

# TECHNICAL REPORT

Council Meeting – 11/18/2020



## **LUMO TEXT AMENDMENT FOR TOWNHOMES IN BLUE HILL**

The following Technical Report describes proposed modifications to the Form District Regulations in order encourage townhome projects in the Blue Hill District, stemming from a petition from Council members. The modifications constitute a proposed Text Amendment to Section 3.11 of LUMO.

On February 19, 2020, Council adopted new standards for building massing in the Blue Hill District, including maximum building dimensions and minimum building separation. Council provided direction at that time to further refine standards supporting townhome projects. Staff subsequently developed proposed townhome standards that reflect an analysis of market realities and interests of the community, as detailed in this report.

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### **UPDATES SINCE THE FEBRUARY 19 PUBLIC HEARING**

- This report reflects further study and conversation with consultants on the dynamics of townhome development, including market aspects, community interests served, and impacts of proposed changes
- Switching the nonresidential exemption from a cap on number of units to a cap on site acreage
- Introduction of a phased non-residential requirement for townhome sites 2-2.5 acres in size, so that 'medium' sites don't have a significant disadvantage compared to smaller sites
- Addressing lot requirements in the Code that the consultants identified as additional barriers for townhome development

### **MARKET ASPECTS OF TOWNHOME DEVELOPMENT IN BLUE HILL**

Noell Consulting Group provided development economics expertise for the Blue Hill Massing Study. Information in this section is drawn from their report on [Blue Hill District Market Analysis](#)<sup>1</sup>, along with follow up conversations on townhomes.

#### **Site Requirements of Larger Footprint Uses**

To be economically feasible, uses such as office, hotel, and mid-rise multifamily need a minimum floor plate size that meets criteria for marketing and financing. For example, office building floor plates start around 20,000 sq ft. In addition, parking structures have their own minimum floor plate size to allow vehicle circulation (typically 20,000 sq ft and up). The resulting minimum site area for office, hotel, and multifamily projects is typically around 2.0 acres to support building, parking, and other site functions. Sites may need to be larger based on factors such as parcel shape, topography, streams, etc. Townhome projects, meanwhile, offer more flexibility in size and therefore represent a development opportunity for parcels under 2.0 acres.

<sup>1</sup> <https://www.townofchapelhill.org/home/showdocument?id=44274>

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## Stacked Townhomes

Smaller footprint townhomes can be stacked with two units on top of each other for a more efficient use of land. Each unit is typically two stories and has its own entrance at street level. This housing configuration is common in many urban areas. There are no examples currently in the Triangle, but it could become a desirable product type in areas of high activity.

## Townhome Product Types

The Noell report analyzes the feasibility of various common types of townhomes. The information below, drawn from their October 2019 report, was a core part of developing the proposed townhome standards.

TOWNHOME TYPE	DESCRIPTION	SQUARE FOOT RANGE	SALES PRICE
<b>Micro/Urban</b>	Smaller units, 12'-18' width, no yard, surface parking or tandem garage, can build 2 units stacked	1,400 – 1,800	\$300,000 and up
<b>Conventional</b>	Mid-size units, 18'-28' width, 2-car garage typically front loaded, may have yard <i>- Not considered viable in the District</i>	1,800 – 2,600	\$360,000 and up
<b>Luxury</b>	Larger units with high-end finishes, 22'-32' width, 2-car garage typically alley loaded, yard and/or rooftop patio	2,800 – 3,600	\$700,000 and up
<b>Other</b>	<i>Other townhome product types, such as Entry-Level and Detached, are not considered viable in the District</i>	Varies	Varies

## COMMUNITY INTERESTS SERVED BY TOWNHOME DEVELOPMENT

By considering the market dynamics of Blue Hill and Chapel Hill overall, along with the housing needs of the community, staff is proposing townhome standards that could serve the following community interests:

**Development Opportunity for Small Infill Sites:** Assisting parcels of all shapes and sizes to be put to a productive use that contributes to the walkable urban fabric of Blue Hill and also increases tax revenue.

**Broaden Variety of Housing Types:** Encouraging more housing supply beyond single-family homes and multifamily apartments, to better serve the community's diverse types of family and household structures.

