range of zoning districts, including residential districts.</li> <li>• Make it easier to operate a small business by updating permit and application requirements.</li> </ul>
Drive-Throughs	<p>Council can take different approaches to allowing more drive-throughs and uses that work with drive-throughs.</p>	<ul style="list-style-type: none"> <li>• Council expressed a desire to limit drive-throughs in walkable areas.</li> <li>• Some council members expressed concerns about the emissions of drive-throughs.</li> <li>• Some council members expressed a desire to limit the uses that allow drive-throughs.</li> <li>• Some council members expressed comfort with food drive-throughs.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Maintain the Town's current requirements for most types of drive-throughs.</li> <li>• Allow certain drive-throughs (e.g., pharmacies) by-right.</li> </ul>
RCD and other Environmental Protections	<p>Staff can explore environmental protections beyond the RCD standards, which may provide opportunity to reduce RCD requirements.</p>	<ul style="list-style-type: none"> <li>• Council expressed concern about making changes without reviewing the Natural Areas Model.</li> <li>• Some members of council expressed that environmental conservation should be weighed on a case-by-case basis.</li> <li>• Some members of Council noted the need to understand the conservation efforts of Orange County to make these decisions.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Incentivize preservation of existing trees for all new development.</li> <li>• Require some amount of tree preservation for larger developments.</li> </ul>

			<ul style="list-style-type: none"> <li>Promote more robust tree canopy by increasing the required number of replacement trees needed to meet minimum canopy requirements.</li> <li>Require a minimum amount of biodiversity in new landscaping.</li> <li>Require that new landscaping use only native or non-invasive adapted species.</li> <li>Require that new landscaping comply with the best practices established by the Town's Public Works Engineering and Design Manual.</li> </ul>
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#### March 2024 – Work Session

Topic	What We Shared	What We Heard	Staff Recommendation
Economic Constraints	<p>More diverse development, including commercial, multifamily residential, and mixed-use, is needed to create a sustainable tax base for the Town that also supports our CCS goals.</p> <p>In the past, low-density development, like single-family houses on large lots, has been prioritized over higher-density development, which is more economically efficient and productive.</p> <p>In 2023, residential uses (excluding multifamily developments) accounted for 67% of the Town's property tax</p>	<ul style="list-style-type: none"> <li>Collaboration with UNC is needed to address shared needs and explore opportunities for engagement and partnership.</li> <li>There is an interest in promoting diverse housing options and ownership opportunities.</li> <li>Long-term decisions should prioritize creating a vibrant community that supports CCS goals and diversifies the tax base.</li> <li>We need to increase commercial development to diversify our tax base.</li> <li>Mixed-use and walkable development generate more tax revenue than suburban development models.</li> <li>In the past, we have chosen to discourage big box stores. Big box</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Reduce/clarify permitting requirements for existing commercial development that is attempting to renovate or transition from one type of commercial use to another.</li> <li>Allow commercial uses in a wide range of zoning districts.</li> <li>Allow certain commercial uses in residential zoning districts.</li> <li>Increase the amount of commercial floor area that can be built by-right.</li> </ul>

	<p>collections, exceeding the desired limit of 60% for residential tax revenues.</p> <p>Approximately 38% of land in Chapel Hill is non-taxable, owned by UNC, the Town, and other tax-exempt entities, putting pressure on the remaining land to generate sufficient property tax revenue.</p> <p>The current legislative and procedural burdens on development, such as SUP and CZD processes, discourage smaller incremental development and favor larger developments. Finding ways to ease these burdens is crucial to promoting diversity in development.</p>	<p>stores may not yield the desired tax revenue or align with the goals of walkability and complete communities. The highest and best use of land resources may not always be big box stores.</p> <ul style="list-style-type: none"> <li>• There is a disconnect between commercial uses and the vision of a complete community, as well as geographical constraints. While big box stores may not always support this vision, some Council members pointed out that they can, at times, encourage other kinds of development and third places.</li> <li>• The capacity of the Town and its partners to recruit commercial tax base is limited, especially with the presence of three-layer taxes.</li> <li>• We need to create an environment that is conducive to commercial development. Efforts should be made to streamline the process for small businesses to renovate spaces and set up quickly and flexibly. We should foster the opportunities that UNC offers to launch start-up businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate enough residential density to support new commercial development.</li> </ul>
Design Standards	<p>The Typology Resource Guide will be used to inform the development of new design and dimensional standards, but it is not intended to be a set of proposed regulations. Additionally, the guide will serve as a valuable reference for conducting research, understanding constraints, and identifying best practices, which will aid in the process of drafting regulations.</p>	<ul style="list-style-type: none"> <li>• There was generally support and interest in the Typology Resource Guide. However, Council members felt the focus should be on the public realm, over individual buildings. They emphasized the importance of placemaking, walkability, and human-scale design.</li> <li>• Chapel Hill is a distinct place that necessitates a sense of place that aligns with the objectives of the CCS goals. We identify as a green place, placing great importance on our natural surroundings. Therefore, the Guide</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>• Avoid overly restrictive standards based on subjective aesthetic preferences.</li> <li>• Regulate building design and form using traditional planning tools like height and length limits; setbacks and stepbacks; and façade articulation requirements.</li> </ul>

