



Rewriting Our Rules

A LUMO UPDATE

**Town Council Meeting
April 24, 2024**

AGENDA

- Discussion Recap
- Engagement Update
- Equity Analysis
- Affordable Housing

DISCUSSION RECAP

Discussion Recap

- The LUMO update has been discussed at **six council meetings over the past seven months**
- Meetings are a chance for Council to learn about and comment on higher-level policy considerations
- No formal decisions are being made at this point

Discussion Recap

Meetings have covered a *wide range of topics*:

- By-right development
- Development in FLUM Focus Areas
- Mixed-use districts
- Parking minimums
- Regulations for single-family homes
- Design standards
- Missing middle housing
- Subdivision standards
- Flag lots
- Environmental protection
- Community benefits
- Economic constraints
- Racial equity
- Affordable housing

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ENGAGEMENT UPDATE

Engagement Update

- 19 Engagements in past 4 months
- 2 learning sessions for Planning Ambassadors
- 6 stakeholder meetings
- 4 Public Information Meetings, in-person and virtual
- 7 pop-up events to reach people at Public Housing communities, Farmer's Market, and community spaces

EQUITY ANALYSIS

WHY RACIAL EQUITY?

- “When race can no longer be used to predict life outcomes and outcomes for all groups are improved”
- Zoning has contributed to the systemic nature of economic and racial segregation.
- Modernizing LUMO is one important step of many to address racial disparities institutionalized by land use rules, plans, and decisions.