**Broaden Options for Housing Price Points:** Providing opportunities for homeownership at a cost that is more accessible than the typical single-family home in Chapel Hill. Note that the standards proposed here encourage housing for a broader range of incomes, but would need to be paired with affordable housing strategies to meet the needs of low-income populations.

In order to support these interests, the proposed standards would support the development of townhomes on smaller sites where the typical unit size meets the criteria for a 'Micro/Urban' townhome. Projects meeting these conditions would either not have to include a commercial component (which can be challenging to integrate with townhomes) or would provide a reduced amount of commercial space.

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## SUMMARY OF PROPOSED CHANGES

TODAY'S REGULATIONS	PROPOSED CHANGES
<ul style="list-style-type: none"> <li>• <b>Nonresidential Requirement:</b> All residential projects in WX-Subdistricts must include a nonresidential use  Minimum 10% of building floor area or 15% of site floor area</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Attached Living:</b> Townhomes/rowhouses are not required to include a nonresidential use if               <ul style="list-style-type: none"> <li>(i) the site area is <math>\leq 2</math> acres and</li> <li>(ii) at least half of the units are <math>\leq 1800</math> sq. ft.</li> </ul> </li> <li>• <b>Phase-In for Medium Sites:</b> Attached Living on sites with an area between 2 and 2.5 acres –               <ul style="list-style-type: none"> <li>(i) must only provide at least 5% of building floor area / 10% of site floor area as a nonresidential use</li> <li>(ii) at least half of the units still must be <math>\leq 1800</math> sq. ft.</li> </ul> </li> <li>• <b>Stacked Townhomes:</b> A project with no more than two units vertically stacked may be considered an Attached Living use, eligible for the nonresidential use exemption and phase-in detailed above</li> <li>• <b>Other Multifamily Living:</b> Nonresidential use still required, no change to percentages</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Residential Lot Requirements</b> <ul style="list-style-type: none"> <li>- Minimum Net Land Area: 1700 sq ft</li> <li>- Minimum Lot Width: 20 ft</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Residential Lot Requirements:</b> Support townhome projects that may have very small lots for individual units, but reasonable overall site dimensions               <ul style="list-style-type: none"> <li>- Minimum Net Land Area: 1700 sq ft per building or series of attached units</li> <li>- Minimum Lot Width: 20 ft per building or series of attached units</li> <li>- Lots for individual attached units can be smaller</li> </ul> </li> </ul>

