



JUNE 21, 2023

[23-0560] - EXHIBITS

LEGISTAR  
PLANNING DEPARTMENT

# Contents

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Project History and Background.....	2
Proposal .....	3
Past Advisory Board and Town Council Meetings .....	3
Long Range Analysis.....	4
Proposed Text Amendment.....	7
Existing & Proposed Uses .....	7
Proposed Use Table.....	7
Two-Family Development .....	7
Multi-family Development.....	11
Other Considerations .....	14
Neighborhood Conservation Districts.....	14
Occupancy Limits .....	14
Stormwater.....	14
Subdivision Standards.....	14
Restrictive Covenants & Other Entitlements .....	15
Short-Term Rentals (STRs).....	15
Historic Districts .....	15
Zoning is One Tool in a Larger Toolbox.....	16
Pattern Book of Pre-Approved Housing Designs.....	17
Monitoring the Results .....	19
Housing Units and Land in Chapel Hill .....	20
Current Housing Stock .....	20
Distribution of Zoning Districts .....	21
Analysis of Zoning Districts.....	21
Analysis of Housing Types by Zoning District.....	23
Economic Development Analysis.....	27
Estimated Development Costs for Duplex Construction .....	27
Racial Equity Analysis .....	28
Advancing Racial Equity in Zoning Policy.....	28
Advancing Racial Equity in Housing Policy .....	29
Community Engagement .....	32
Survey Results.....	32
Emails to Mayor and Council .....	32
Appendix .....	33
Past Meetings .....	33
Research Completed .....	34
Comparison to other communities.....	34
Tree Canopy Analysis.....	35

# Project History and Background

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Chapel Hill's available housing supply does not meet the needs of current and future residents. As written, the Land Use Management Ordinance (LUMO) has encouraged suburban development trends, fostering the construction of owner-occupied, detached single-family houses and renter-occupied multi-family housing complexes. This has led to a segregation of housing types with about 70 percent of Chapel Hill's land devoted to single-family neighborhoods. Staff propose a text amendment to the Land Use Management Ordinance (LUMO), the Housing Choices for a Complete Community text amendment, to encourage Missing Middle Housing forms, such as two-, three-, and four-family developments, to add diversity between single-family and large multi-family developments.

The historic development trends in Chapel Hill are not only inefficient but have also contributed to higher home values and higher rents for tenants, pricing many out of the community. By limiting development in low-density neighborhoods, housing demand has moved to the fringes of the community and has led to loss of tree canopy and farmland. These areas on the edges of the community contribute to longer commutes, greater automobile dependency, and increased emissions. Low-density zoning districts do not align with Council's goals for promoting social justice and creating an inclusive and integrated community.

Recognizing this, the Town Council has indicated in its adopted plans and commissioned studies the need for a mix of housing types to provide opportunities for missing middle housing. For nearly a decade, the Town Council has stressed the need for a mix of housing types to meet the price points, life stages, and preferences of current and future residents.

The *Projected Housing Needs, 2020-2040* study found that over the last 20 years, Chapel Hill has largely developed two types of housing – single-family in 2000s and large-scale apartment complexes in the 2010s. This lack of diversity has led to the community's housing stock no longer meeting the needs of many households, including first-time buyers, families with young children, divorcees, empty nesters, and seniors.

At the same time, Chapel Hill has one of the highest ratios of jobs to housing in the region. The value of owner-occupied housing is 53 percent higher than Durham. While luxury apartments may meet the needs of young professionals today, these same professionals are likely to choose lower-cost housing near their jobs when it comes time to buy.

To keep the jobs-housing ratio from rising, the study found that housing production needs to increase by 35 percent over that of the 2010s, or on average 500 units per year. Of this, 440 units are required for working-aged people and seniors while 45 units are needed for students living off-campus.

There are consequences to keeping the status quo:

- By choosing not to grow, Chapel Hill will experience higher housing prices, less social diversity, fewer middle-income jobs, and difficulty attracting faculty and staff to the university.
- By continuing to regulate growth as we currently do under a project-by-project basis, housing costs will continue to grow as we lose our sense of place.

By improving the planning process and creating new neighborhoods, we have the opportunity to keep down housing costs and achieve our goals for climate change.

## Proposal

In response to Town Council’s direction, the Planning Department proposes addressing Chapel Hill’s housing crisis by encouraging “gentle density.” Gentle density allows small-scale residential projects such as accessory apartments as well as two-, three-, and four-family developments to be constructed within existing neighborhood fabric. The purpose of allowing these uses in existing residential zoning districts is to:

- Expand opportunities for diverse housing types that meet different price points, life stages, and preferences.
- Increase housing unit production that will in turn improve the availability and potentially the affordability of housing.
- Encourage compatible infill development specifically designed to respond to the context of existing single-family neighborhoods.
- Sensitively and slowly increase the density of existing neighborhoods. In turn, this will support community commercial centers, transit routes, and greenways.
- Increase density and promote walkability on existing and proposed greenways and trails and increase transit ridership. These alternative forms of transportation meet the Town’s goals for fostering environmental suitability.

In October 2022, January 2023, and May 2023, Planning staff introduced a series of text amendments to encourage “gentle density” into existing residential neighborhoods. The table below details some of the key benefits of “gentle density” and potential applications in Chapel Hill.

General Benefits of Gentle Density	Benefits of Gentle Density for Chapel Hill
Greater variety of household sizes and demographics require variety of housing choices	Provides a range of housing options for current and future residents not currently met  Future Land Use Map (FLUM) encourages duplexes, triplexes, fourplexes, and accessory apartments to have a review process like single family and recognizes they could fit into the existing fabric of single-family neighborhoods if carefully integrated
Walkable and accessible amenities	Compact, higher density and multi-family development creates demand for greenways, walking and biking paths, as well as transit.
Variety of transportation options	Density around existing transportation networks supported by the Mobility & Connectivity Plan as well as the Climate Action Plan
Need for affordable and attainable housing	Range of unit types and sizes creates opportunities for – but does not guarantee – improved affordability
Sense of community	Land use, form, and density that strengthens the community, social equity, economic prosperity, and the natural environment

## Past Advisory Board and Town Council Meetings

Staff presented and received feedback on iterations of the text amendment at multiple public meetings, Open House events, Lunch and Learn gatherings, and Council Work Sessions. A full list of these meetings is in the Appendix of this report.

# Long Range Analysis

The proposed amendment is supported by the following adopted plans, commissioned reports, and the 2021 housing petition signed by several Council members:

Plan	Goals or themes supporting diversity of housing:
<p><a href="#"><u>Chapel Hill 2020 Comprehensive Plan</u></a><sup>1</sup></p> <p><b>Adopted: June 25, 2012</b></p>	<p>A range of housing options for current and future residents (<i>Place For Everyone</i>.3)</p> <p>Low density, green Rural Buffers that exclude urban development and minimize sprawl (<i>Good Places, New Spaces</i>.1)</p> <p>A vibrant, diverse, pedestrian-friendly, and accessible downtown with opportunities for growing office, retail, residential, and cultural development and activity (<i>Good Places, New Spaces</i>.2)</p> <p>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 (<i>Good Places, New Spaces</i>.5)</p> <p>Future land use, form, and density that strengthen the community, social equity, economic prosperity, and natural environment (<i>Good Places, New Spaces</i>.8)</p> <p>Reduce the carbon footprint of all Town-owned or managed services and properties; require that all new development meets standards; and support residents in minimizing their personal footprints (<i>Nurturing Our Community</i>.7)</p> <p>Housing for students that is safe, sound, affordable, and accessible and meets a demonstrated need conducive to educational and maturational needs of students, and housing for Town, University, and the Health Care System employees that encourages them to reside in the community (<i>Town Gown Collaboration</i>.4)</p> <p>Promote access for all residents to health-care centers, public services, and active lifestyle opportunities (<i>Town Gown Collaboration</i>.6)</p>
<p><a href="#"><u>Future Land Use Map</u></a><sup>2</sup></p> <p><b>Adopted: December 9, 2020</b></p>	<p>Guiding Statement 1: Respond to the threats associated with climate change and environmental stewardship and resiliency by:</p> <ul style="list-style-type: none"> <li>• Creating compact, walkable, mixed-use communities where activities are in close proximity and require less time and energy to access and travel between destinations.</li> <li>• Densify at strategic locations and mixing land uses shortens trips and reduces car dependency.</li> <li>• Promote patterns and styles of development that are climate responsive and utilize existing infrastructure.</li> <li>• Support transit systems through additional housing units and more intense land uses.</li> </ul> <p>Guiding Statement 2: Ensure equitable planning and development.</p> <ul style="list-style-type: none"> <li>• Mitigate residential displacement as development and redevelopment occurs</li> <li>• Provide affordable housing options for all family sizes and incomes in all neighborhoods</li> <li>• Preserve and strengthen intact neighborhoods, building upon local assets and resources</li> </ul>

<sup>1</sup> <https://www.townofchapelhill.org/home/showpublisheddocument?id=15001>

<sup>2</sup> <https://online.flippingbook.com/view/26191/>

	<ul style="list-style-type: none"> <li>• Develop healthy and safe communities through, among other improvements, walkable neighborhoods.</li> </ul> <p>Guiding Statement 3: Encourage of Diversity of Housing Types</p> <ul style="list-style-type: none"> <li>• Development of duplexes, triplexes, fourplexes, and accessory dwelling units with an approval process and requirements similar to single-family detached dwellings. FLUM recognizes that small-scale multi-family uses could fit into the existing fabric of single-family neighborhoods if carefully integrated into the existing neighborhood.</li> <li>• Development of townhouses at the edge of existing neighborhoods that act as a transitional use.</li> <li>• Small lot single-family subdivisions that utilize traditional neighborhood design to create compact, livable, and accessible neighborhoods.</li> </ul> <p>Guiding Statement 4: Promote distinctive, safe, and attractive neighborhoods.</p> <ul style="list-style-type: none"> <li>• Direct dense growth to multimodal and key transportation corridors to promote a multi-modal network and increase mobility options.</li> <li>• Protect and preserve historic neighborhoods and neighborhood conservation districts (NCDs).</li> </ul> <p>Guiding Principal 8: Provide appropriate transitions between land uses and buildings of different scales.</p> <ul style="list-style-type: none"> <li>• Create harmonious transitions between different types and intensities of land uses and built forms physically through form, use, architectural, and landscaped transitions.</li> </ul> <p>Guiding Principal 9: Preserve and maintain the appearance of Chapel Hill and create quality design and development</p> <ul style="list-style-type: none"> <li>• Focus high quality appearance and design of private development to public views</li> <li>• Develop design guidelines, regulations, streetscape plans, and improvements that provide guidance on building massing, scale, shape, and orientation</li> </ul>
<p><b><u><a href="#">Mobility &amp; Connectivity Plan<sup>3</sup></a></u></b></p> <p><b>Adopted October 28, 2020</b></p>	<p>Compact, higher density and multi-family development creates demand for greenways, walking and biking paths, as well as transit.</p>
<p><b><u><a href="#">Climate Action &amp; Response Plan<sup>4</sup></a></u></b></p> <p><b>Adopted: April 7, 2021</b></p>	<p>Compact, walkable, bikeable, transit-served neighborhoods require higher density development. The plan calls for incentivizing more compact, affordable, and mixed income housing, including “missing middle” and accessory dwelling units.</p>
<p><b><u><a href="#">Petition from Council Members Regarding Affordable and Missing Middle Housing<sup>5</sup></a></u></b></p> <p><b>Submitted: September 22, 2021</b></p>	<p>Several members of Council asked staff to create a new application pathway to foster the creation of missing middle housing, such as duplexes, triplexes, townhouses, and other forms of compact development.</p>

<sup>3</sup> <https://www.townofchapelhill.org/residents/transportation/bicycle-and-pedestrian/chapel-hill-mobility-and-connectivity-plan>

<sup>4</sup> <https://www.townofchapelhill.org/Home/ShowDocument?id=48581>

<sup>5</sup> <https://chapelhill.legistar.com/View.ashx?M=F&ID=9834553&GUID=1DB8AFA8-3BDF-42E2-9E41-D6747BD4ECF4>

<p><b><u><a href="#">Projected Housing Needs, 2020-2040</a></u></b><sup>6</sup></p> <p><b>October 12, 2021</b></p>	<p>The Town of Chapel Hill and University of North Carolina jointly funded a report to determine housing needs. The report found that most new housing was single-family and apartments, with only 5% of new units completed serving as owner-occupied condominiums or townhouses. The Chapel Hill housing market found that more diverse housing types were needed in walkable neighborhoods to meet the needs of those left out of the current market, including first time homeowners, young families, divorcees, empty nesters, and seniors. About 485 units/year are needed to meet housing demands.</p>
<p><b><u><a href="#">Complete Community Strategy</a></u></b><sup>7</sup></p> <p><b>December 7, 2022</b></p>	<p>The Town of Chapel Hill worked with consultants to develop a new approach to housing that clarifies where and how its built to create inclusive, sustainable, and complete communities. The strategy supports:</p> <p>Diversity of housing types, including missing middle density for both renters and homeowners.</p> <p>Diversity of tenures for a diversity of households and recognizes that both units and secondary suites add gentle density.</p> <p>Higher density, higher use, and lessened need for driving/parking will lower infrastructure and building costs.</p>

<sup>6</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/50141/637715343396500000>

<sup>7</sup> <https://www.townofchapelhill.org/businesses/complete-community#:~:text=The%20Complete%20Communities%20Strategy%20is,current%20and%20future%20housing%20needs.>