RACIAL EQUITY ANALYSIS

**Acknowledge the
Indigenous
stewards of this
land**

**Assess racial
impacts of current
land use rules and
their causes**

**Assess our current
land use rules with
an equity lens**

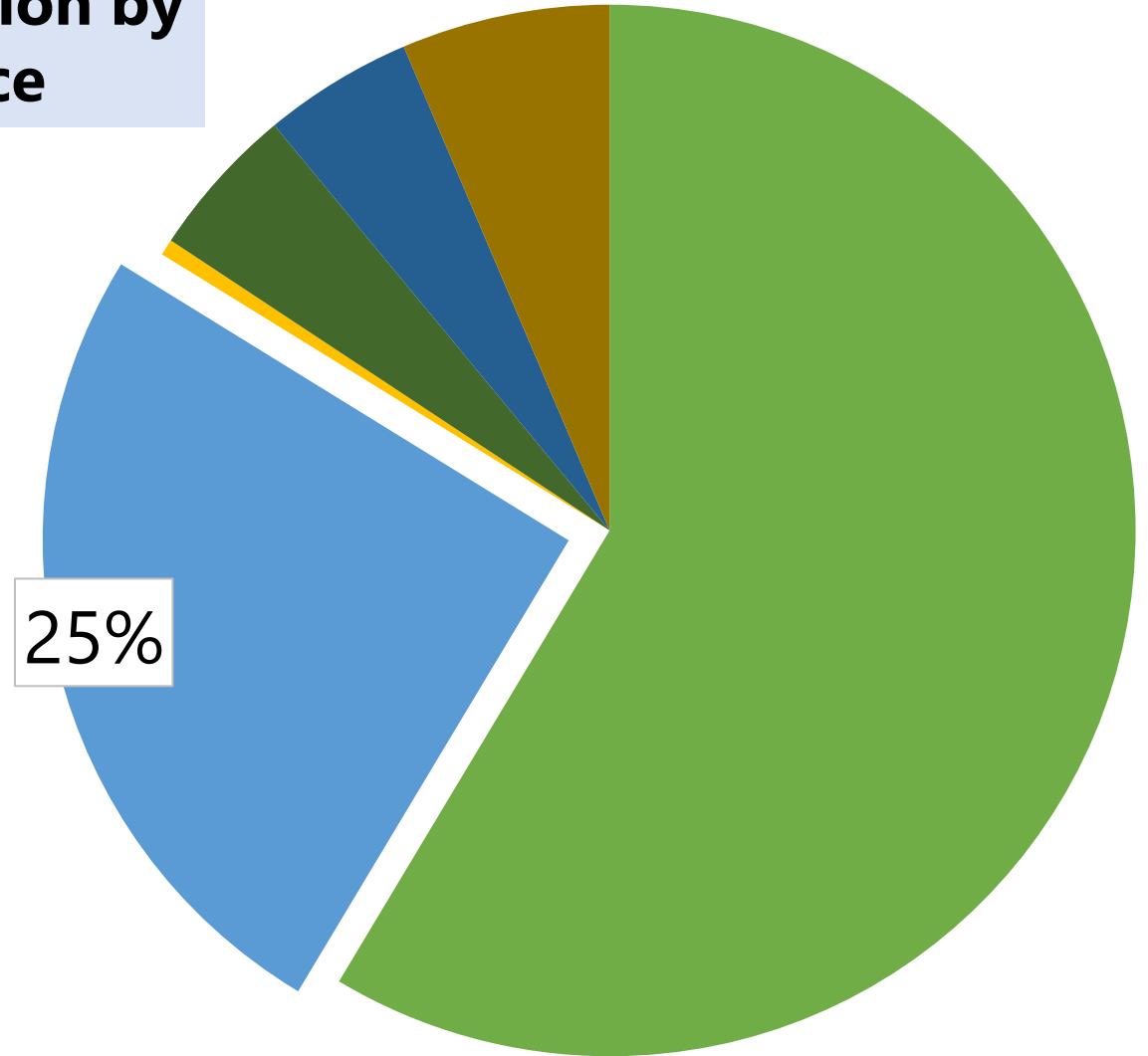
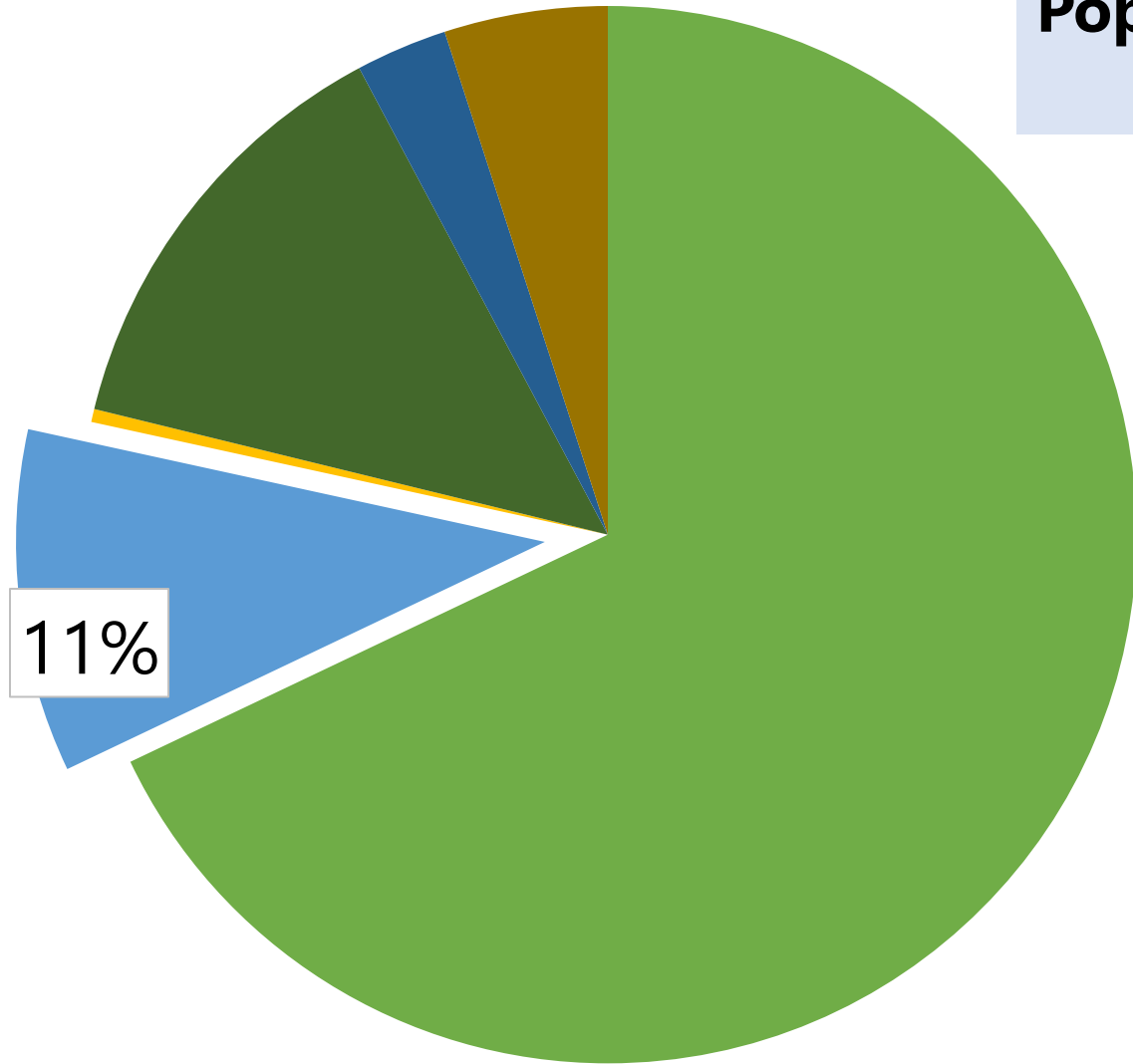
KEY CONCEPT