	<p>The guide identifies the types of buildings likely to be proposed, design challenges associated with those building types, and best practices that we can share with developers.</p> <p>The new LUMO will have design and dimensional standards that vary based on building type, with a focus on land use planning fundamentals such as massing and ground level experience.</p> <p>Site design standards, amenity space requirements, and small-scale commercial and gathering spaces will also be rethought to promote holistic placemaking.</p> <p>Pattern books, including the Typology Resource Guide, cannot serve as pre-approvals to expedite the approval process, as site-specific considerations are still necessary. The General Assembly has imposed tighter timeframes for approving housing permits and timing is not an issue.</p>	<p>should prioritize elements such as tree canopy, shaded sidewalks, and conservation of stream corridors. The current typology standards are generally sensible but lack specificity. There was interest in the guide being more holistic.</p> <ul style="list-style-type: none"> <li>• Good design plays a crucial role in the success of new development and the future prosperity of Chapel Hill. Understanding the principles outlined in the guide and their alignment with the vision of CCS is essential.</li> <li>• Concerns exist about the resource guide being seen as mere guidance and the risk of developers not following it.</li> <li>• The guide should address design concerns such as big buildings with central parking garages, which historically have not been favored by the Council.</li> <li>• The resource guide's applicability to small-scale multifamily and commercial developments in the southern WASMPBA area should be explored.</li> <li>• Shared parking strategies and incentives could be considered.</li> <li>• The resource guide should provide real-life examples and that educate the community on what works and what doesn't.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote a high-quality public realm through street frontage standards.</li> </ul>
Community Benefits	<p>Zoning can be useful for achieving community benefits, but its authority is limited. The Town has used Conditional Zoning Districts (CZDs) to negotiate additional benefits with developers, but caution is needed in these negotiations.</p> <p>Another option is to incentivize community benefits through</p>	<ul style="list-style-type: none"> <li>• The general consensus was in favor of the LUMO rewrite, recognizing its potential to streamline the CZD process while still enabling the Council to negotiate for community benefits. Council members acknowledged that the LUMO rewrite intends to reduce the number of CZDs required by allowing more developments to be approved by-right. However, there are concerns about the Council's future limited ability</li> </ul>	<p>Many community benefits can only be secured through conditional zoning. These include:</p> <ul style="list-style-type: none"> <li>• Affordable housing</li> <li>• Large-scale land conservation</li> <li>• Publicly accessible open-space or pedestrian infrastructure outside the public right of way</li> </ul>