## IMPACTS OF PROPOSED CHANGES

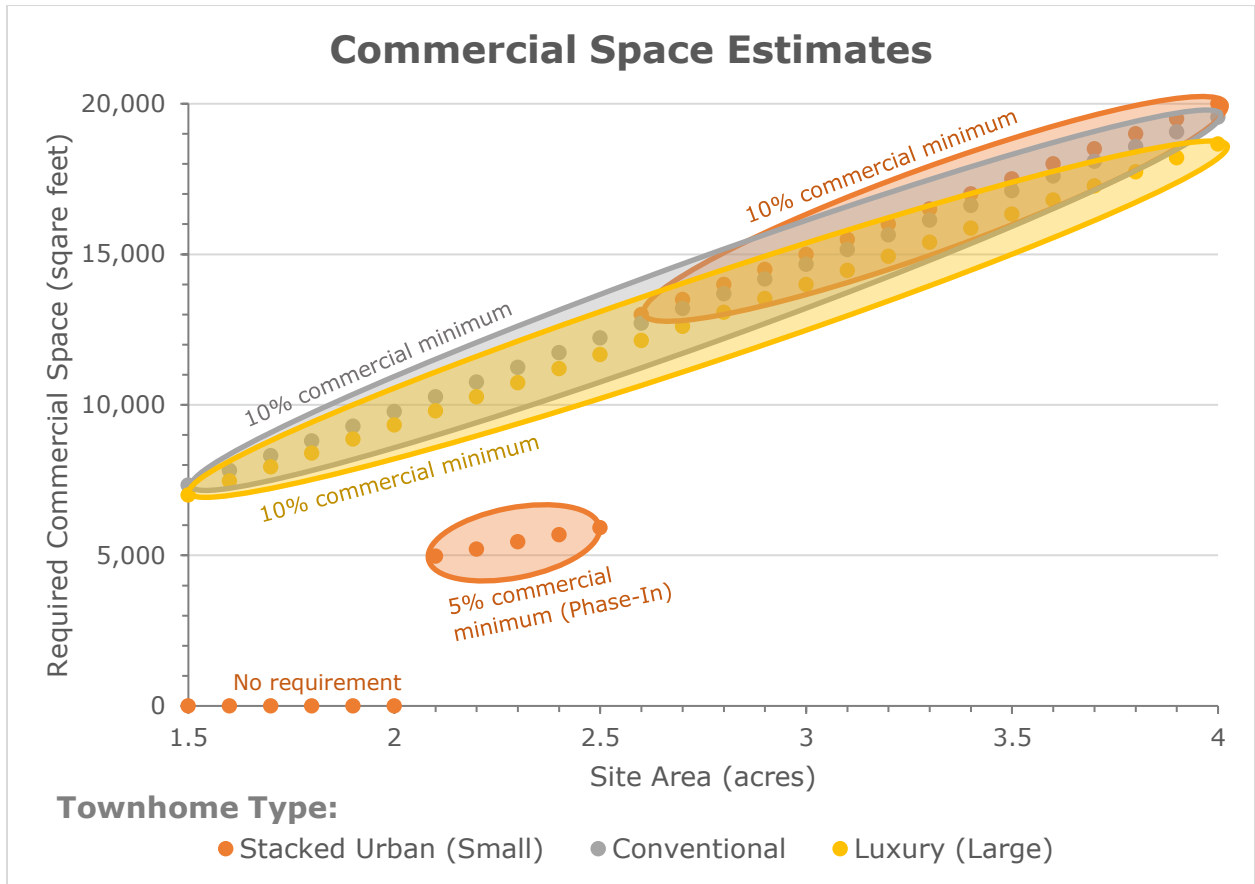
The proposed changes would activate smaller parcels and facilitate housing types that are generally smaller in scale, not currently represented in the District, and could serve a 'missing middle' function for affordability. By applying these new standards, staff believes that the Blue Hill District would see the following impacts:

- All sizes of townhome units and townhome projects would be allowed, as is currently the case. However, the requirement for commercial space would only apply in certain circumstances.
- The proposed exemption from commercial space would support townhome projects where the location dynamics of the site and/or the developer's expertise do not make commercial uses feasible.
- Projects that don't provide commercial space would be limited to circumstances where other community interests are still being met (activating small infill sites, broadening the variety of housing types and price points).

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- Projects on medium-sized sites (up to 2.5 acres) that still have smaller units can take advantage of a phased-in commercial requirement. As shown in the graph below, the proposed 5% of square footage could result in a requirement for up to around 7,000 sq. ft. of nonresidential space. If there were no phase-in, applying the existing 10% requirement could result in over 10,000 sq. ft. of nonresidential space on a 2-2.5 acre site. Amounts of commercial space will also vary depending on townhome unit size and units built per acre.