# Proposed Text Amendment

## Existing & Proposed Uses

### Proposed Use Table

	R-LD5	RT	R-LD1	R-1A	R-1	R-2	R-2A	R-3	R-4	R-5	R-6	HR-L	HR-M	HR-X
Single Family	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Two-Family Dwelling														
Single-Family with Accessory Apartment	P	P	P	P	P	P	P	P	P	P	P	A	A	A
<u>Single-Family with Cottage</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Two-Family, Attached</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Two-Family, Detached</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
Multi-Family Dwellings														
<u>Three-Family, Attached/Detached</u>	-	-	-	-	-	-	-	-	<u>P</u>	<u>P</u>	<u>P</u>	P	P	P
<u>Four-Family, Attached/Detached</u>	-	-	-	-	-	-	-	-	<u>P</u>	<u>P</u>	<u>P</u>	-	-	-
<u>Multi-family, 5-10 units, Attached/Detached</u>	-	-	-	-	-	-	-	-	P	P	P	-	-	-
<u>Multi-family, over 10 units, Attached/Detached</u>	-	-	-	-	-	-	-	-	-	-	P	-	-	-

Uses: New uses proposed to be added to the table  
A: Permitted Accessory Use

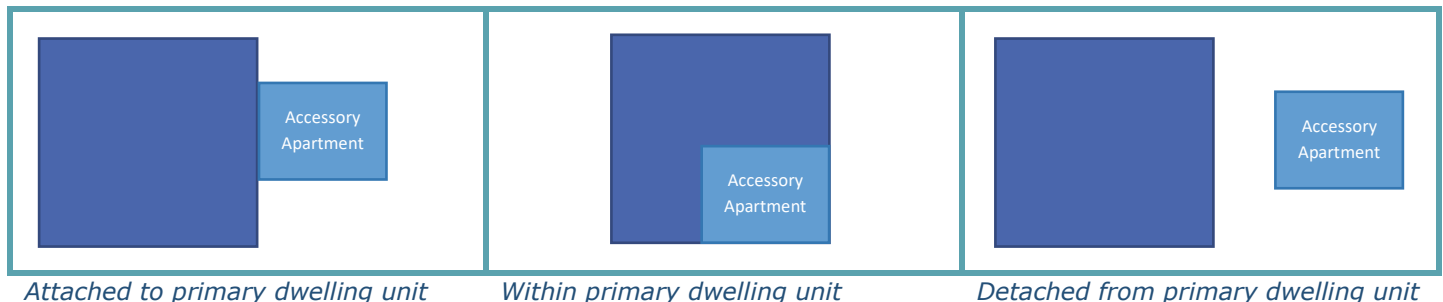
P: Permitted Use    P: New Permitted Use  
A: Proposed Accessory Use

## Two-Family Development

### Single-Family + Accessory Apartment

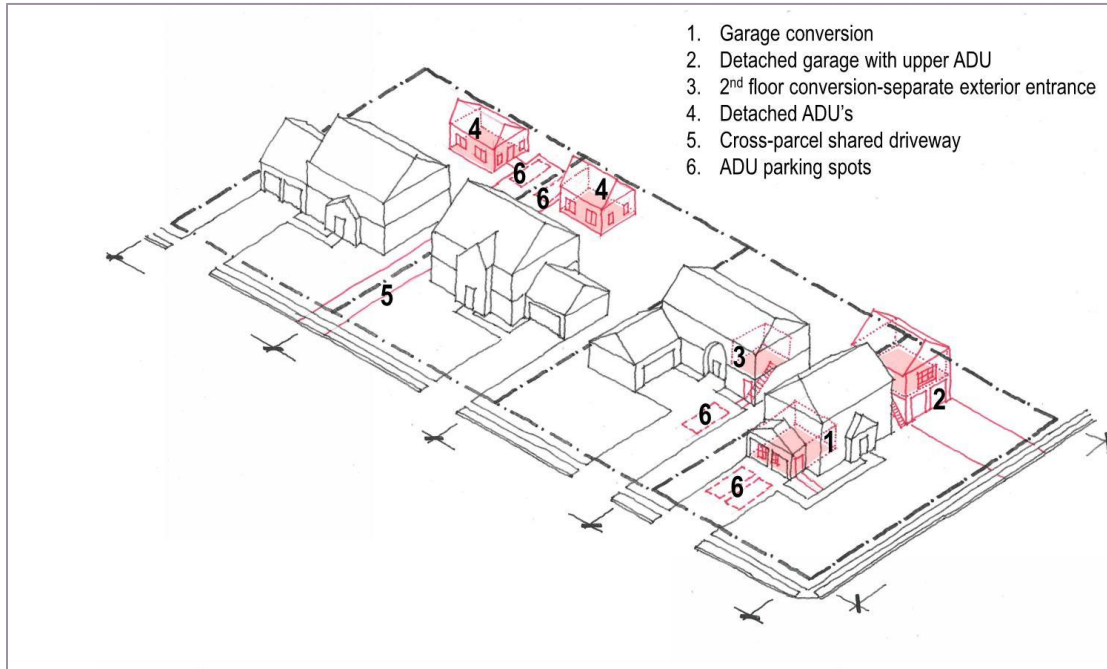
#### What is it?

A self-contained unit with cooking, sleeping, and sanitary facilities that may be attached to, within, or detached from the single-family dwelling unit.





## Example Scenarios:



## Proposed Dimensional Standards:

<b>Unit Size</b>	<ul style="list-style-type: none"> <li>No more than 75% of the floor area of the primary dwelling unit</li> <li>No more than 1,000 square feet total</li> <li>Planning Director may grant an exception for larger units if: <ul style="list-style-type: none"> <li>Built within an existing structure and does not increase the footprint of the structure</li> <li>Contained within one floor, except any necessary points of access</li> <li>Does not exceed 1/3 of the floor area of the primary dwelling unit</li> </ul> </li> </ul>
<b>Height</b>	29 feet
<b>Impervious Surface Ratio</b>	0.50
<b>Parking</b>	1 space/bedroom
<b>Density</b>	1 accessory apartment per 1 single-family dwelling unit
<b>Occupancy</b>	Together with the single-family dwelling unit, no more than 4 unrelated people

## Revision to the Rules:

- Move accessory apartment development standards from Appendix A definitions to the LUMO
- Increase the allowed size of accessory apartments

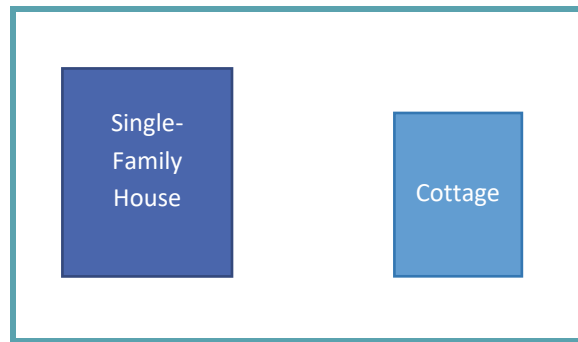
## Potential Future Work:

- Consider accessory apartments as an accessory use to institutional and cultural facilities as well as places of worship
- Explore ways to increase the size of accessory apartments in some zoning districts
- Pre-approved plans

## Single-Family + Cottage

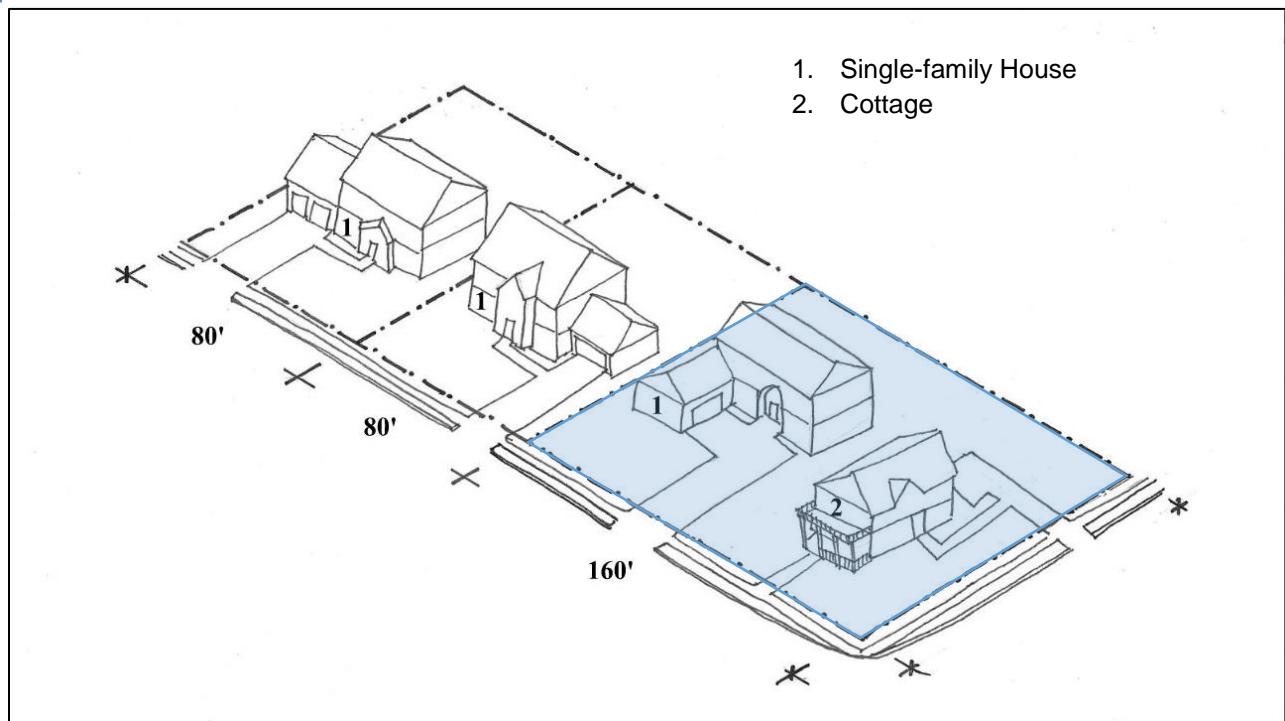
### What is it?

A smaller, single-family dwelling unit of no more than 1,200 square feet that shares a lot with a detached single-family house.



Single-family House + Cottage

### Example Scenarios:



### Proposed Dimensional Standards:

<b>Minimum Lot Size</b>	Minimum lot size required by the zoning district + 2,700 square feet
<b>Building Dimensions</b>	
<b>Maximum Footprint</b>	1,000 square feet
<b>Maximum Height</b>	29 feet
<b>Building Separation</b>	Separation between dwelling units shall comply with fire code
<b>Impervious Surface Ratio</b>	0.50
<b>Parking</b>	Max. 1 space per bedroom
<b>Density</b>	1 cottage per 1 single-family dwelling unit
<b>Occupancy</b>	No more than 4 unrelated people

### Revision to the Rules:

- This is a new use based on Durham's "Small House, Small Lot" concept that allows the construction of a second single-family dwelling unit on existing lot.
- Currently, the LUMO would require a property owner to complete a townhouse subdivision to allow separate ownership of the first single-family house and the cottage.

### Potential Future Work:

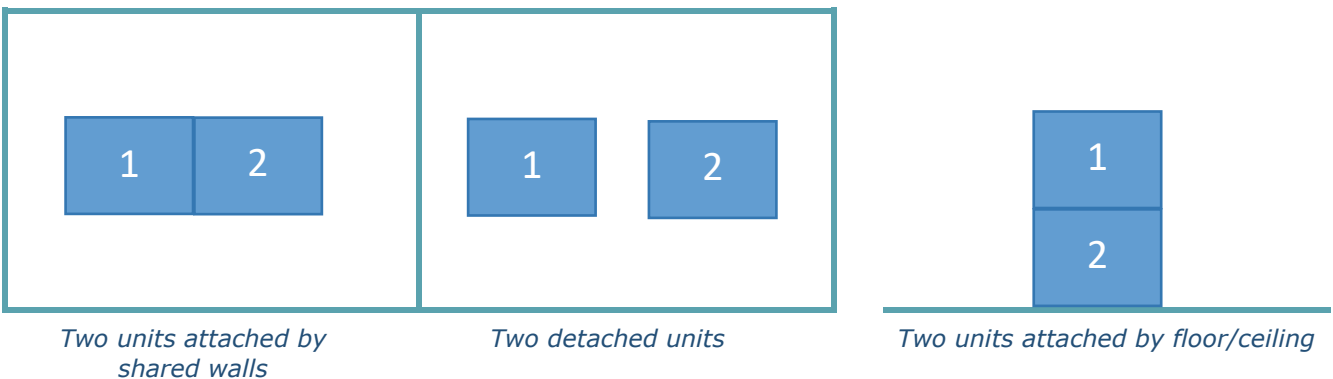
- Consider ways in which the cottage can be on a subdivided lot measuring less than the minimum lot size required by the zoning district