	<p>code-based incentives, which can guide developers towards desired outcomes.</p> <p>Regulations can provide a baseline expectation for development, allowing the Council to move away from project-by-project decision-making and towards implementing CCS.</p> <p>Direct capital investments, programs, and policies initiated by the Town are also important tools to consider.</p> <p>Creating a favorable environment for businesses to thrive can be achieved through zoning. It is important to reduce risks and unnecessary hurdles in the process and clearly communicate the Town's values and expectations to the development community. Identifying areas for commercial development and streamlining the approval process can be beneficial.</p> <p>The friction in the process as it currently exists is often due to a conflict between market demands and outdated zoning standards that reflect suburban development, so a thoughtful and modern rewrite is necessary to ensure a complete community.</p>	<p>to negotiate, as current projects do not align with their interests.</p> <ul style="list-style-type: none"> <li>• Incentives should be considered for affordable housing, environmental benefits like land conservation, greenways and other community benefits. There was also interest in exploring incentives for the redevelopment of underperforming areas.</li> <li>• The Natural Areas Model can be used to tailor rezonings, allowable uses, and incentives based on habitats and streams.</li> <li>• The culture in Chapel Hill needs to change to improve conditions for commercial development. Suburban density and development standards are not desirable for an urbanizing town. The focus should be on achieving the CCS vision rather than just checking off benefits.</li> <li>• More zoning options should be given to developers to encourage desired projects. The LUMO can regulate connectivity between developments, parking, and context-based design standards.</li> <li>• Efforts should be made to attract developers who align with the Council's goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy efficiency standards that go above and beyond State requirements</li> </ul> <p>The LUMO already produces many community benefits. Additional benefits that could be translated into LUMO requirements include:</p> <ul style="list-style-type: none"> <li>• EV charging stations</li> <li>• Pedestrian and bike infrastructure in the public right of way</li> <li>• Tree preservation</li> </ul> <p>Certain types of development are – in and of themselves – a community benefit because they provide something the community needs. These include missing middle housing and commercial development. The new LUMO should promote these types of development by increasing thresholds for by-right development.</p>
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#### April 2024 – Regular Meeting

Topic	What We Shared	What We Heard	Staff Recommendation
Affordable Housing:	<p><b>Market-Rate Developers:</b></p> <p>A voluntary program using code-based incentives will not be able</p>	<ul style="list-style-type: none"> <li>• Council members supported the use of economic analysis to inform the new LUMO.</li> </ul>	<p><b>The new LUMO could:</b></p>

Code-Based Incentives	<p>to replicate the Town’s recent successes in securing affordable housing commitments through the conditional zoning process.</p> <p><b>Mission-Oriented Developers:</b> Although code-based incentives cannot induce market rate developers to provide affordable housing, they can be a meaningful tool to support developers that are already committed to providing a significant amount of affordable housing (either through mixed-income or fully affordable developments).</p>	<ul style="list-style-type: none"> <li>Council members were broadly in favor of providing code-based support for projects that provide a significant amount of affordable housing.</li> </ul>	<ul style="list-style-type: none"> <li>Support affordable housing developers through targeted relief from some requirements. These could include: <ul style="list-style-type: none"> <li>density bonuses,</li> <li>reductions in RCD buffers (if supported by the Natural Areas Model and other conservation data)</li> <li>reductions in setbacks or landscape buffer requirements</li> <li>relaxed landscaping standards</li> </ul> </li> </ul>
Affordable Housing: Small-Scale Development	<p>Small-scale housing developments cannot bear the cost of providing affordable housing. The Town’s affordable housing requirements have typically applied to projects with at least 5 units or lots. This relatively low threshold has likely made it more difficult to build smaller housing projects in Chapel Hill.</p>	<ul style="list-style-type: none"> <li>Council members supported the notion of treating smaller-scale development differently than larger development.</li> <li>A Council member noted that a focus on community benefits should not undermine other goals such as increasing the Town’s housing stock.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Increase thresholds for by-right residential development.</li> </ul>

#### May 2024 – Regular Meeting

Topic	What We Shared	What We Heard	Staff Recommendation
By-Right Development	The LUMO limits by-right development in multiple ways. Implicit limits include outdated	<ul style="list-style-type: none"> <li>A Council member expressed an interest in supporting densification of existing commercial development.</li> </ul>	<b>The new LUMO could:</b>

