



Omnibus Text Amendments

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Meeting Date: October 22, 2025

Project Overview

In response to Council's interest in accelerating portions of the Land Use Management Ordinance (LUMO) rewrite, Town staff propose a range of text amendments to the LUMO and Town Code. The topics covered by this omnibus text amendment include:

1. Site Plan Review:

- a. Remove Planning Commission "site plan review" for most development projects.
- b. Streamline site plan review requirements in Northside and Pine Knolls where the process is required by Neighborhood Conservation District rules.

2. Concept Plan Review:

- a. Remove concept plan review for conditional zonings and special use permits.

3. Conditional Zoning:

- a. Streamline the conditional zoning process.

4. Special Use Permits:

- a. Allow projects with existing SUPs to add new permitted uses or development that is compliant with LUMO.

5. Two-Family Housing Options

- a. Increase maximum size limits for duplexes, ADU's, and cottages.
- b. Lift parking maximums for duplexes.

6. Parking Regulations

- a. Eliminate minimum parking requirements.
- b. Ease front-yard parking restrictions for 1- and 2-family developments.

7. Subdivisions – Procedural Improvements

- a. Make Town staff responsible for all subdivision approvals.

8. Subdivisions – Lot Layout Standards

- a. Reduce minimum lot sizes and related dimensions.
- b. Allow zero-frontage lots and flag lots.

9. Subdivisions – Infrastructure

- a. Ease requirements for new lots on "local" streets to provide infrastructure improvements.

10. Manufactured Home Communities

- a. Make existing manufactured home parks a permitted use.

11. Sign Regulations

- a. Ease various sign regulations and update which types of signs are allowed in residential zoning districts.

12. Miscellaneous Updates

- a. Allow multiple permitted uses on the same property.
- b. Update the Town Code to allow shared driveways.

Staff Recommendation and Analysis



Staff recommend that Council **approve the text amendment**, detailed in Ordinance A and explained below.

1. Site Plan Review

Proposed Changes

The proposed amendment would eliminate site plan review for most projects.

Instead, a project can start its permitting process with an application for a Zoning Compliance Permit ("ZCP"). Beginning a project with a ZCP application will save time and resources without compromising the level of scrutiny the project receives from Town staff or limiting the Town's authority to regulate the project.

The proposed amendment would maintain site plan review in the Northside and Pine Knolls NCDs, as required by their NCD rules, but heavily streamline the process.

Instead of determining whether a project complies with all relevant Town rules, Town staff and the Planning Commission will only consider whether the project complies with the special rules that apply to the NCD. The public will still be notified of the project and have an opportunity to comment. Projects will be scrutinized for full regulatory compliance when they apply for a ZCP.

Discussion

Site plan review is an administrative review process that can apply to brand new construction, expansions of existing developments, and certain instances when a property changes from one type of use to another.

In the Pine Knolls and Northside Neighborhood Conservation Districts ("NCDs") site plan review is also required for the demolition or construction of new single-family homes and any additions exceeding 250 square feet.

To receive a site plan approval, a project must be reviewed by Town staff and then approved by the Planning Commission during a public meeting. The Planning Commission must base its decision purely on whether the project complies with LUMO. The individual opinions or expertise of Planning Commission members cannot influence their decision. Although members of the public can comment on a site plan application during a Planning Commission meeting, the opinions they share also cannot influence the Planning Commission's decision. If a project meets the Town's rules, it *must be approved*.

After a project receives site plan approval, it must usually receive a Zoning Compliance Permit ("ZCP"). In most cases, the process to approve a ZCP involves Town staff reviewing the same materials that were reviewed for the site plan application process.

Streamlining site plan review can promote new development while protecting the interests of vulnerable communities.

For projects outside of NCD's, site plan review has not demonstrated substantial added value for the Town. Instead, it subjects developers to additional costs and a prolonged and

redundant review process. The Planning Commission has repeatedly stated its interest in eliminating the process.

Within the Northside and Pine Knolls NCDs, site plan review has the potential to meet an important interest of the Neighborhood Conservation Districts: promoting awareness of new development. That interest can be better served by a substantially pared down process that allows for a public meeting but does not involve the same costs of today's site plan review process.

2. Concept Plan Review

Proposed Changes

The proposed amendment would remove concept plan review as a requirement for conditional zoning and special use permit applications. Instead of requiring public hearings before the Town Council or Planning Commission, the Town would encourage developers to continue the longstanding practice of engaging with Town staff to improve their proposals before submitting a conditional zoning or special use permit application.

Potential Alternatives

Instead of removing concept plan review in all cases, the Town could require concept plan review only for projects outside of the six focus areas defined by the Future Land Use Map. Doing so could reinforce the role of the focus areas as markers of where the Town wants and expects new development to be concentrated.

Town staff do not recommend making concept plan review an optional process since a nominally optional process could easily become a de facto requirement.

Discussion

Concept plan review serves two primary purposes: (1) providing the public an opportunity to learn about and comment on potential development and (2) providing elected or appointed officials an opportunity to share their opinions of a project.

Concept plan review is a mandatory step for most developments seeking a conditional zoning or special use permit. The process involves developers receiving feedback on their projects from the public and either the Planning Commission or Town Council. The feedback is not binding, and developers are not required to update their projects in response to it. Although developers are not required to do so, they oftentimes seek feedback from Town staff and other stakeholders around the same time as their concept plan review.

To staff's knowledge, no comparable or neighboring jurisdictions in North Carolina employ a public process like concept plan review. However, many jurisdictions allow developers to consult with professional staff before submitting formal development applications.

The interests that concept plan review is intended to support can be better advanced with other practices. For example, collaboration with Town staff has consistently proven to be an effective way of improving projects. Town staff are well-versed in Council priorities, the Comprehensive Plan, and site and building design elements that are both feasible and responsive to the Town's interests.