## Two-Family, Attached or Detached

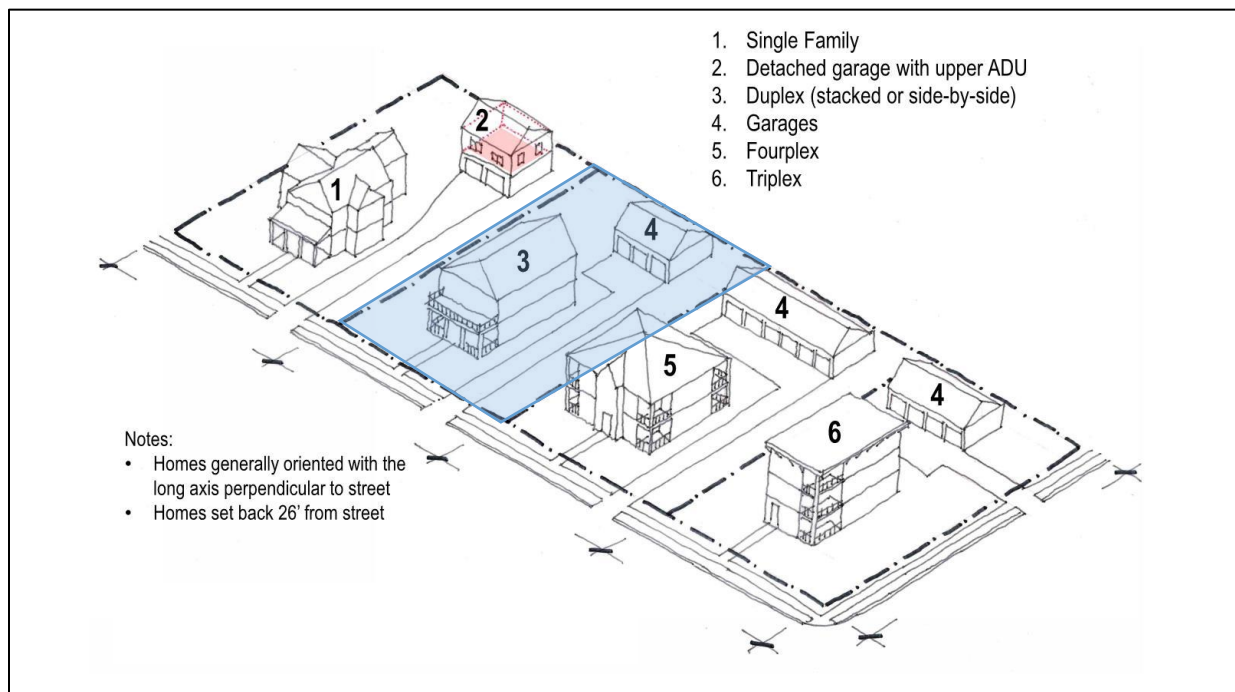
### What is it?

This type of housing can take two forms:

- A traditional duplex in which two dwelling units share either a vertical wall or a floor-ceiling
- Two detached units on the same lot



### Example Scenario:



## Proposed Dimensional Standards:

<b>Minimum Lot Size</b>	Minimum lot size required by the zoning district
<b>Building Dimensions</b>	
<b>Floor Area</b>	0.40
<b>Maximum Floor Area</b>	3,000 square feet
<b>Impervious Surface Ratio</b>	0.50
<b>Tree Canopy Coverage</b>	40%
<b>Building Separation</b>	Shall comply with fire code
<b>Parking</b>	No more than 4 vehicles on-site**
<b>Occupancy</b>	No more than 4 unrelated people per unit

\*\*For duplexes, garage spaces and the driveway are not counted in the maximum number of vehicular parking spaces per today's LUMO.

## Revision to the Rules:

- No longer require two times the minimum lot size for two-family developments
- Allow two-family developments in more residential zoning districts
- Provides an opportunity for the units to either be attached, like a traditional duplex, or detached as separate structures
- Require a minimum tree canopy coverage of 40%. There are currently no tree canopy requirements for duplexes.

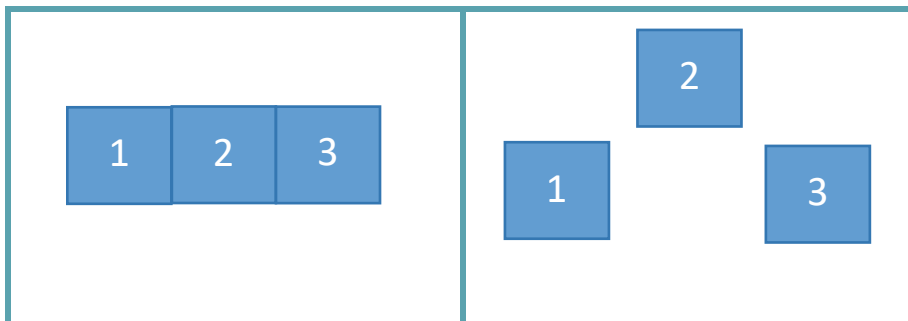
## Multi-family Development

### Three-Family, Attached or Detached

#### What is it?

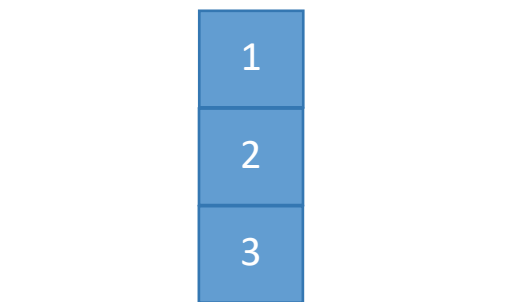
This type of housing can take two forms:

- A traditional triplex in which the dwelling units share either a vertical wall or a floor-ceiling
- Three (3) detached units on the same lot



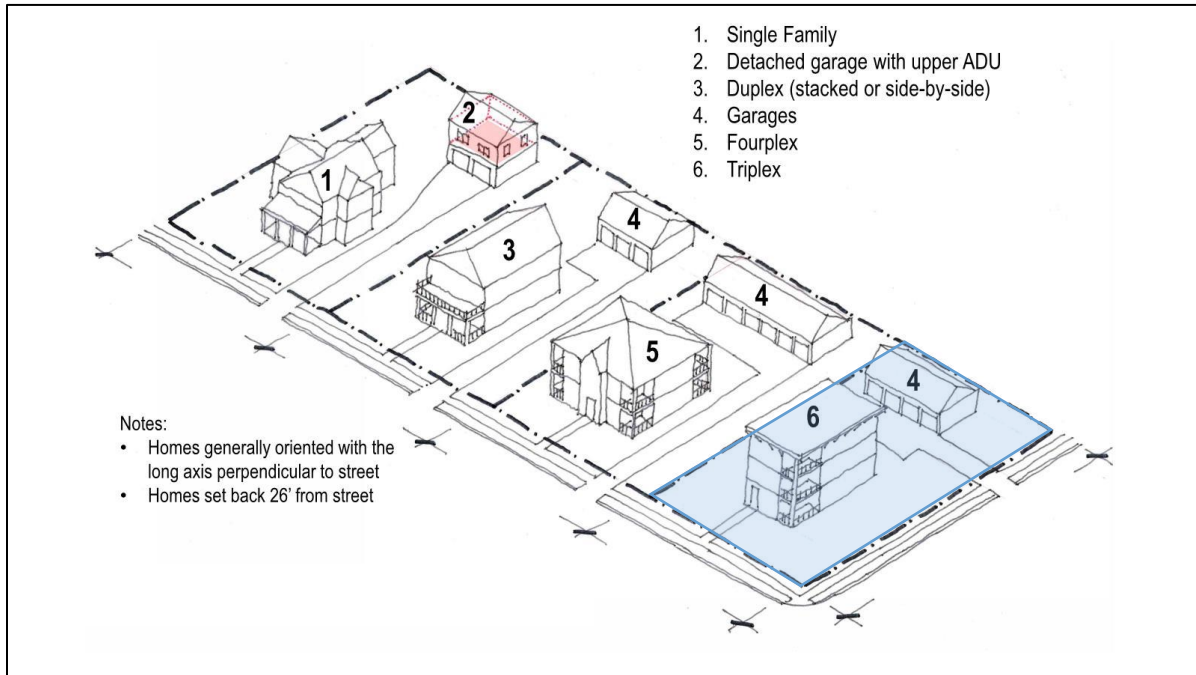
*Three units attached by shared walls*

*Three detached units*



*Three units attached by floor/ceiling*

### Example Scenarios:



### Proposed Dimensional Standards:

<b>Minimum Lot Size</b>	Two times the minimum lot size required by the zoning district
<b>Building Dimensions</b>	
<b>Floor Area</b>	Follows underlying zoning
<b>Impervious Surface Ratio</b>	0.50
<b>Tree Canopy Coverage</b>	40%
<b>Stormwater Management</b>	Required
<b>Parking</b>	Follows Multi-family parking requirements specified in <a href="#">LUMO 5.9.7</a> <sup>8</sup> Parking shall be located to the side or rear of the structures (not front yard)
<b>Occupancy</b>	No more than 4 unrelated people per unit

### Revision to the Rules:

- Three-family developments are currently classified as Multifamily, 3-7 units. This proposal would allow them to be their own uses.
- These types of development currently require either site plan approvals, special use permits (SUPs), or conditional zoning district (CZD). Under this scenario, those projects that comply with the LUMO could be approved administratively by staff.
- This option allows for the units to be attached or detached.

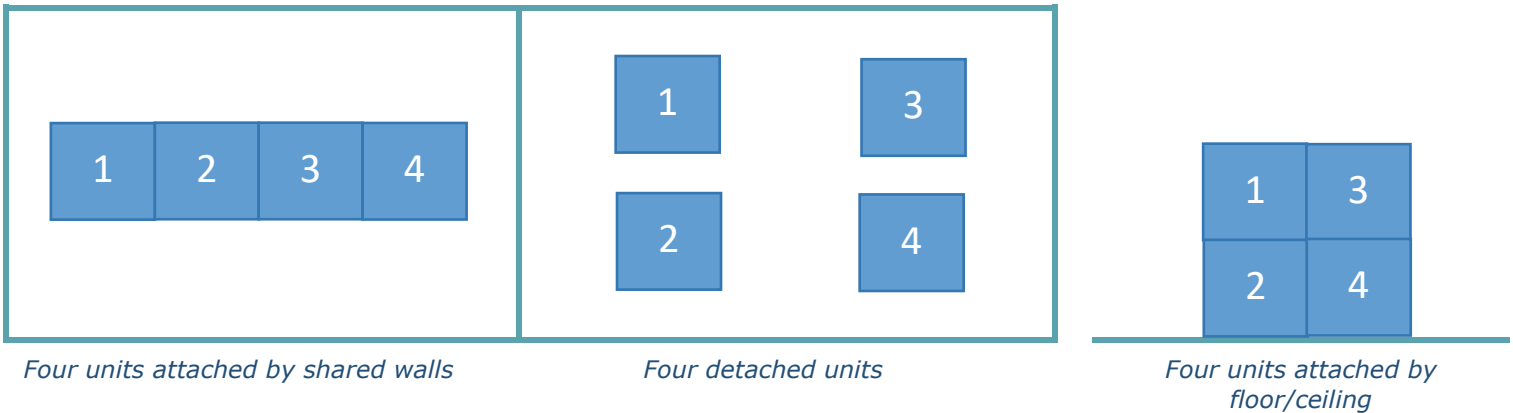
<sup>8</sup> [https://library.municode.com/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALOUSMA\\_ART5DEDEST\\_5.9PALO](https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALOUSMA_ART5DEDEST_5.9PALO)

## Four-Family, Attached or Detached

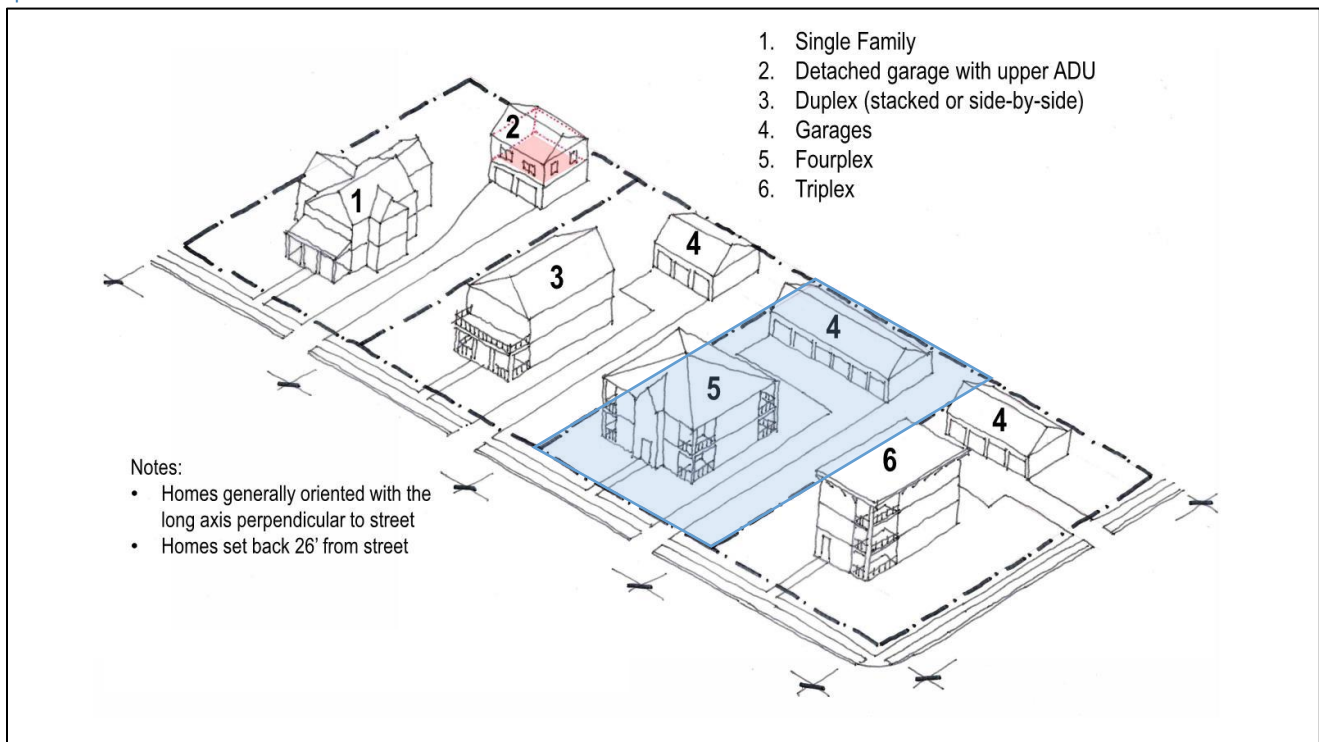
### What is it?