<p>(Administrative Approvals)</p>	<p>development standards and zoning districts that are being addressed as part of the LUMO rewrite.</p> <p>Explicit limits include the “20/40 Rule” and a requirement for Council approval of multifamily development with more than 10 units.</p> <p>Staff recommended allowing up to 20 units of residential development by-right and up to 40,000 square feet of commercial development by-right.</p>	<ul style="list-style-type: none"> <li>• Several Council members agreed that the LUMO should support small residential projects.</li> <li>• Some Council members suggested that the new LUMO should allow more than 20 units of residential development by-right.</li> <li>• Council widely agreed that the commercial development threshold should be increased to 40,000 square feet of floor area.</li> <li>• Council members were curious about how by-right development could impact the Town’s ability to build out its Everywhere-to-Everywhere Greenways network.</li> </ul>	<ul style="list-style-type: none"> <li>• Allow by-right commercial development of up to 40,000 square feet of <b>net new floor area</b>. NOTE: This proposal differs from what staff originally shared with Council and is intended to address some concerns regarding the redevelopment of existing commercial development. By focusing on net new floor area, the LUMO would avoid penalizing projects that aim to densify existing commercial sites.</li> <li>• Allow by-right residential development of up to 30 units or 30,000 square feet of residential floor area (whichever is greater). NOTE: this proposal differs from what staff originally shared with Council. It increases the proposed unit threshold to 30 and allows for an alternate threshold based on total floor area. The alternate floor area threshold would avoid discouraging micro-unit development or other types of development that achieve more affordable prices through smaller unit sizes.</li> </ul> <p>The Town’s Office of Mobility and Greenways (OMG) will initiate a feasibility assessment of the Everywhere 2 Everywhere Greenways map later this year. A key consideration for the feasibility of any proposed greenway will be the extent to which it will need to run through private land. It would</p>
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			be inappropriate to limit the development intensity of sites that fall along potential greenways so that the Town can later negotiate for the dedication of right-of-way for a greenway.
Conditional Zoning	<p>Chapel Hill should adopt a more high-level approach to reviewing conditional zoning that focuses on community benefits and project feasibility rather than detailed site plans.</p> <p>The Town's current approach to conditional zoning adds time, expense, and risk to development and serves as a barrier to entry for many developers in the Triangle.</p>	<ul style="list-style-type: none"> <li>A Council member suggested that the new LUMO should include revised thresholds for major and minor modifications to conditional zonings.</li> <li>Council members agreed that the most detailed version of conditional zoning site plans should be abandoned. Members were divided as to whether the Town should use both low- and medium-detail site plans or only rely on medium-detail site plans.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Abandon the practices of requiring highly detailed site plans and requiring applicants to demonstrate that their final product will be compliant with LUMO.</li> </ul>

#### June 2024 – Regular Meeting

Topic	What We Shared	What We Heard	Staff Recommendation
Neighborhood Conservation Districts	<p>The APA's Equity in Zoning Policy Guide states that conservation overlay districts should only be used to protect disadvantaged and vulnerable neighborhoods.</p> <p>While some of the Town's existing Neighborhood Conservation Districts (NCDs) are in line with these national best practices, many are not.</p> <p>Staff are not recommending any changes to existing NCDs. However, the LUMO Rewrite is an opportunity to ensure that the Town's land use rules reflect best practices and a commitment to equitable planning. Removing the</p>	<ul style="list-style-type: none"> <li>Council members were generally supportive of the proposed change.</li> <li>Council members expressed an interest in strategies that will help neighborhoods develop in an equitable manner.</li> <li>Some Council members expressed interest in the Town's ability to create new NCDs and to modify existing NCDs.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Abandon the procedures for creating new Neighborhood Conservation Districts.</li> </ul>

	official process for creating new NCDs cannot prevent the creation of new NCDs but can serve as an important message about the Town's commitments.		
Missing Middle Housing	<p>Expanding opportunities for missing middle housing is consistent with the Future Land Use Map and can support additional housing density and diversity in Chapel Hill.</p> <p>Allowing three- and four-family development on lots that front arterial and collector streets or that are within walking distance of a greenway can allow for incremental densification of existing neighborhoods.</p> <p>The level of density that this development pattern can create is usually able to support small neighborhood-scale businesses.</p>	<ul style="list-style-type: none"> <li>Some Council members expressed support for expanding options for three- and four-family development.</li> <li>Council members asked for staff to provide maps that demonstrate where three- and four-family development would be allowed under the proposed rule.</li> <li>Some council members asked if it would be possible to allow additional density on properties that were adjacent to greenways but not within walking distance of a publicly maintained greenway entrance.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Allow three- and four-family development on lots that front on arterial or collector streets or fall within one quarter mile walking distance of a greenway entrance.</li> </ul>