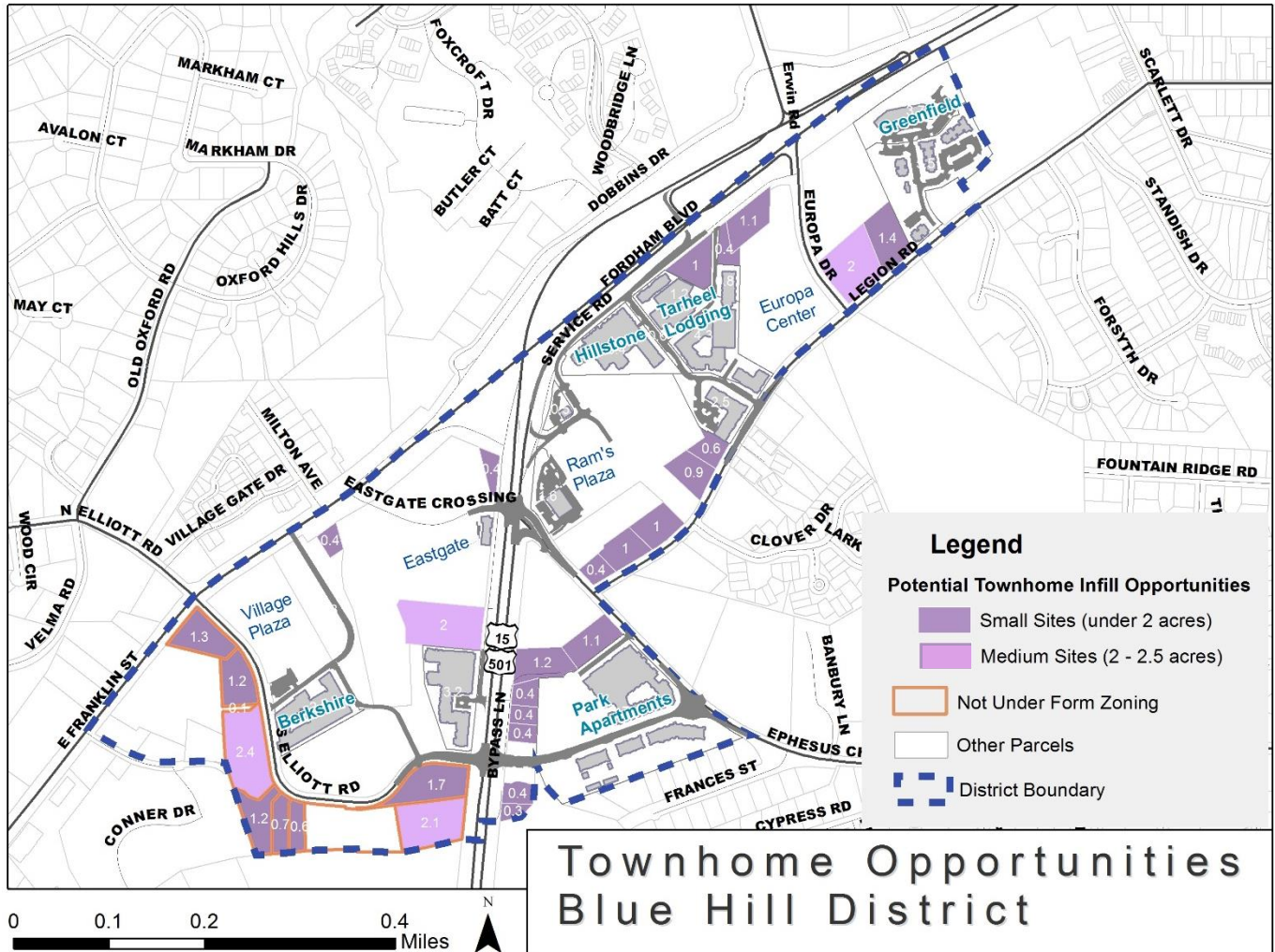


*Note: This graph reflects one set of possible development outcomes, with assumptions for townhome size and density that are typical of the Stacked Urban, Conventional, and Luxury product types*

- Small sites (under 2 acres) might support up to 60 units depending on unit size and unit stacking, while medium sites (2-2.5 acres) might allow up to 75 units. Any townhome project developed with little or no commercial space would need to be fairly small in scale compared to other residential developments in Chapel Hill.
- The map below shows sites that might be candidates for small townhome projects, based on a parcel size of less than 2 acres or 2-2.5 acres. The potential townhome sites generally cluster on the eastern and southwestern sides of the Blue Hill District, with the more central sites being large enough to support a broad range of uses.
  - Note 1:** In many cases there is opportunity to assemble these parcels with surrounding ones to form a larger site that could support other uses. This would depend on the decisions of property owners.
  - Note 2:** Parcels located south/southwest of Elliott Road are not currently zoned under the Form-Based Code, and would only be subject to this framework pending a future rezoning.

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- If there is interest in further limiting the number of parcels that might be developed as townhome projects with no commercial component, staff recommends evaluating approaches that are more geographically precise. For example, the proposed townhome standards could be adapted to only apply in the WX-5 zoning subdistrict, which generally runs along Legion Road and Europa Drive.