This type of housing can take two forms:

- A traditional fourplex in which the dwelling units share either a vertical wall or a floor-ceiling
- Four (4) detached units on the same lot



### Example Scenarios:



### Proposed Dimensional Standards:

<b>Minimum Lot Size</b>	Two times the minimum lot size required by the zoning district
<b>Building Dimensions</b>	
<b>Floor Area</b>	Follows underlying zoning
<b>Impervious Surface Ratio</b>	0.50
<b>Tree Canopy Coverage</b>	40%
<b>Stormwater Management</b>	Required
<b>Parking</b>	Follows Multi-family parking requirements specified in <a href="#">LUMO 5.9.7</a> <sup>9</sup> Parking shall be located to the side or rear of the structures (not front yard)
<b>Occupancy</b>	No more than 4 unrelated people per unit

### Revision to the Rules:

- Four-family developments are currently classified as Multifamily, 3-7 units. This proposal would allow them to be their own uses.
- These types of development currently require either site plan approvals, special use permits (SUPs), or conditional zoning district (CZD). Under this scenario, those projects that comply with the LUMO could be approved administratively by staff.
- This option allows for the units to be attached or detached.

## Other Considerations

### Neighborhood Conservation Districts

No changes to the Neighborhood Conservation Districts (NCDs) are proposed at this time. Of the Town's thirteen NCDs, only Northside and Pine Knolls currently allow duplexes and triplexes for affordable housing. Glen Lennox allows duplexes on specific lots. The majority of the NCDs prohibit duplexes and are silent on triplexes and fourplexes as these are currently not allowed in the underlying low residential zoning districts. It is not the intent to allow small multi-family developments in the NCDs at this time.

Staff find that the NCDs were created after significant community engagement and input. While staff is not proposing to amend NCDs at this time, staff believes further analysis should be conducted to determine what updates to the NCDs may be needed in the future. It would be helpful to receive input from Council about revising the NCDs.

### Occupancy Limits

Staff has proposed limiting occupancy to no more than four unrelated people per dwelling unit. Note, however, that the State's residential building code allows up to eight unrelated people per dwelling unit, so enforcement of the occupancy requirement would be separate from building code enforcement. Occupancy has been difficult to enforce in the past.

### Stormwater

Stormwater staff are currently considering amendments to their regulations, and staff has not made text amendments to [LUMO 5.4](#)<sup>10</sup>. Multi-family developments of 3 or more units will still be required to make stormwater improvements.

### Subdivision Standards

Staff has not proposed changes to [LUMO 5.2.4](#)<sup>11</sup> which requires that every subdivided lot front on a street meeting Town standards, which include sidewalks, curbs, and gutters.

<sup>9</sup> [https://library.municode.com/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALAUSMA\\_ART5DEDEST\\_5.9PALO](https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALAUSMA_ART5DEDEST_5.9PALO)

<sup>10</sup> [https://library.municode.com/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALAUSMA\\_ART5DEDEST\\_5.4STMA](https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALAUSMA_ART5DEDEST_5.4STMA)

<sup>11</sup> [https://library.municode.com/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALAUSMA\\_ART5DEDEST\\_5.2LOLAST](https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALAUSMA_ART5DEDEST_5.2LOLAST)



Subdivision standards of [LUMO 4.6.3\(b\)](#)<sup>12</sup> have not been amended. Any subdivision that seeks to create more than four (4) lots from any tract of land or lots of record that existed as of October 8, 1956, will require Council review as a major subdivision.

Staff has, however, included new definitions for:

- Townhouse development subdivision that would allow multiple individual lots within a larger lot
- Condominiums that allow private ownership of individual units

## Restrictive Covenants & Other Entitlements

Restrictive covenants are private property rights that run with the land. Generally, covenants with single-family restrictions are common for neighborhoods platted in the last fifty years. The Town has no role in enforcing provisions of restrictive covenants between other landowners. The onus for enforcement is on the property owners or their Homeowners Association (HOA).

The Town's GIS maps have identified approximately 247 neighborhoods in Chapel Hill. While restrictive covenants are typically recorded with the county's Register of Deeds, staff does not have the ability to certify with confidence a full listing of neighborhoods with covenants, the exact boundaries of such covenants, or whether covenants are accurate and active. In addition, multiple factors, including new and developing case law, may dictate whether any given set of covenants is enforceable as written. This work requires certification and should be left to legal professionals representing the landowners subject to these covenants.

Other neighborhoods may be encumbered by an underlying entitlement, such as a master land use plan, conditional zoning, or special use permit. These entitlements run with the land and may limit the types of housing allowed on a site.

## Short-Term Rentals (STRs)

No changes are proposed to the STR regulations at this time. Currently the Residential (R-) zoning districts only permit primary residence STRs. A primary residence is defined as, "a dwelling unit, a single-family dwelling unit with accessory apartment, or a dwelling unit with an attached duplex unit owned by the same property owner, in which a host resides a majority of the year (183 days per year or 50% of the time)." There is no provision for triplexes and fourplexes, and staff finds that these would be treated as dedicated STRs which are not permitted in the R- zoning districts.

## Historic Districts

Chapel Hill has three (3) local historic districts and five (5) districts listed on the National Register of Historic Places. The town's three local districts are also listed on the National Register; however, the boundaries between the local and National Register districts may vary.

There are some similarities and differences between the two types of historic district designations:

	Local Historic Districts	National Register Districts
<b>Locations</b>	<ul style="list-style-type: none"><li>• Franklin-Rosemary</li><li>• Cameron-McCauley</li><li>• Gimghoul</li></ul>	<ul style="list-style-type: none"><li>• Chapel Hill Historic District (largely encompasses Franklin-Rosemary)</li><li>• West Chapel Hill Historic District (largely encompasses Cameron-McCauley)</li><li>• Gimghoul Historic District</li><li>• Rocky Ridge Farm Historic District</li><li>• Old Chapel Hill Cemetery</li></ul>
<b>Creation of district</b>	<ul style="list-style-type: none"><li>• Designates historic areas based on the historic resources identified by National Register nominations</li><li>• Zoning overlay district approved by the Town Council</li></ul>	<ul style="list-style-type: none"><li>• Identifies, documents, and evaluates specific properties for their historic integrity and the character within the district</li></ul>

<sup>12</sup>[https://library.municode.com/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALAUSMA\\_ART4PR\\_4.6SU](https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALAUSMA_ART4PR_4.6SU)



	<ul style="list-style-type: none"> <li>• Historic district overlay does not control uses of a property. Uses are controlled by underlying zoning.</li> </ul>	<ul style="list-style-type: none"> <li>• Sets boundaries tightly based on location of historic properties with high levels of historic integrity</li> <li>• Administered by the State Historic Preservation Office (SHPO) but maintained by the U.S. Department of the Interior</li> </ul>
<b>Benefits of Designation</b>	<ul style="list-style-type: none"> <li>• Prevents uncontrolled exterior changes that may compromise the historic integrity or historic character of the districts through the Certificate of Appropriateness (COA) process and <a href="#">Chapel Hill Historic Districts Design Principles &amp; Standards</a><sup>13</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Provides property owners opportunities for state and federal rehabilitation tax credits</li> <li>• Provides limited degree of protection from federally funded projects (Section 106 review)</li> </ul>
<b>Local Review Tools</b>	<ul style="list-style-type: none"> <li>• LUMO</li> <li>• COA process</li> <li>• Design Standards</li> </ul>	<ul style="list-style-type: none"> <li>• LUMO</li> </ul>
<b>Chapel Hill Permitting Process</b>	<ul style="list-style-type: none"> <li>• COA</li> <li>• Zoning Compliance Permit (ZCP)</li> </ul>	<ul style="list-style-type: none"> <li>• ZCP</li> </ul>
<b>Limitations on demolitions</b>	<ul style="list-style-type: none"> <li>• Authorizes the HDC to delay demolition by 365 days, but does not prohibit demolition (See <a href="#">LUMO 3.6.2(d)(9)</a>)<sup>14</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not prohibit demolition</li> </ul>

### Key Takeaways

- The National Register designation identifies historic resources, whereas the local historic district designation protects historic resources by managing exterior changes through the design review process.
- At their May 24 meeting, Council requested staff consider ways to ensure that the proposed text amendments do not encourage the demolition of historic buildings within the town's National Register and local historic districts. North Carolina general statute prevents municipalities from prohibiting the demolition of historic buildings.
- The Historic District Commission (HDC) can place a 365-day delay on demolition on buildings within the local historic districts.
- In Chapel Hill, National Register buildings are treated the same as other single family residential projects. Only those projects within the local historic districts have the additional protection of the Certificate of Appropriateness (COA) design review process.

### Zoning is One Tool in a Larger Toolbox

Zoning regulations alone will not address the housing shortage. Other tools that could be applied include:

- Amending the zoning map to allow more density
- Development bonuses for affordable housing
- Transit-oriented development, which is currently underway
- Pattern book of pre-approved housing designs
- Programs that incentivize the construction of affordable or attainable housing units

<sup>13</sup>[https://townhall.townofchapelhill.org/large\\_docs/historic\\_district/CH%20HD%20Design%20Principles%20and%20Standards.pdf](https://townhall.townofchapelhill.org/large_docs/historic_district/CH%20HD%20Design%20Principles%20and%20Standards.pdf)

<sup>14</sup> [https://library.municode.com/nc/chapel\\_hill/codes/code\\_of\\_ordinances?nodeId=CO\\_APXALAUSMA\\_ART3ZODIUSDIST\\_3.6OVDI](https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALAUSMA_ART3ZODIUSDIST_3.6OVDI)

## Pattern Book of Pre-Reviewed Housing Designs

### *What is it?*

Cities across the country are developing pattern books of pre-approved or pre-reviewed housing designs. Much like the Sears Catalog of the early twentieth century, developers can choose from a range of house plans for accessory dwelling units (ADUs), single-family, two-family, or small multi-family buildings. The plans may be offered at no-cost or there may be an associated fee for accessing a full set of construction drawings. With plans selected, the developer is responsible for providing a site plan and the selected construction drawings to obtain a permit. In some cities, the developer can then benefit from an expedited review process since staff have previously reviewed the selected house plan.

The pattern books are often developed in conjunction with local architects and the community to ensure that house patterns reflect the vernacular architecture of the region. This may include context- or neighborhood-specific designs that are compatible infill within established neighborhoods. Additionally, cities such as Spokane, Washington, have used the pre-approved designs to mandate landscape improvements that address water scarcity.

Use of the pattern book is not required. Applicants maintain the ability to work with an architect or designer to develop a customized house design. Applicants that chose to modify the pre-approved design selected from the pattern book often forfeit an expedited review process to allow Town staff the ability to review the plans for Building Code compliance.

### *Examples of Pre-Reviewed Design Programs*

Staff has found several cities offer programs of “pre-approved” or “pre-reviewed” designs that allow applicants an expedited review process:

- [Raleigh’s Accessory Dwelling Unit \(ADU\) Fast Track program](#)<sup>15</sup> allows applicant to browse a catalogue of ADU plans, purchase the plans for a fee, and then work through the permitting process.
- [Concord, California](#)<sup>16</sup>, also has Pre-approved ADU plans that allow applicants to download a full drawing set and provide a site-specific plan. The Town’s webpage states that permits may be issued within five working days once the application is complete.
- [Green Bay, Wisconsin’s Redevelopment Authority’s New Homes in Your Neighborhood](#)<sup>17</sup> program has incentivized infill construction in existing residential neighborhoods by providing a Plan Book of compatible house designs for select downtown neighborhoods.
- [South Bend, Indiana](#)<sup>18</sup>, also offers no-cost pre-approved building type plans for houses, duplexes, and small apartments with the applicant responsible for providing a site plan.

