



August 18, 2026, Planning Commission Meeting

LUMO Update

Staff Memo

Overview

Earlier this year, Town Council identified five priority goals to guide their conversations regarding the draft LUMO. Many Councilmembers also requested that future discussions focus on the tradeoffs associated with major elements of the draft LUMO.

This memo covers tradeoffs associated with three of Council's priority goals:

- User Friendliness
- Economic Development
- Built Environment

The memo for the next Planning Commission discussion regarding the LUMO will cover the remaining priority goals: (1) Housing and (2) Environment and Resilience.

During the August 18th Planning Commission meeting, staff will discuss the tradeoffs identified in this memo and also be available to answer Planning Commission questions regarding the draft LUMO that was [released for public review](#) on July 16, 2026.

Goals, Interests, and Tradeoffs

When the Town Council identified its five priority goals for the draft LUMO, it also identified several specific interests associated with each goal. In [a previous memo](#) shared with Planning Commission, we outlined how the draft LUMO will address the goals and interests identified by Town Council. Below, we revisit some of those specific interests, note tradeoffs associated with meeting those interests, and identify how the draft LUMO attempts to balance those tradeoffs. More detailed information about specific provisions of the draft LUMO is included in the reference guide [available here](#).



User Friendliness:

Improve LUMO organization and the Town's administrative processes

Of the several specific interests that Council associated with its "User Friendliness" goal, the following interests likely represent the most significant tradeoffs:

1. Streamline the development application and review process while ensuring administrative pathways support Complete Community outcomes.

2. Balance efficiency with community benefits that cannot be achieved solely through administrative processes.

Both interests represent a similar set of tradeoffs including:

- 1. Predictability and consistency in decision-making vs. ability to negotiate for community benefits**

Administrative decisions are intended to be entirely based on whether an application complies with the relevant rules. This means that all parties concerned about a particular development application (including the applicant, neighbors, staff, etc.) can be reasonably certain about whether the application will be approved or denied based only on sufficient knowledge of the facts of the application and the relevant rules. This supports decision-making that is both predictable and consistent, which can lead to greater equity and less risk associated with land use decisions.

However, administrative decisions have a limitation, which in certain contexts, can reduce their effectiveness. They do not allow staff to negotiate for binding commitments that are not explicitly connected to the LUMO or other regulations.

In contrast, legislative decisions (e.g., conditional zonings) empower the Town Council to negotiate for commitments that go above and beyond LUMO requirements. Council has effectively used this authority to secure commitments for community benefits such as land conservation, stream restoration, elevated design elements, and affordable housing.

While legislative decisions can help to secure community benefits for the Town, they are typically considered to be less predictable and therefore more costly and risky for developers. An overreliance on legislative development decisions can therefore discourage new developers from working in Chapel Hill and increase development costs for those that do.

The draft LUMO attempts to balance these tradeoffs by (1) taking a relatively conservative approach to the amount of new development that is allowed without Council approval; (2) incentivizing community benefits that cannot be mandated; and (3) incorporating Complete Community principles into core LUMO standards wherever possible.

- 2. Public participation vs. objective decision-making**

Of the three types of land use decisions made by local governments (administrative, quasi-judicial, and legislative), only quasi-judicial and legislative decisions typically include some form of public participation. Administrative decisions must turn entirely on the objective question of “does the application comply with the relevant rules?”

Increasing the share of land use decisions that are made through an administrative process, therefore, can lead to a relative decrease of public participation in individual land use decisions. This may be seen as a reduction in public control over new development.

On the other hand, an increase in the share of projects that are subject to administrative decision-making can spur new development and promote more equitable decisions by moderating the impact of voices that have historically been overrepresented in land use decisions.

The draft LUMO attempts to balance these tradeoffs by maintaining Council’s role (and therefore preserving opportunities for public participation) in approving larger-scale projects that are likely to evoke broader community concerns.

3. Transparency in decision-making vs. administrative efficiency

Because administrative decisions do not typically include public hearings, they can lead to fewer opportunities for members of the public to observe land use decision-making processes firsthand.

The draft LUMO is likely not the appropriate tool to address this tradeoff. Matters such as improving access to public records and notifying residents of pending administrative applications are best addressed through updated policies and practices.



Economic Development and Land Use:

Support a diverse and resilient local economy

The two specific interests that Council associated with its “Economic Development and Land Use” goal both represent significant tradeoffs. These interests include:

1. Support neighborhood scale commercial uses that provide daily needs close to home and reinforce a balanced jobs housing mix.
2. Align land use patterns with Complete Community principles to ensure equitable access, mixed use opportunities, and predictable development patterns.

Tradeoffs associated with these interests include:

1. Preserving existing neighborhoods vs. supporting new amenities

In the long term, supporting neighborhood-scale commercial uses will likely require a combination of adding residential density near existing commercial uses and finding sites where new commercial uses could be established.

Both options could lead to existing neighborhoods or underdeveloped properties seeing some amount of change over time. Some amount of displacement pressure and the disruptions that come with living or working near a development site are inherent risks associated with these approaches.

The potential upshot is a stronger base of commercial development in Town which can provide beneficial new amenities, bolster existing businesses, and ease the property tax burden for homeowners.

The draft LUMO attempts to balance these tradeoffs by (1) allowing only relatively small-scale commercial development in residential districts; (2) creating new medium-density residential districts that can be strategically used in appropriate locations following a public process; (3) allowing incrementally denser residential development in existing low-density residential districts; and (4) increasing by-right development opportunities most significantly in areas of Town where dense development is already expected.

2. Supporting mixed-use development and shorter travel times between destinations vs. separating dissimilar land uses

Mixed-use development that allows people to easily live near the necessities of daily life (e.g., work, school, entertainment, shopping, and open space) is a core component of the Town's Complete Community Strategy. Although there is a very strong historical precedent for mixed-use development, several decades of Chapel Hill's growth reflected the notion that there should be a strict separation between residential and commercial uses. Early work related to the Complete Community Strategy highlighted this disparity as the "hard truth" that Chapel Hill has a difficult urban form to remediate.

The draft LUMO attempts to balance these tradeoffs by (1) allowing incremental changes in existing neighborhoods that almost exclusively consist of single-family homes; (2) requiring sensitive transitions between zoning districts; and (3) supporting mixed-uses by default in most new development.



Built Environment and Public Realm:

Ensure the physical form of the Town supports livability, economic vitality, and equitable access to daily needs

Council's "Built Environment and Public Realm" goal includes several specific interests that are relevant to a discussion about tradeoffs:

1. Mobility and infrastructure connections that enable safe, low car or car free lifestyles.
2. Reduced dependence on parking through context appropriate standards.
3. Building form and site design that create walkable, connected, people centered environments

The major tradeoff associated with each of these interests is **private property development potential vs. infrastructure or design elements that provide a public benefit**. This tradeoff is inherent in almost all land use regulations but is particularly acute when new development is asked to provide public infrastructure or incorporate design elements that are focused on improving the public realm.

The draft LUMO attempts to balance this tradeoff by (1) incentivizing developments that provide public infrastructure like greenways or pseudo-public amenities like communal outdoor spaces; (2) promoting development patterns that enable car free living; (3) ensuring that building and site design standards that can limit development potential are primarily tailored to focus on functional benefits instead of purely aesthetic concerns; and (4) requiring infrastructure improvements that support broader community objectives.