#### October 2024 – Regular Meeting

Topic	What We Shared	What We Heard	Staff Recommendation
Neighborhood-Scale Commercial Development	<p>"Neighborhood-scale commercial development" can include a range of uses like restaurants, coffee shops, home-based businesses, or small retail stores.</p> <p>Allowing these types of uses near where people live is a critical step in promoting more walkable and bikeable neighborhoods throughout Chapel Hill.</p> <p>The new LUMO could support this interest by allowing</p>	<ul style="list-style-type: none"> <li>A council member noted that, even in Residential-1 (R-1) zoning districts, neighborhood-scale commercial uses could be appropriate if they were limited to arterial roads.</li> <li>Council members expressed an interest in maintaining flexibility in where neighborhood-scale commercial uses are allowed so that the rules do not need to be updated too frequently and to avoid unintentionally prohibiting such uses in areas where they may be viable.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Allow neighborhood-scale commercial development along arterial and collector streets in Residential-2 and higher zoning districts and along arterial streets in Residential-1 zoning districts.</li> <li>Restrictions on building scale and type can help to mitigate impacts to neighboring properties.</li> </ul>

	neighborhood-scale commercial uses in residential zoning districts so long as they are located on <b>arterial</b> or <b>collector</b> streets. These are higher capacity streets on which commercial development could potentially be successful and represent parts of Town in which incremental change could be easily accommodated.	<ul style="list-style-type: none"> <li>A council member shared an interest in ensuring that neighborhood-scale commercial uses are compatible with and enhance the character of existing neighborhoods.</li> </ul>	
Stormwater Standards	<p>The Town's stormwater standards need to evolve to keep pace with climate change and the increased frequency of more severe weather events.</p> <p>At the same time, the standards need to account for Chapel Hill's housing needs and interests in promoting in-fill development.</p> <p>Earlier in the year, Town Council approved more stringent stormwater management standards for developments that are approved through a Conditional Zoning or Special Use Permit.</p> <p>The Town could expand the more stringent standard to most new development but with exceptions for some types of missing middle housing and small commercial projects.</p>	<ul style="list-style-type: none"> <li>A council member suggested including requirements or incentives for small commercial sites to include some low impact design features (e.g., additional trees, rain gardens, etc.)</li> <li>Council members shared an interest in narrowing the stormwater exemptions for single family homes.</li> <li>A council member noted that the Town's stormwater rules should consider additional factors like project location, topography, and flood risk when determining performance standards for new development.</li> </ul>	<p><b>The new LUMO could:</b></p> <ul style="list-style-type: none"> <li>Apply the 100-year storm standard to most new development but include exemptions for smaller 3- and 4-family development and for small commercial projects.</li> </ul> <p>Staff do not recommend narrowing current exemptions for single family homes due to the significant additional cost to homeowners.</p> <p>The LUMO update makes relatively simple improvements to the Town's stormwater standards but does not fundamentally reshape how stormwater is managed in Chapel Hill. More holistic changes to the Town's stormwater management strategy will need to be part of a broader effort.</p>

#### November 2024 – Regular Meeting

Topic	What We Shared	What We Heard	Staff Recommendation
Concept Plans	Concept plan review should be abandoned because it does not serve the Town's interests.	<ul style="list-style-type: none"> <li>Council members expressed mixed opinions regarding Concept Plan review. Five members supported eliminating the</li> </ul>	The proposed LUMO will not include Concept Plan Review.