### *Benefits of Pattern Books*

Benefits to Developers/Property Owners:	Benefits to Municipality:
<ul style="list-style-type: none"><li>• Provides house plans at no or reduced costs, saving developer design costs.</li><li>• Some cities offer an expedited review process as only the site plan requires review.</li><li>• Some municipalities waive permitting costs for pre-reviewed designs.</li></ul>	<ul style="list-style-type: none"><li>• Gives towns the ability to encourage compatible designs that reflect vernacular architectural styles within the community</li><li>• Encourages small-scale developers to participate in aiding the community in meeting housing needs by reducing design costs.</li></ul>

<sup>15</sup> <https://experience.arcgis.com/experience/db482b2fdb34ebeb174438a091097d8>

<sup>16</sup> <https://www.cityofconcord.org/1075/Pre-Approved-ADU-Plans>

<sup>17</sup> <https://greenbaywi.gov/339/New-Homes-in-Your-Neighborhood-NHIYN>

<sup>18</sup> <https://southbendin.gov/bsb/preapprovedplans/>

## Challenges of Pattern Books

Challenges to Developers/Property Owners:	Challenges to Municipality:
<ul style="list-style-type: none"> <li>• Applicants are still required to provide a detailed site plan demonstrating that the proposed new building meets zoning requirements.</li> <li>• Property owners acting as their own contractors may be challenged by detailed application requirements, extending the review process.</li> <li>• Each site is unique and site constraints such as utility easements, streams, and existing as-built conditions may limit the ability to use a selected plan.</li> <li>• There may be additional applications required outside of town requirements, such as coordinating septic approvals with county health departments.</li> <li>• Homeowners associations may have additional regulations for new developments in their community.</li> <li>• Some developers find that site-specific constraints discourage the use of patterns because house designs require customization to fit on the lot.</li> </ul>	<ul style="list-style-type: none"> <li>• Clear communication is needed to manage applicant expectations. For example, changes to customize a pre-approved design often forfeits any expedited review process.</li> <li>• Selected plans may require additional modifications in order to respond to the unique conditions of specific sites.</li> <li>• Property owners acting as their own contractor may be unfamiliar with the permitting process. A pre-approved design may be misleading as a detailed site plan will still be required to ensure the project meets the zoning regulations for building heights and setbacks.</li> <li>• Zoning requirements for neighborhood conservation districts, historic districts, and other neighborhood-specific regulations prevent pre-approved designs from being one size fits all.</li> </ul>

## Developing a Chapel Hill Pattern Book

Planning and Building Development Services (BDS) staff have discussed the potential of a Chapel Hill Pattern Book. Generally, staff finds that a pattern book could serve as a catalogue of potential accessory apartment, cottage, and duplex house designs that would foster good design and promote vernacular architecture styles. While the pattern book should provide options for “cookie cutter” building forms that can easily be replicated, it’s also important that there is a diversity to the designs that allows them to contribute to the architectural style and diversity of materials that exist within Chapel Hill’s established neighborhoods.

Due to the uniqueness of each lot, staff finds that applicants that select a pre-approved plan will need to continue to work with a designer to address site-specific conditions. The location of existing driveways, buildings, or utility easements may limit where a selected plan can be placed on the property. Applicants in historic districts would likely require additional architectural services to adhere to the [Chapel Hill Historic District Design Principles & Standards](https://townhall.townofchapelhill.org/large_docs/historic_district/CH%20HD%20Design%20Principles%20and%20Standards.pdf)<sup>19</sup>.

Staff finds that a pattern book will likely not result in expedited permitting. Chapel Hill has a rigorous zoning review process due to unique circumstances, such as:

- Topography and steep slope challenges
- Stream determination requirements and RCD restrictions
- Stormwater requirements
- External permitting such as OWASA approvals for water and sewer line connections as well as Orange County Health Department approvals of septic systems
- Historic District and Neighborhood Conservation District (NCD) regulations
- Landscaping and tree protection

<sup>19</sup>[https://townhall.townofchapelhill.org/large\\_docs/historic\\_district/CH%20HD%20Design%20Principles%20and%20Standards.pdf](https://townhall.townofchapelhill.org/large_docs/historic_district/CH%20HD%20Design%20Principles%20and%20Standards.pdf)

Chapel Hill requires [detailed site plans](#)<sup>20</sup> for all residential permits. Site plan requirements often confuse those not familiar with the Town's regulations, such as impervious surface or land disturbance calculations.

Staff finds that many municipalities have fewer zoning review requirements which allow them to provide an expedited review process. Some municipalities promise an expedited permit approval within 5 working days. Chapel Hill staff have completed process improvements to expedite the residential permit review process, and under the current process, Chapel Hill's BDS department can often issue a residential permit within 5 days once the application is deemed complete. When the process exceeds 5 days, staff find that it is typically related to zoning review and site-specific constraints. Staff does not believe that pattern books will reduce time in the permitting process and may create false expectations that a pre-approved design will result in a quickened review.

Finally, the Planning Department has been accepted to participate in the National League of Cities (NLC) Capstone Challenge project. Staff will be meeting with the NLC and American Institute of Architects (AIA) members to discuss our interest in pursuing a pattern book.

## Monitoring the Results

Staff has been considering the ways in which the results of the proposed text amendments could be monitored. At the May 24, 2023, public hearing, staff shared examples of different approaches to monitor the results of similar text amendments in other municipalities. Staff commit to coordinate with the Town Manager and other relevant Town Departments to develop and implement a monitoring mechanism for the impacts of the proposed text amendments.

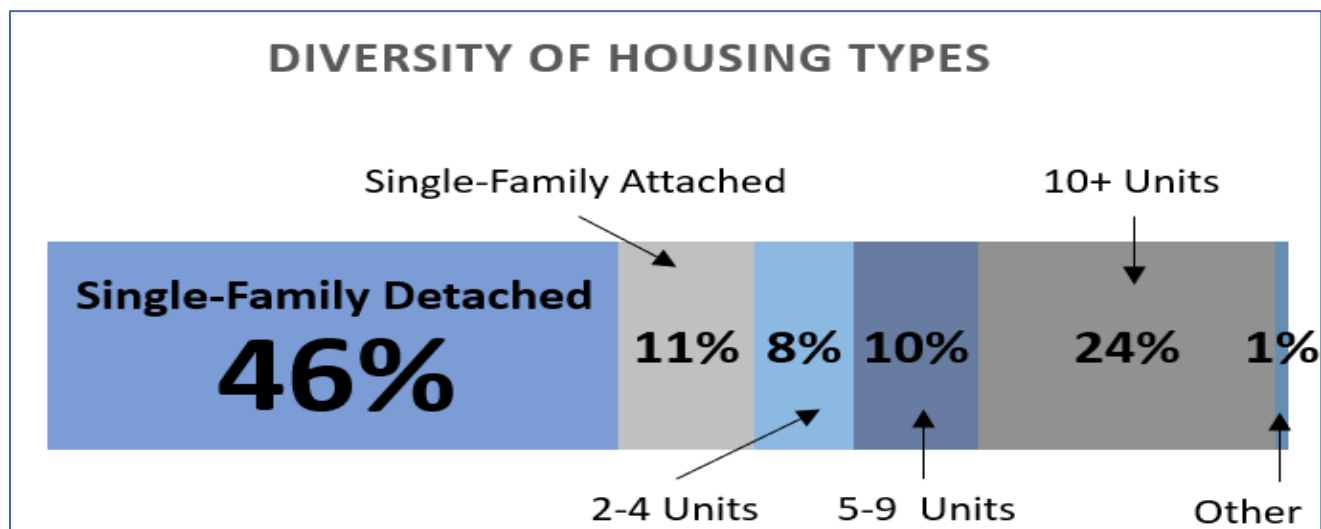
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<sup>20</sup> <https://www.townofchapelhill.org/government/departments-services/building-development-services/permit-center/site-plan-requirements>

# Housing Units and Land in Chapel Hill

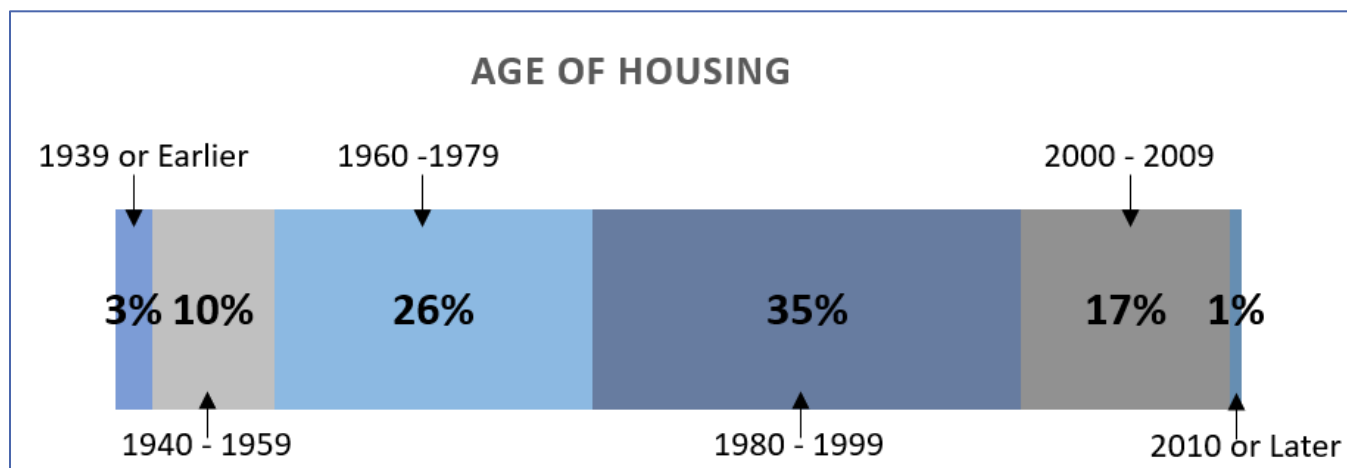
## Current Housing Stock

Chapel Hill's housing stock is dominated by single-family detached homes.



Source: [SB Friedman Market Assessment](#)<sup>21</sup>

The majority of Chapel Hill's housing stock was constructed in just four decades between 1960 and 2000.



Source: [SB Friedman Market Assessment](#)<sup>22</sup>

Our existing housing supply is largely siloed into two categories: single-family homes built between 1960 and the early 2000s and multi-family units built in the past 20 years. There are limited housing options for residents with preferences, needs, and life stages that do not align with the current market. The next section further demonstrates the lack of housing options in Town.

<sup>21</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443/638151783539000000>

<sup>22</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443/638151783539000000>

## Distribution of Zoning Districts

The following summarizes the approximate acreage of each of Chapel Hill's zoning districts:

Zoning District:	Approximate Acreage:	Approximate Percentage of Town:
R-1	5,625	33%
R-2	2,670	16%
R-3	678	4%
R-4	731	4%
R-5	817	5%
R-6	60	Less than 1%
R-LD1	1,195	7%
R-LD5	853	5%
R-SS-CZD	53	Less than 1%
HR-L	139	Less than 1%
HR-M	34	Less than 1%
RT	739	4%
NC	72	Less than 1%
CC	217	1%
OI-1	85	Less than 1%
OI-2	912	5%
OI-3	84	Less than 1%
OI-4	566	3%
U-1	663	4%
DA-1	47	Less than 1%
IND	34	Less than 1%
LI-CZD	34	Less than 1%
MU-OI-1	228	1%
MU-R-1	141	Less than 1%
MU-V	90	Less than 1%
TC-1	8	Less than 1%
TC-2	64	Less than 1%
TC-3	15	Less than 1%
WR-3	6	Less than 1%
WR-7	8	Less than 1%
WX-5	39	Less than 1%
WX-7	108	Less than 1%

## Analysis of Zoning Districts

Lower-density zoning districts represent nearly half of all land in Chapel Hill.

- 32 percent of land area is in R-1 zones and 15 percent is in R-2 zones.

By design, single-family homes represent the vast majority of the housing stock within R-1 and R-2 zoning districts.

- 98 percent of housing units in R-1 zones and 86 percent of units in R-2 zones are single-family detached houses.
- 11 percent of housing units in R-2 are categorized as "multi-family", which includes condominiums and townhomes.

There are approximately 31 zoning districts with housing or dwelling units in Chapel Hill. An analysis of the approximate share of land area of those zoning districts is in the table below. The districts that represent 4 percent or more of land area are emphasized in **bold text**.

Distribution of Zoning Districts with Housing, by Share of Total Land Area	
<b>Zoning Districts</b>	<b>Share of Land Area (<i>approx. % of total</i>)</b>
<b>R-1</b>	<b>32%</b>
R-1A	3%
<b>R-2</b>	<b>15%</b>
R-2A	Less than 1%
<b>R-3</b>	<b>4%</b>
<b>R-4</b>	<b>4%</b>
<b>R-5</b>	<b>5%</b>
R-6	Less than 1%
<b>R-LD1</b>	<b>7%</b>
<b>R-LD5</b>	<b>5%</b>
R-SS-CZD	Less than 1%
HR-L	Less than 1%
HR-M	Less than 1%
<b>RT</b>	<b>4%</b>
NC	Less than 1%
CC	1%
OI-1	Less than 1%
<b>OI-2</b>	<b>5%</b>
OI-3	Less than 1%
OI-4	3%
<b>U-1</b>	<b>4%</b>
DA-1	Less than 1%
MU-OI-1	1%
MU-R-1	Less than 1%
MU-V	Less than 1%
TC-2	Less than 1%
TC-3-CZD	Less than 1%
WR-3	Less than 1%
WR-7	Less than 1%
WX-5	Less than 1%
WX-7	Less than 1%
<b>TOTAL</b>	<b>85%</b>

## Analysis of Housing Types by Zoning District

The table below represents the 31 zoning districts with housing or dwelling units. Each row provides a breakdown of the distribution of housing types in a particular zoning district and the total housing units in that district.