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## BACKGROUND

March 14, 2018	Council received a petition regarding potential changes to the Form District Regulations, addressing several topics including building massing concerns
June 27, 2018	Council updated recreation space standards as an initial response to the petition, and provided direction to continue studying additional strategies
June 5, 2019	Council Work Session to discuss potential approaches on how to regulate building mass
November 1, 2019	Council Committee on Economic Sustainability to consider development finance considerations of new massing standards
January 7, 2020	Public Information Meeting on massing standards
January 7, 2020	Planning Commission Meeting on massing standards
January 8, 2020	Council Public Hearing to hear the proposed amendments and receive public comments
January 28, 2020	Community Design Commission Meeting on massing standards
February 19, 2020	Council adopted new standards for building massing. Council provided direction to further refine standards supporting townhome projects

## NEXT STEPS

November 18, 2020	Council Public Hearing to consider proposed townhome standards and receive public comments
December 9, 2020	Council has the opportunity to take action on the proposed amendments

## SUMMARY OF PREVIOUSLY APPROVED BUILDING MASSING STANDARDS

The interest in townhome standards stems from a larger study on ways to address massing and permeability concerns in the Blue Hill District. In addition to what is proposed here, the Council already adopted updates to massing standards on February 19, 2020, as summarized below:

- a. Massing and Building Separation: Core standards that relate directly to building mass by limiting the horizontal dimensions and creating public space between buildings
  - i. Established a framework of maximum dimensions for buildings and structured parking in various contexts
  - ii. Established a minimum separation between buildings, with such area serving a pedestrian connectivity function for the public
- b. Additional Changes: Standards that indirectly support positive outcomes for building mass and/or accomplish other objectives for the Blue Hill District based on Council interests
  - i. Exempted four-story buildings from having to reduce the area of the upper floor
  - ii. Expanded options for reducing the number of required parking spaces
  - iii. Allowed parking structures closer to the street, when they are thoughtfully designed

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## ZONING AMENDMENT FINDINGS OF FACT

Based on the comments and information submitted, the Council will consider whether it can make one or more of the three required findings (listed below A-C) for enactment of a Land Use Management Ordinance Text Amendment.

In order to establish and maintain sound, stable, and desirable development within the planning jurisdiction of the Town, it is intended that the Land Use Management Ordinance (as stated in Section 4.4) shall not be amended except:

- A. To correct a manifest error in the chapter; or
- B. Because of changed or changing conditions in a particular area or in the jurisdiction generally; or
- C. To achieve the purposes of the Comprehensive Plan.

Staff provides below an evaluation of the proposed text amendment based on the three findings. Further information may be presented for the Council’s consideration as part of the public hearing process. All information submitted at the public hearing will be included in the record of the hearing.

### A. To correct a manifest error in the chapter

Arguments in Support:	To date no arguments in support have been submitted or identified by staff.
Arguments in Opposition:	To date no arguments in opposition have been submitted or identified by staff.

### B. Because of changed or changing conditions in a particular area or in the jurisdiction generally

Arguments in Support:	Since it was first adopted, the Form-Based Code has been evolving in response changing market dynamics and the actual performance of the District.  Encouraging townhome development has been identified as an indirect way of addressing concerns around building mass and achieving a human-scale design that contributes to a walkable environment.
Arguments in Opposition:	To date no arguments in opposition have been submitted or identified by staff.

**Staff Response:** We believe, based on the information entered into the record to date, that the proposed zoning amendment responds to changed and changing conditions in the area.

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## C. To achieve the purposes of the Comprehensive Plan

Arguments in Support:	Staff believes that the proposed text amendment would contribute to the following elements of the Comprehensive Plan: <ul style="list-style-type: none"><li>▪ A range of housing options for current and future residents (Goal <i>A Place for Everyone</i> 3)</li><li>▪ A development decision-making process that provides clarity and consistency with the goals of the Chapel Hill 2020 comprehensive plan (Goal <i>Good Places, New Spaces</i> 3)</li><li>▪ A range of neighborhood types that addresses residential, commercial, social, and cultural needs and uses while building and evolving Chapel Hill’s character for residents, visitors, and students (Goal <i>Good Places, New Spaces</i> 5)</li><li>▪ Future land use, form, and density that strengthen the community, social equity, economic prosperity, and natural environment (Goal <i>Good Places, New Spaces</i> 8)</li></ul>
Arguments in Opposition:	To date no arguments in opposition have been submitted or identified by staff.

**Staff Response:** We believe, based on the information entered into the record to date, that the proposed zoning amendment achieves the purposes of the Comprehensive Plan.