RACIAL IMPACTS OF LAND USE RULES AND THEIR ROOT CAUSES

CHAPEL HILL

Estimate of
Population by
Race

NORTH CAROLINA



- White
- American Indian and Alaska Native
- Some other Race Alone

- Black / African American
- Asian
- Two or more races

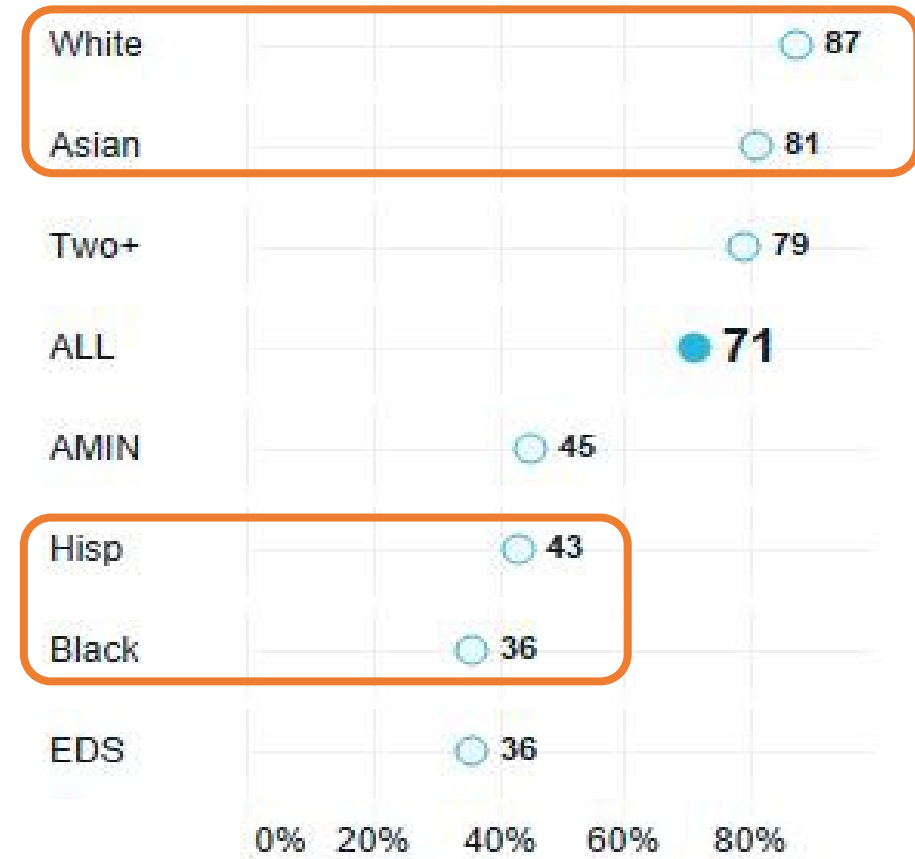
RACIAL IMPACT OF LAND USE RULES: HOUSING