**Table - Housing Units by Type in Zoning Districts**

<b>Zoning Districts with Housing Units</b>	<b>Single-Family Units (approx. % of total units in district)</b>	<b>Two-Units (approx. % of total units in district)</b>	<b>Manufactured Homes (approx. % of total units in district)</b>	<b>Multi-family (approx. % of total units in district)</b>	<b>All other Dwelling Types (approx. % of total units in district)</b>	<b>Total Housing Units</b>
<b>R-1</b>	98	0	0	2	0	4853
<b>R-1A</b>	99	1	0	0	1	396
<b>R-2</b>	86	2	1	11	0	4928
<b>R-2A</b>	100	0	0	0	0	63
<b>R-3</b>	48	7	0	45	1	2348
<b>R-4</b>	16	2	0	81	0	4698
<b>R-5</b>	57	0	0	43	0	4178
<b>R-6</b>	45	2	0	48	5	306
<b>R-LD1</b>	93	1	6	0	0	594
<b>R-LD5</b>	100	0	0	0	0	106
<b>R-SS-CZD</b>	2	0	0	97	0	506
<b>HR-L</b>	84	3	13	0	0	75
<b>HR-M</b>	97	0	3	0	0	61
<b>RT</b>	87	7	7	0	0	31
<b>NC</b>	4	1	5	89	1	156
<b>CC</b>	55	0	18	18	9	11
<b>OI-1</b>	21	0	0	54	25	48
<b>OI-2</b>	3	0	50	47	0	343
<b>OI-3</b>	40	0	0	0	60	5
<b>OI-4</b>	1	0	0	70	29	102
<b>U-1</b>	0	0	0	100	0	1
<b>DA-1</b>	100	0	0	0	0	8
<b>MU-OI-1</b>	6	0	14	80	0	513
<b>MU-R-1</b>	2	0	0	98	0	42
<b>MU-V</b>	3	0	1	95	1	339
<b>TC-2</b>	9	1	0	88	2	175
<b>TC-3-CZD</b>	0	0	0	100	0	457
<b>WR-3</b>	1	0	0	99	0	291
<b>WR-7</b>	0	0	93	7	0	833
<b>WX-5</b>	0	0	0	99	1	163
<b>WX-7</b>	0	0	0	100	0	949
<b>TOTAL</b>	<b>53</b>	<b>1</b>	<b>4</b>	<b>40</b>	<b>0</b>	<b>27,579</b>



**Chart 1 – Total Housing Units by Zoning District**

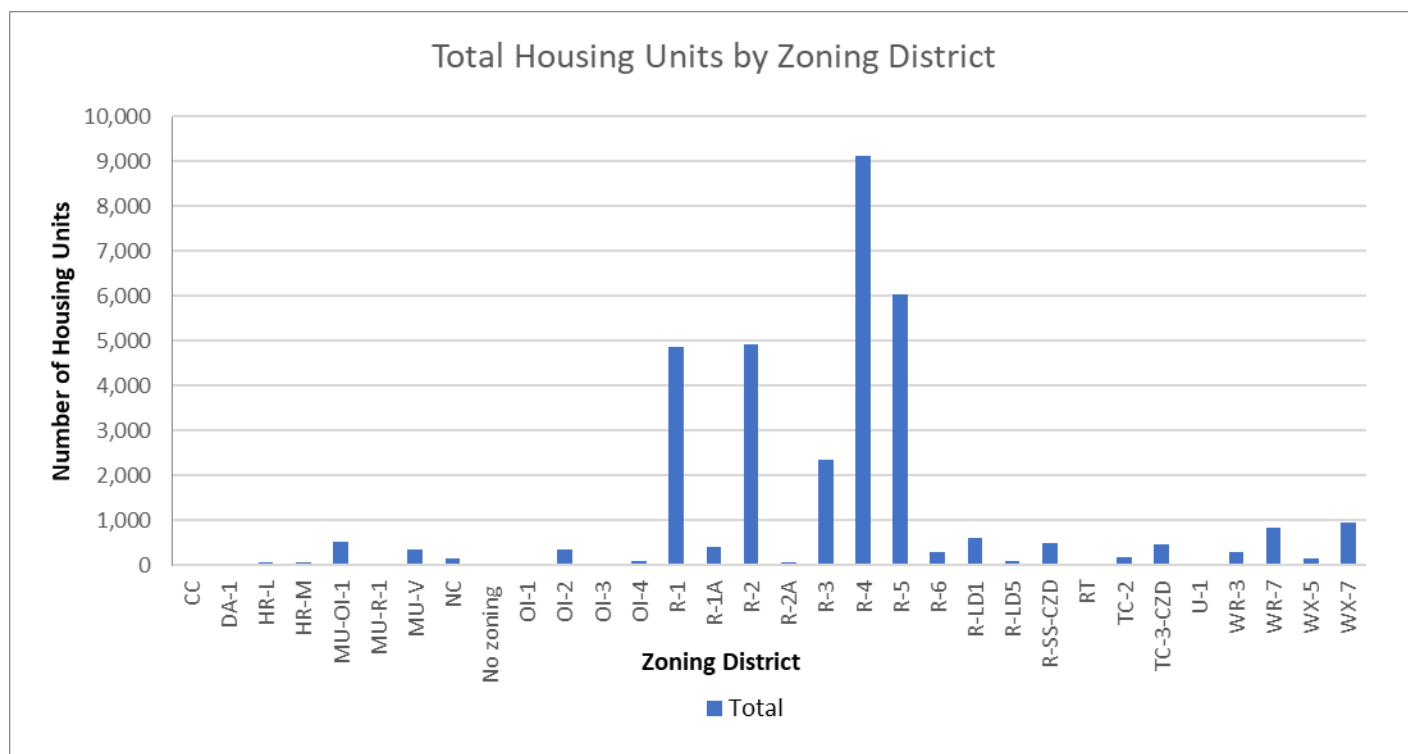


Chart 1 illustrates that the highest concentration of total housing units is in districts R-1, R-2, R-4, and R-5.

**Chart 2 – Total Housing Units by Zoning District and Housing Type, Single Family Units**

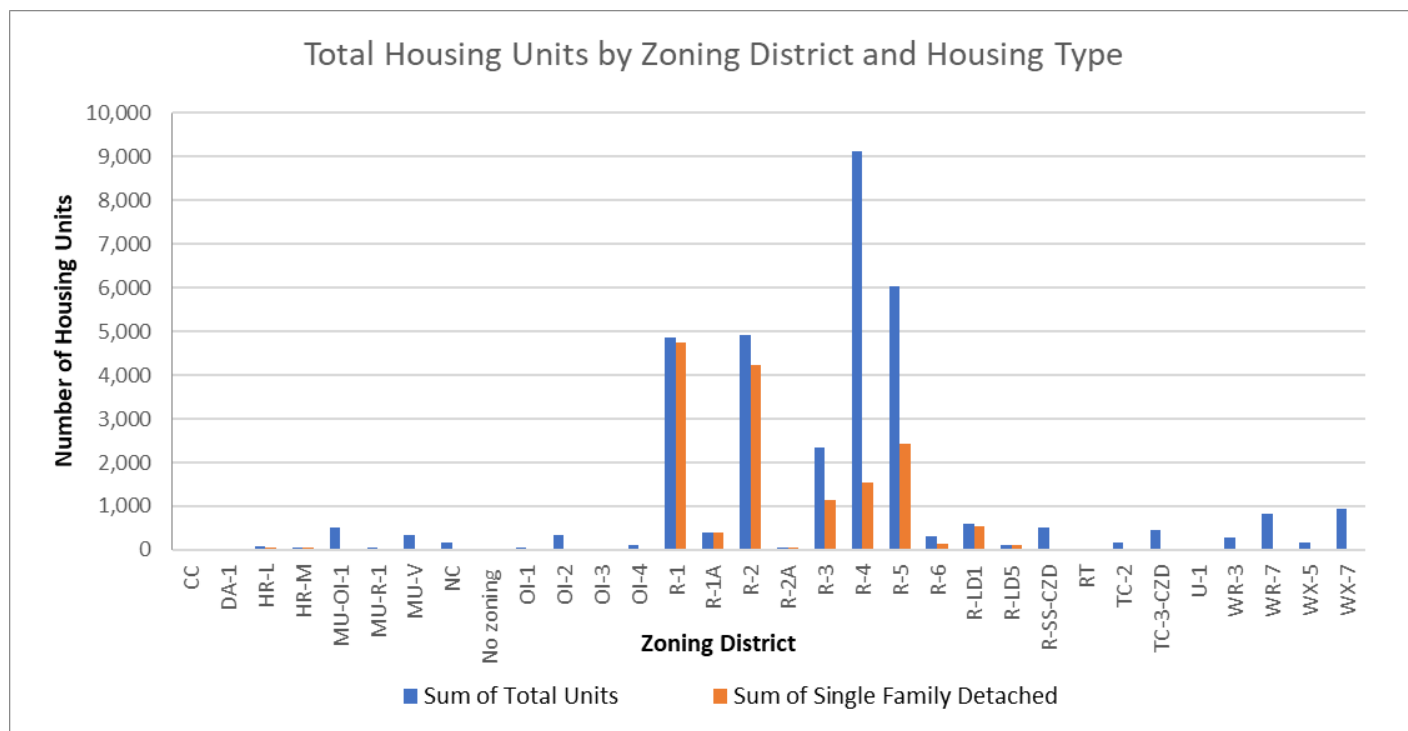


Chart 2 illustrates that single-family units are concentrated in R-1 and R-2 zoning districts and make up the largest proportion of total housing units in those districts. Single-family units are also located in other districts, such as R-3, R-4, and R-5, but they represent a smaller proportion of total units in those districts.

**Chart 3 – Total Housing Units by Zoning District and Housing Type, Manufactured Homes**

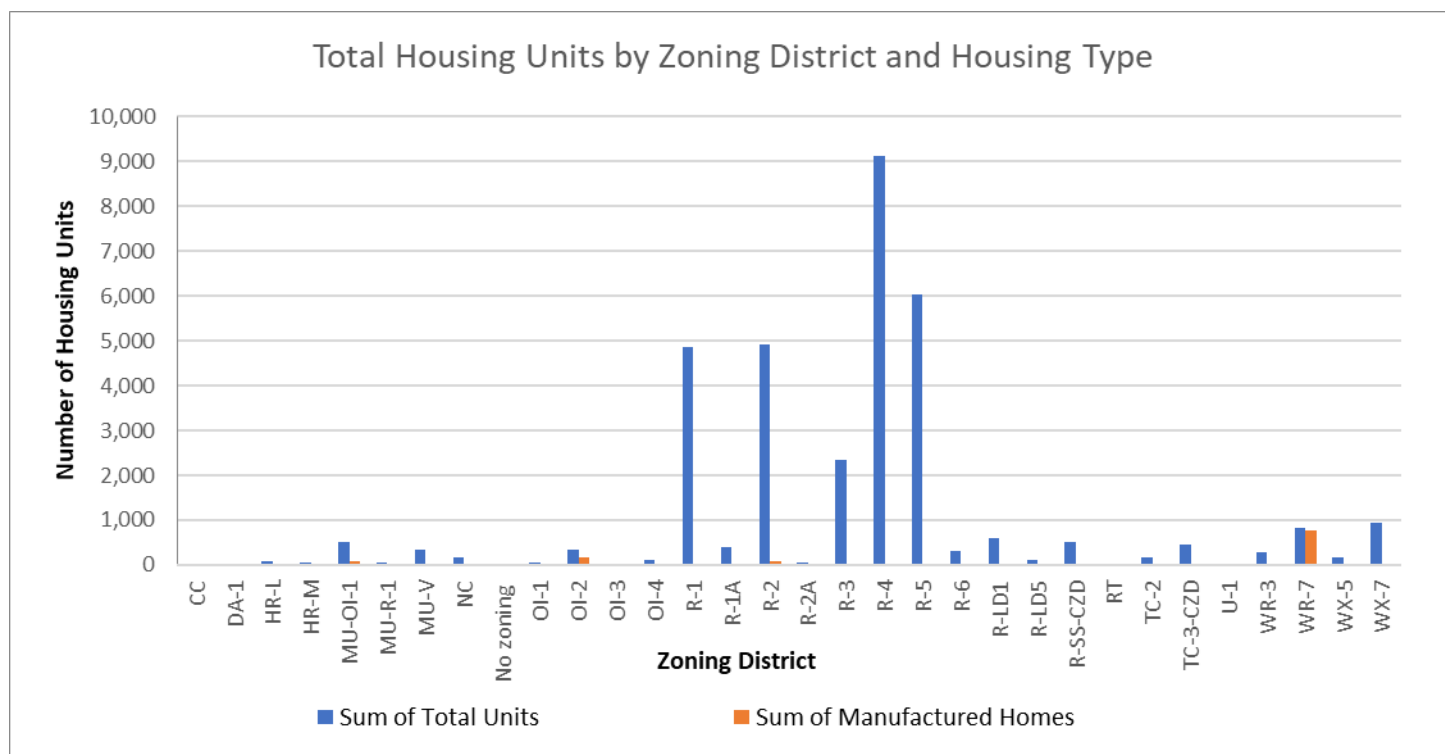


Chart 3 illustrates that the majority of manufactured homes are located in the WR-7 and OI-2 districts. The housing units in the WR-7 district are majority manufactured homes.