	<p>Concept plan review perpetuates project-by-project decision making, is not equity-focused, and oftentimes results in inconsistent advice.</p> <p>Concept plan review is not a recognized element of the formal legislative process. None of our neighboring jurisdictions use a similar practice.</p> <p>Staff consultations and the formal legislative process provide sufficient opportunities to weigh in on projects.</p>	<p>practice while four members supported maintaining it.</p> <ul style="list-style-type: none"> <li>Some Council members noted that, in the absence of more detailed plans for the Town, Concept Plan review could be a way to ensure that new development meets the Town's needs.</li> <li>Some Council members expressed that staff consultation with developers could adequately represent the Town's interests.</li> </ul>	<p>Staff will continue to offer applicants opportunities to consult on projects before they are submitted for a formal review.</p>
Special Use Permits	<p>Special Use Permits (SUPs) are approved through a quasi-judicial process that involves numerous procedural and substantive limitations.</p> <p>Unlike the Town Council, the Board of Adjustment is solely tasked with making quasi-judicial decisions. The group is well-versed in quasi-judicial procedures and does not have to deal with the risks associated with switching between legislative and quasi-judicial decision making.</p> <p>The types of projects that must go through the SUP process will be reconsidered to better fit with the intent of SUPs. SUPs should be reserved for projects that require additional scrutiny because they could cause some localized nuisances or other negative impacts. Large projects that represent more holistic</p>	<ul style="list-style-type: none"> <li>Council members were largely supportive of this change.</li> </ul>	<p>The proposed LUMO will assign all new SUPs to the Board of Adjustment.</p> <p>Town Council will continue to review requests for modifications to older SUPs.</p> <p>SUPs will be limited to uses that present the risk of local nuisances like gas stations, kennels, and drive-throughs.</p>

	policy tradeoffs will still go through the Conditional Zoning process.		
Administrative Decisions	Administrative decisions are granted based solely on whether a project meets LUMO requirements. There is not supposed to be any discretion or subjectivity involved in the process. As a result, it is best for these types of decisions to be made by staff rather than elected or appointed officials.	<ul style="list-style-type: none"> <li>Council members were largely supportive of this change.</li> </ul>	<p>The proposed LUMO will assign the following administrative decisions to staff:</p> <ul style="list-style-type: none"> <li>Subdivisions</li> <li>Site plans</li> <li>Alternate buffers</li> </ul>

#### December 2024 – Work Session

Staff did not introduce new material during the December 2, 2024, Work Session. Instead, the meeting was an opportunity to introduce an earlier version of this “Discussion Summary” document and reiterate some of the major policy points that would be expressed in the proposed LUMO.

#### January 2025 – Work Session

Topic	What We Shared	What We Heard	Staff Recommendation
Affordable Housing	<p>The Town’s existing Inclusionary Zoning Ordinance (IZ) has significant shortcomings that can be addressed through the proposed LUMO.</p> <p>For example, the IZ only applies to for-sale homes and can make smaller projects economically unfeasible.</p>	<ul style="list-style-type: none"> <li>Council members expressed support for the proposed changes.</li> </ul>	<p>The proposed LUMO will update and bolster the Inclusionary Zoning Ordinance in multiple ways:</p> <ul style="list-style-type: none"> <li>Create a set of voluntary incentives that address rental projects that are not currently covered by IZ.</li> <li>Increase the threshold for when IZ will apply to 30 units (up from 5 units) to avoid harming the economic feasibility of smaller projects.</li> <li>Simplify how affordability targets are calculated without decreasing the targets.</li> </ul>

## January 2025 – Work Session

Topic	What We Shared	What We Heard	Staff Recommendation
Design and Dimensional Standards	<p>Because so many elements of building design are subjective, responsibly regulating design in a land use ordinance requires a relatively light touch.</p> <p>An overemphasis on design regulation can have the unintended consequence of preventing innovative design and promoting overly repetitive building designs.</p> <p>Strong building and site design regulations should focus on fundamental issues like building massing and orientation to the public realm. Focusing on the fundamentals can promote a high quality public realm without “locking in” the subjective tastes of a particular period in time.</p>	<p>Councilmembers were largely supportive of the proposed tools.</p> <p>Councilmembers reiterated an interest in tying design standards to their functional benefits such as creating inviting walkable spaces.</p> <p>Councilmembers expressed an interest in making sure that the new LUMO struck an appropriate balance between promoting good design without being overly proscriptive.</p>	<p>The updated LUMO will regulate building and site design using a variety of tools that focus on fundamental features of good design. These tools will likely include:</p> <ul style="list-style-type: none"><li>• Build-to zones;</li><li>• Transitional height zones;</li><li>• Step-backs;</li><li>• Screening for parking garages;</li><li>• Street trees</li></ul>