- Our current land use rules contribute to higher housing costs by limiting infill development and restricting housing types.
- In Chapel Hill, 58% of renters are cost-burdened.
- Chapel Hill residents that are Black, Hispanic, or mixed race are much more likely to be renters.

RACIAL IMPACT OF LAND USE RULES: EDUCATION OUTCOMES

- Growing evidence points to restrictive land use rules as a driving force for disparate education outcomes.
- In 2022-2023, Grade-Level Proficiency among Black and Hispanic students was significantly lower than among White and Asian students.

Percentage GLP proficient by student subgroup



RACIAL IMPACT OF LAND USE RULES: ECONOMIC OPPORTUNITIES

- Personal wealth generated through home ownership and educational attainment can influence economic opportunity.
- Self-employment is an indicator of economic opportunity.
- Self-employment is highest among White people and Hispanic people, and lowest among Black people.

CAUSES OF INEQUITABLE OUTCOMES

**Systemic
oppression of
marginalized
groups**

**Disparate access to
resources**

**How land is
regulated and how
it is valued**

KEY CONCEPT

EQUITY IN CHAPEL HILL'S LAND USE RULES

WHAT IS EQUITY IN LAND USE RULES?

- American Planning Association (APA) Equity in Zoning Guide offers policies for land use rules, zoning procedures, and zoning maps.
- Staff assessed LUMO against 35 recommended policies for equity in land use rules.

EQUITY ASSESSMENT OF CURRENT LUMO

- Many elements of LUMO are not aligned with national best practice for equity in zoning.
- The LUMO update is an important step forward.
- Options for more equitable land use rules are connected and should be examined in this way.
- In the future, staff are considering the recommended policies for equity in zoning procedures and zoning maps.

AFFORDABLE HOUSING

Housing Incentives

Small-Scale Projects

Housing Incentives

Code-based incentives cannot produce enough affordable housing to meet town goals.

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Housing Incentives

Code-based incentives cannot produce enough affordable housing to meet town goals.

Small-Scale Projects

Small-scale projects cannot bear the cost of providing affordable housing units.

Housing Incentives:

Effective incentives must provide enough additional value for a project that there is a **clear business case** to provide affordable housing.

Housing Incentives: **Density Bonus**

- Impractically high density bonuses are needed to meet Town's affordability goals.
- High density bonuses involve more expensive construction types that are not supported by market rents.
- **Developers are more likely to build lower density projects with no affordable housing.**

Housing Incentives: **Relief from RCD Buffers and Setbacks**

- Even under “ideal” conditions, major concessions would be needed.
- Impacts on project returns are minor.
- **Staff do not recommend code-based incentives based on dimensional standards.**

Housing Incentives: **Supporting Affordable Housing Projects**

- Even if code-based incentives do not produce enough value for market-rate developers, they can provide meaningful support for affordable housing projects.
- **Staff recommend code-based support for affordable housing projects.**

Small-Scale Projects

The Town should adjust its affordable housing expectations to support small-scale projects.

- Rental projects with at least **12-16 units** can bear the cost of 1 affordable unit
- For-sale projects with at least **10-12 units** can bear the cost of 1 affordable unit

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- Rental projects with at least **12-16 units** can bear the cost of 1 affordable unit

Update thresholds for conditional zoning

- For-sale projects with at least **10-12 units** can bear the cost of 1 affordable unit

Update the inclusionary zoning ordinance



Questions? Feedback?