**Chart 4 – Total Housing Units by Zoning District and Housing Type, Two- Unit**

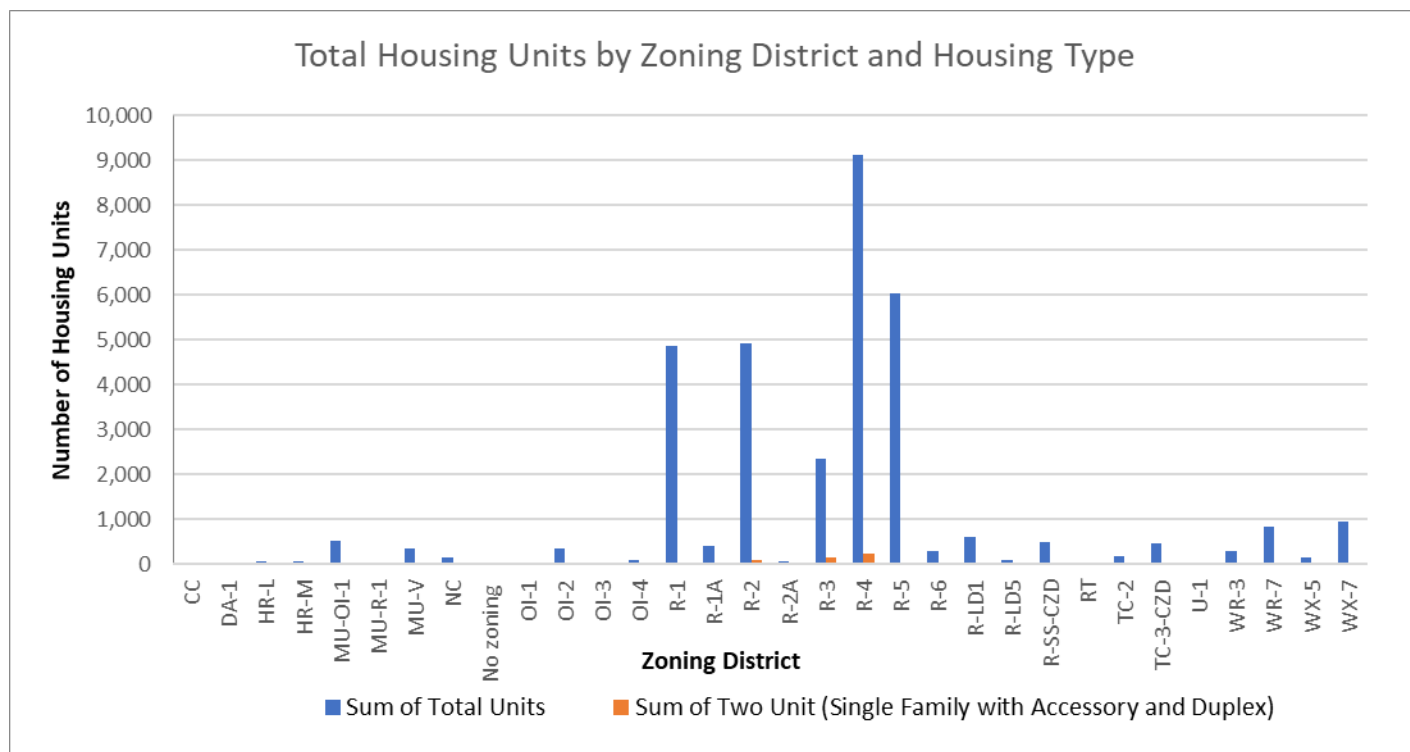


Chart 4 above illustrates that duplexes and single-family homes with accessory apartments comprise a very small percentage of total housing units. They are present in R-2, R-3, and R-4 zoning districts.

**Chart 5 – Total Housing Units by Zoning District and Housing Type, Multi-Family**

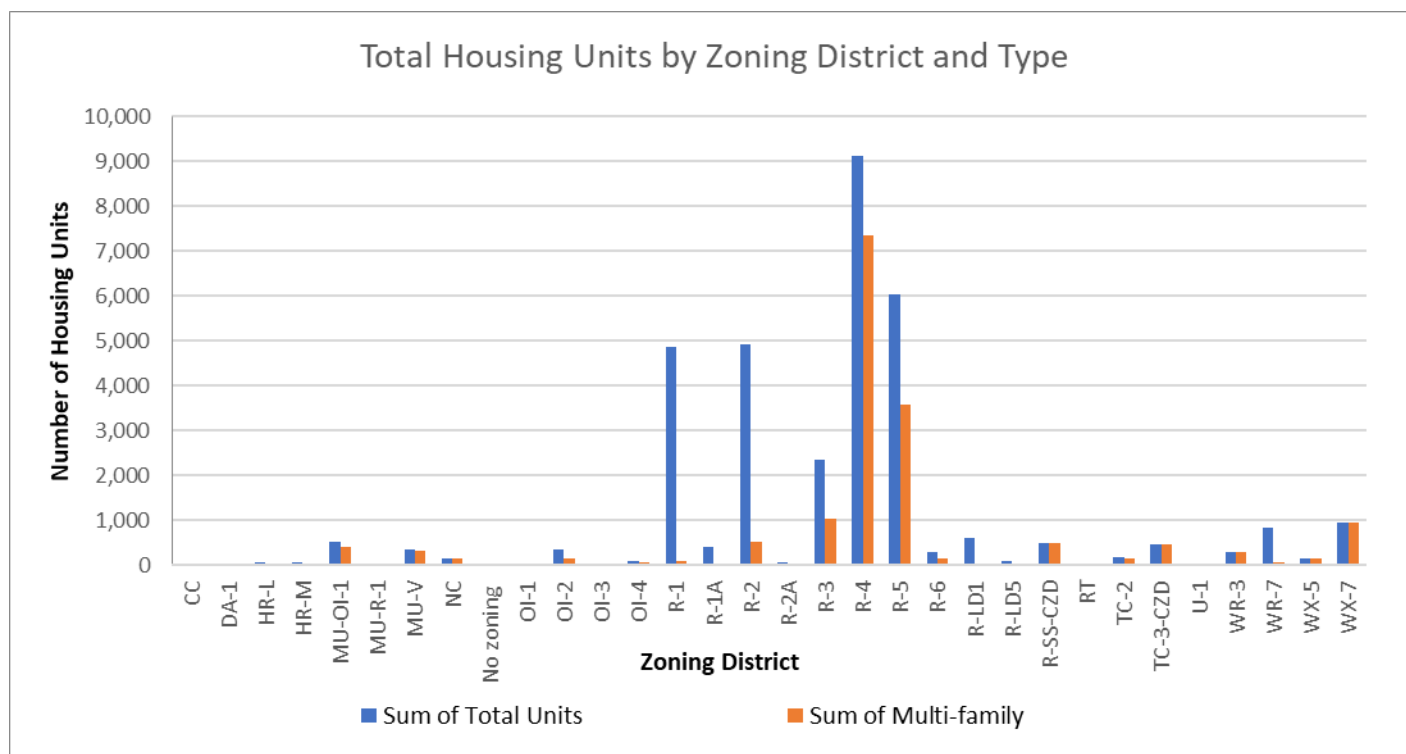


Chart 5 illustrates the distribution of multi-family units throughout each of the 31 zoning districts. The majority of multi-family units are located in R-4 and R-5. However, multi-family housing units, defined as townhomes, condominiums, and apartment buildings, are present in small numbers throughout town.

# Economic Development Analysis

## Estimated Development Costs for Duplex Construction

The following are estimated costs of constructing a duplex with two 3-bedroom units on a vacant lot:

Activity:	Estimated Costs:
<b>Cost of a vacant lot in Chapel Hill</b>	\$250,000- \$500,000
<b>Plan design, engineering, and surveying</b>	\$12,000
<b>Site Development Preparation</b>	
Clearing and grading	\$11,000
Erosion control	\$2,500
Driveways, walkways, and hardscape	\$14,000
OWASA water and sewer fees (\$7,536 per side)	\$15,072
Water and sewer line installation from OWASA Main	\$32,000
Permits and inspections	\$2,000-\$3,000
Landscaping	\$4,000
Miscellaneous site controls	\$2,000
<b>Duplex Construction Cost</b>	
1,200 SF x 2 units x \$150-\$250/SF	\$360,000 - \$600,000
<b>Legal, Administrative, and Construction Interest Carry</b>	\$8,000
<b>Net Total</b>	\$712,000 - \$1,200,000
<b>Contingency</b>	\$71,200-\$120,000
<b>Profit (5%-10%)</b>	\$39,160-\$132,000
<b>Total Development Costs</b>	<b>\$822,360 - \$1,453,000</b>

*Estimates courtesy of Home Builders Association of Durham, Orange, and Chatham Counties, May 4, 2023. Permits and inspections estimate by Town staff.*

### Notes:

1. The total costs exceed new construction costs for a variety of reasons including scarcity of single lots and the costs of water and sewer connections.

Additional estimates of development costs are provided in the [economic analysis from Noell Consulting Group](#)<sup>23</sup> that was shared with Council on May 24, 2023.

<sup>23</sup> <https://chapelhill.legistar.com/View.ashx?M=F&ID=11990753&GUID=C33C78D3-E64B-4BE1-B5DC-B4C5AE3FFDDC>

# Racial Equity Analysis

## Advancing Racial Equity in Zoning Policy

Staff continues to analyze the racial equity impacts, benefits, and burdens of the Land Use Management Ordinance (LUMO) and the proposed Housing Choices for a Complete Community text amendments. Zoning regulations, in combination with private agreements and public systems, often create disparate outcomes among American households. There is clear evidence to suggest exclusionary zoning policies that restrict housing types limits racial and economic diversity.<sup>24</sup>

- Nearly 70% of Chapel Hill is exclusively zoned for single-family dwelling units.
- Neighborhoods with legally enforceable restrictive covenants that dictate larger lots and larger homes contribute to economic and racial segregation.

The LUMO and its predecessors have perpetuated suburban development trends in a rapidly urbanizing town.<sup>25</sup> Suburban land use requirements such as large lot zoning, minimum house size requirements, parking minimums, and open space requirements all contribute to racial and economic stratification.<sup>26</sup>

Staff acknowledge that zoning alone cannot “fix” the systemic nature of economic and racial segregation; however, changing the land use rules is one important tool of many. The proposed LUMO text amendment (LUMOTA) is aligned with at least three of the recommended policies in the American Planning Association (APA) Equity in Zoning Policy Guide.<sup>27</sup>

Equity in Zoning Policy Guidance	Housing Choices LUMO Text Amendment
<u>Zoning District Policy 1</u> : Establish new residential zoning districts or amend existing residential districts to allow more types of housing by right.	<b>Would amend existing residential districts to allow more housing types by right.</b>
<u>Zoning District Policy 4</u> : Where supported by a historically disadvantaged or vulnerable communities, consider establishing specialized overlay zones to help protect residential areas that are affordable to low- and moderate-income households, but are not protected from speculative development pressures by any local, state, or federal program.	<b>Would not change the existing 13 Overlay Neighborhood Conservation Districts (NCDs).</b>
<u>Permitted Use Policy 1</u> : Where supported by historically disadvantaged and vulnerable populations, expand the list of residential use types permitted in those neighborhoods to include one or more of the following forms of non-traditional and “missing middle” housing that is more available to America’s diverse, aging population.	<b>Would expand the list of residential use types permitted in neighborhoods to include most missing middle housing types.</b>
<u>Site Development Policy 2</u> : Require high levels of accessibility and connectivity for pedestrians, bicycles, and motor vehicles in all new development and significant redevelopment	<b>Focuses incentivizing higher density development by allowing administrative review of triplexes and fourplexes in those zoning districts that already have greater access to transit and connectivity.</b>

<sup>24</sup> <https://housingmatters.urban.org/feature/zoning-matters-how-land-use-policies-shape-our-lives>

<sup>25</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443>

<sup>26</sup> Equity in Zoning Policy Guide <https://www.planning.org/publications/document/9264386/>

<sup>27</sup> Ratified in December 2022

Site Development Policy 5: Draft zoning standards that require or incentivize new development and redevelopment to increase the amount of landscaping, open space, and tree canopy in those neighborhoods that currently have less of these site design features.

**The changes increase the tree canopy requirements for triplexes and fourplexes to be better aligned with single family development tree canopy coverage.**

## Advancing Racial Equity in Housing Policy

Zoning is one tool in the toolbox to addressing racial disparities institutionalized by past housing policies. Planning, Diversity, Equity, and Inclusion (DEI) and Affordable Housing and Community Connections staff are considering policies and programs for mitigating inequity and incorporating reparative practices as a part of our departmental work plan.

The racial equity analysis for potential housing policy is focused on five key questions. These questions are a part of the One Orange Racial Equity Framework<sup>28</sup> and identified as an appropriate tool to analyze the proposed text amendment at this stage. This assessment is based on the [Projected Housing Needs, 2020-2040](#)<sup>29</sup> and [SB Friedman Market Analysis](#)<sup>30</sup>. A version of this was presented to Council at the April 10, 2023, work session.

### 1. *What are the racial impacts?*

The U.S. Census Bureau American Community Survey estimates that 75% of Black households and 44% of mixed race, American Indian, and/or Alaskan native households earn 60% or less of the Area Median Income (AMI) in Chapel Hill. Overall, 38% of all Chapel Hill households earn 60% AMI or less.

Median household incomes are not often aligned with median home values. Low-income earners are more likely to struggle to afford median home values. The U.S. Census Bureau American Community Survey 2020 estimates for median home value was \$435,500 and the median rent was \$1,220. The median household income that same year was \$75,249. The U.S. Census Bureau American Community Survey estimates that single family home values in Chapel Hill increased by 14% between 2020 and 2021 alone. This is an acute and long-term trend; between 2010 and 2021, the U.S. Census Bureau estimates that an additional 1,000 renter households earning between \$35,000 and \$75,000 experienced cost-burden.

Low-income and Black households are the most likely to be cost burdened. Cost-burden is defined by the U.S. Census Bureau as housing costs equal to or exceeding 30 percent of household income. Between 2010 and 2021, the U.S. Census Bureau American Community Survey estimates that 78% of renter households earning less than \$75,000, approximately 58% of renter households, and 19% of owner households in Chapel Hill experienced cost-burden.

Many low-income households have fewer resources and may live in housing that exceeds their income levels. In contrast, more affluent households occupy housing that would be affordable to lower income levels.<sup>31</sup>

### 2. *Who is or will experience burden?*

The U.S. Census Bureau American Community Survey estimates that over a ten-year period (2010-2021), Chapel Hill added approximately 1% additional housing units<sup>32</sup>, whereas Carrboro added 3%, and Durham

<sup>28</sup> <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=5390141&GUID=E4E7D69C-ABDA-4398-8CC3-5DA89ED1E78F&Options=ID%7CText%7C&Search=%22one+orange%22>

<sup>29</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/50141/637715343396500000>

<sup>30</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443>

<sup>31</sup> <https://www.planning.org/publications/document/9178529/>

<sup>32</sup> HR&A Affordable Housing Plan Update, <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=6179411&GUID=21FA17CB-C10E-45B8-B529-50D6CE8E1EC6&Options=&Search=>

added 21%. In the Triangle region, the majority of new housing was captured in Cary (+35%), Morrisville (+58%), Hillsborough (+71%), and Apex (+76%) over that same period.<sup>33</sup>

Black and Hispanic Latino homeownership rates tend to lag behind those of white and Asian households.<sup>34</sup> As mentioned in the previous section, Black households are more likely to be cost-burdened than white households in Chapel Hill.<sup>35</sup>

Only 30% of Chapel Hill residents work in Chapel Hill. Approximately 45,000 people commute to Chapel Hill for work every day.<sup>36</sup>

### *3. Who is or will experience benefit?*

The status quo scenario is a highly cost-burdened community, with low- to moderate-income and Black households often facing the greatest cost-burden.<sup>37</sup> Many have been displaced from Chapel Hill and commute into Chapel Hill for work.<sup>38</sup> Between 2010 and 2021, the U.S. Census Bureau estimates that the proportion of homeowners earning less than \$150,000 declined 29% in Chapel Hill. In that period, the U.S. Census Bureau estimates that the number of households earning \$150,000 or more increased by 2,600.

There is a need for approximately 6,000 additional housing units through 2040, an average of 500 units per year.<sup>39</sup> Improving the diversity of new housing could provide more housing options for households of various compositions and income levels<sup>40</sup> and could relieve some cost-burden for all households.<sup>41</sup>

Existing homeowners have an opportunity to benefit from adding additional units to existing properties by constructing new units in existing space, building additions, or constructing new detached units. This would be consistent with a national trend of home improvements, renovations, and repairs.<sup>42</sup>

### *4. What are the root causes of inequity?*

A number of factors have contributed to the inequality of housing access in the community over time. Chapel Hill is unique in many ways, yet our inequitable housing outcomes are replicated across the Southeast U.S.<sup>43</sup> These include, but are not limited to<sup>44</sup>:

- Access to education and jobs
- Access to public transportation and other community amenities
- Household income
- Access to housing
- Ability to purchase and maintain property ownership, build equity, and create generational wealth
- Real estate market trends that contribute to property values (both appreciation and depreciation)
- Property ownership contributes to political influence

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<sup>33</sup> HR&A Affordable Housing Plan Update, <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=6179411&GUID=21FA17CB-C10E-45B8-B529-50D6CE8E1EC6&Options=&Search=>

<sup>34</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443>

<sup>35</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443>

<sup>36</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443>

<sup>37</sup> HR&A Affordable Housing Plan Update, <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=6179411&GUID=21FA17CB-C10E-45B8-B529-50D6CE8E1EC6&Options=&Search=>

<sup>38</sup> HR&A Affordable Housing Plan Update, <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=6179411&GUID=21FA17CB-C10E-45B8-B529-50D6CE8E1EC6&Options=&Search=>

<sup>39</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/50141/637715343396500000>

<sup>40</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/50141/637715343396500000>

<sup>41</sup> <https://www.townofchapelhill.org/home/showpublisheddocument/53443>

<sup>42</sup> <https://www.jchs.harvard.edu/improving-americas-housing-2023>

<sup>43</sup> Rothstein, Richard. 2018. *The Color of Law*. New York, NY: Liveright Publishing Corporation.

<sup>44</sup> <https://www.planning.org/publications/document/9178529/>

- Zoning regulations that restricted housing types, required minimum lot sizes, and set maximum house sizes thereby segregating residents by income and class
- Restrictive covenants that have further perpetuated these trends and, before the Fair Housing Act of 1968, included racial restrictions
- Sunset laws and policies that restricted Blacks and other people of color from being in certain neighborhoods or towns after sunset. Often enforced by police and residents, these laws often restricted people of color from residing within certain neighborhoods or even town borders.

Specific to Chapel Hill, there are several root causes of the inequitable housing outcomes outlined above:

- Development patterns that encouraged larger homes for university professors and professionals around the UNC campus and limited workforce housing to Pine Knolls and Northside
- A Land Use Management Ordinance that limits the development of new housing to detached, single-family houses and large apartment complexes

##### 5. *What might be the unintended consequences of this action or strategy?*

Staff are concerned about the overall displacement and cost-burden pressures in Chapel Hill, particularly for Black and low-income households, and continue to consider potential policies, programs, and plans to mitigate this.

Staff recognizes that new housing, especially rental housing, is typically occupied by students in those neighborhoods closest to campus.

Strategic placement and design of two-, three-, or four-family dwelling units is needed to ensure that the new regulations are not incentivizing the demolition of naturally occurring affordable housing units. Dimensional standards such as limiting building sizes through floor areas and square footage maximums contribute to the design of new developments. Three- or four-family dwelling units as a form of “missing middle” housing could benefit from access to multi-modal transportation to reduce the impacts of parking and traffic on existing neighborhoods.

Special consideration is needed to guarantee the continued preservation of local and National Register-designated historic districts. These areas are located closest to the university.



# Community Engagement

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## Survey Results

- Staff shared the [results](#)<sup>45</sup> of the initial survey with the Town Council on [April 10, 2023](#)<sup>46</sup>.
- A second survey is open and collecting comments on [PublicInput](#)<sup>47</sup>. Responses are visible to the public.

## Emails to Mayor and Council

Many residents have shared their feedback directly with the mayor and council via [email](#)<sup>48</sup>.

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<sup>45</sup> <https://chapelhill.legistar.com/View.ashx?M=F&ID=11820284&GUID=4038DF50-3A04-4B05-A489-A745F13268E9>

<sup>46</sup> <https://chapelhill.legistar.com/MeetingDetail.aspx?ID=1055828&GUID=FA598DED-049E-4193-A452-032251DCA772&Options=info|&Search=>

<sup>47</sup> <https://publicinput.com/v3540>

<sup>48</sup> <https://councilmail.townofchapelhill.org/searchform.do>

# Appendix

## Past Meetings

Date:	Meeting:
<b>October 4, 2022</b>	Planning Commission
<b>October 11, 2022</b>	Housing Advisory Board (HAB)
<b>October 19, 2022</b>	Town Council
<b>November 16, 2022</b>	Town Council
<b>December 2, 2022</b>	Council Committee on Economic Sustainability (CCES)
<b>January 10, 2023</b>	HAB
<b>January 11, 2023</b>	Public Information Meeting
<b>January 17, 2023</b>	Planning Commission
<b>January 25, 2023</b>	Town Council
<b>February 1, 2023</b>	Greenwood Neighborhood Meeting
<b>February 2, 2023</b>	Community Open House (In-Person) Gimghoul Neighborhood Meeting
<b>February 7, 2023</b>	Franklin-Rosemary Neighborhood Meeting
<b>February 8, 2023</b>	Community Open House (Virtual) Coker Hills West Neighborhood Meeting
<b>February 9, 2023</b>	Franklin-Rosemary Neighborhood Meeting
<b>February 14, 2023</b>	Community Open House (In-Person)
<b>February 15, 2023</b>	Community Open House (In-Person)
<b>February 16, 2023</b>	Community Open House (Virtual)
<b>February 22, 2023</b>	Town Council
<b>February 27, 2023</b>	Glendale Neighborhood Meeting
<b>February 28, 2023</b>	Hidden Hills Neighborhood Meeting
<b>March 6, 2023</b>	Laurel Hills Neighborhood Meeting
<b>March 8, 2023</b>	Colony Woods
<b>March 21, 2023</b>	Pope Road
<b>March 27, 2023</b>	Community Open House (In-Person)
<b>March 29, 2023</b>	Neighborhood Conservation Districts (NCDs)
<b>March 30, 2023</b>	Westwood
<b>April 4, 2023</b>	Lake Ellen
<b>April 10, 2023</b>	Town Council
<b>May 9, 2023</b>	Historic District Commission
<b>May 16, 2023</b>	Planning Commission
<b>May 24, 2023</b>	Town Council
<b>June 21, 2023</b>	Town Council

Meeting agendas, materials, and recordings are available on the project webpage:  
<https://chplan.us/housing-choices>

## Research Completed

### Comparison to other communities

Staff has been researching and meeting with different resources to learn more about Missing Middle Housing and zoning reforms:

Cities Staff Met With:	Land Use Codes Reviewed:	Additional Resources:
<ul style="list-style-type: none"><li>• <b>Charlotte, NC</b></li><li>• <b>Durham, NC</b></li><li>• <b>Iowa City, IA</b></li><li>• <b>Oxford, MS</b></li><li>• <b>Raleigh, NC</b></li><li>• <b>Tuscaloosa, AL</b></li></ul>	<ul style="list-style-type: none"><li>• Aberdeen, TX</li><li>• Bloomington, IN</li><li>• Burlington, NC</li><li>• Bryant, TX</li><li>• Charlotte, NC</li><li>• Charlottesville, VA</li><li>• Concord, CA</li><li>• Davidson, NC</li><li>• Des Moines, IA</li><li>• Fayetteville, AR</li><li>• Gainesville, FL</li><li>• Greensboro, NC</li><li>• Kill Devil Hills, NC</li><li>• Lake Stevens, WA</li><li>• Langley, WA</li><li>• Madison, WI</li><li>• Missoula, MT</li><li>• Montgomery County, MD</li><li>• Montgomery County, PA</li><li>• Morrisville, NC</li><li>• Nags Head, NC</li><li>• Sea Tac, WA</li><li>• Seattle, WA</li><li>• South Bend, IN</li><li>• Spokane, WA</li><li>• Wenatchee, WA</li><li>• West Yellowstone, MT</li><li>• Winston-Salem, NC</li></ul>	<ul style="list-style-type: none"><li>• AARP Livable Communities</li><li>• American Planning Association</li><li>• Chamber for Greater Chapel Hill-Carrboro</li><li>• Congress for New Urbanism</li><li>• Environmental and Natural Resources Law Center, University of Oregon</li><li>• Home Builders Association of Durham, Orange, &amp; Chatham Counties</li><li>• National Trust for Historic Preservation</li><li>• North Carolina Historic Preservation Office</li><li>• Orange County Tax Assessor</li><li>• Orion Planning + Development</li><li>• OWASA</li><li>• Preservation North Carolina</li><li>• SOM</li><li>• Student Development &amp; Campus Partnerships, UNC</li><li>• The Turner Center for Housing &amp; Innovation, UC Berkley</li><li>• Town of Chapel Hill Affordable Housing, Inspections, Fire, Stormwater, Parking Services, and Parks &amp; Recreation</li></ul>

#### Key takeaways:

- Most cities saw the most significant increases in Missing Middle Housing through larger development projects, not as infill development on individual lots.
- Traditional residential design is necessary for Missing Middle Housing forms to fit into existing residential neighborhoods. Most of the cities we spoke to already had historic examples of smaller multi-family apartment buildings.
- Creating intentional student housing near commercial areas allows students to benefit from amenities. Both Oxford and Tuscaloosa identified student-oriented development as a specific use allowed in certain zones, and these uses measure density in terms of beds per lot. In Oxford, student-oriented development led to return to single family houses in some cases.
- Durham saw that there was still a significant demand for single family homes and their “small house on a small lot” option has been the most popular.
- To discourage out-of-town developers, there is a significant need for connecting small scale home builders to lending and financing options that facilitate missing middle housing. Tuscaloosa worked with their local homebuilders’ and realtors’ associations to host a Missing Middle Housing Symposium that facilitated conversations on how the housing could be created.
- Communities are exploring other ways to incentivize Missing Middle Housing such as expedited review using pattern books, focusing on development of Missing Middle Housing on vacant or underdeveloped town-owned properties, or creating specific zones in which Missing Middle Housing is permitted.

## Tree Canopy Analysis

Staff looked to the amount of existing tree canopy coverage per zone to determine the appropriate tree canopy coverage for triplexes and fourplexes. Please note, the LUMO currently exempts tree canopy coverage from single-family and two-family developments.

Zoning District	Approximate Acres	Approximate Canopy Acres	Approximate Percentage (%) of Canopy
CC	217	63	29%
DA-1	47	34	73%
HR-L	139	90	65%
HR-M	34	13	39%
IND	34	8	24%
LI-CZD	34	23	67%
MU-OI-1	228	132	58%
MU-R-1	141	50	35%
MU-V	90	57	64%
NC	72	22	30%
OI-1	85	42	49%
OI-2	912	470	51%
OI-3	84	42	50%
OI-4	566	209	37%
R-1	5,625	4,123	73%
R-1A	567	369	65%
R-2	2,670	1,654	62%
R-2A	31	19	61%
R-3	678	379	56%
R-4	731	387	53%
R-5	817	378	46%
R-6	60	43	71%
R-LD1	1,195	753	63%
R-LD5	853	691	81%
R-SS-CZD	53	26	49%
RT	739	468	63%
TC-1	8	2	26%
TC-2	64	16	24%
TC-3	15	3	19%
U-1	663	477	72%
WR-3	6	3	44%
WR-7	8	2	30%
WX-5	39	20	51%
WX-7	108	26	25%

### Key takeaways:

- As a whole, Chapel Hill has about 63% of its acreage covered by tree canopy.
- Individual zoning districts have on average 35% tree canopy coverage. In those zones that currently allow triplexes and fourplexes, the average tree canopy coverage is about 48% percent.