Likewise, public information meetings and other equity-based engagement strategies can ensure that interested members of the public are well-informed about projects that will eventually be considered by the Town Council.

The conditional zoning process has negated one of the previously unique benefits of concept plan review: giving developers an opportunity to hear Council member feedback in an unofficial setting. The Town first started using concept plan review in the late 1990's, when Special Use Permits (SUPs) were the primary tool for approving large development projects. One of the key limitations of the SUP process is that applicants and Town Council members are strictly prohibited from discussing projects outside of public hearings. The conditional zoning process does not involve any such restriction. Applicants and Council members are free to discuss projects at any time and in any venue, public or private. Removing or limiting concept plan review would, therefore, not limit the ability of Council members to comment on projects.

3. Conditional Zoning

Proposed Changes

The proposed amendment would streamline the conditional zoning process by implementing improvements that the Town has already successfully used to support several affordable housing projects. The proposed improvements include:

- ***Allowing Town Council to approve a conditional zoning request after a single public hearing instead of requiring a minimum of two public hearings.*** If Town Council decides that a project is not ready for approval after one hearing, it will retain the ability to continue the hearing and request revisions or additional information from the developer.
- ***Reducing the level of detail developers must provide in their applications.*** Developers will still be required to illustrate the general layout of their project and provide enough detail for staff to evaluate the feasibility of the project. Highly detailed construction drawings will be thoroughly reviewed before the project receives zoning compliance permits.
- ***Increasing the level of flexibility developers have when adjusting their projects after they have been approved by Town Council.*** An updated list of what constitutes a "minor modification" to an approved conditional zoning will formalize the new level of flexibility. The updated list mirrors the additional level of flexibility the Town has already granted to certain affordable housing projects. As always, written conditions committed to by the applicant will remain inflexible. This arrangement maintains Council's ability to curtail flexibility on a case-by-case basis.
- ***Dropping the requirement for developers to submit their projects to the Community Design Commission (CDC) after they have been approved by the Town Council.*** The change reflects the fact that the CDC does not have the authority to compel revisions to a project after Council approval. This change would also apply to projects that receive a Special Use Permit.

Discussion

Used correctly, the conditional zoning process is a powerful tool for approving new development. However, the Town's existing conditional zoning process is expensive, time-consuming, and risky. It is widely viewed as a barrier to entry rather than as an opportunity for innovative development. Streamlining the conditional zoning process will allow the Town to retain all the special powers associated with the process while removing unnecessary hurdles.

Conditional zonings and special use permits are two very different tools. Their review processes should not look the same.

The current process is largely a holdover from a time when SUPs were the Town's primary tool for approving large-scale projects. As a result, the process requires developers to spend a significant amount of time and money creating detailed plans much earlier than they would normally need to do so.

If their project is approved, developers are locked into building the very specific version of the project that was shared with the Town Council. This means that developers have little flexibility to deal with any number of challenges (like changing market conditions or physical site constraints) that could arise as their project moves forward.

The Town already has experience with a better approach. We have successfully moved high profile commercial and affordable housing projects through a more streamlined conditional zoning process that protects the Town's interests and reduces the cost, risk, and time developers face.

Critically, this streamlined process does not weaken the Town's ability to negotiate for its priorities. To the contrary, placing less emphasis on technical details allows more time and resources to be devoted to more holistic concerns.

4. Special Use Permits

Proposed Changes

The proposed amendment would allow properties with existing Special Use Permits ("SUPs") to add new permitted uses or other new development that complies with LUMO.

The rule would only allow uses that are already designated as "permitted" within a relevant zoning district to be added to a site. Adding a new use that is designated as a "special use" would continue to require a Council-approved modification or a new SUP.

Discussion

Before 2018, SUPs were the most common tool used for approving large-scale development projects (e.g., any project with more than 20,000 square feet of floor area) and projects that could have unique impacts on neighboring properties (e.g., gas stations).

Once an SUP is granted for a property, the only development or uses that are allowed on the property are those that are explicitly authorized by the SUP. Even if the property sits in

a zoning district that allows a range of permitted uses by-right, any uses not listed on the SUP are off the table.

The limiting effects of legacy SUPs are particularly counterproductive for projects that required an SUP simply because of their size.

Because of the “20/40 Rule,” any project that exceeded 20,000 square feet of floor area or 40,000 square feet of land disturbance was – prior to the advent of conditional zoning – required to receive a Special Use Permit. These earlier SUPs were often written narrowly and only referenced the specific uses that were anticipated in the project as originally conceived. For example, many of the town’s older commercial buildings are subject to SUPs that authorize only office, retail, or other general business uses. Notably, none of these uses are “special uses.” SUPs were only required for these projects because of the 20/40 Rule.

If the owners of these sites were to add a new permitted use (e.g., small-scale residential, schools, recreation facilities, day cares, etc.) they would be required to seek Town Council approval of a modification to their existing SUP. The proposed rule would remove this costly and time-consuming step and allow a project to move directly to the more straightforward staff-level permitting associated with adding a new use.

Limiting the impact of legacy SUPs is a step towards supporting new mission-oriented housing development.

This change would lay the groundwork for facilitating a relatively novel housing strategy that is beginning to gain traction in some communities: building new homes alongside existing places of worship.

Places of worship are designated as ordinary “permitted uses” in most zoning districts in Chapel Hill. However, because of their size, many places of worship are treated as “special uses” and have SUPs that limit their development potential. The proposed amendment could allow at least a modest amount of residential development on some of these properties. More comprehensive reforms could allow even more opportunities for this sort of co-location of housing.

The proposed amendment will not allow unchecked development of special uses.

A critical safeguard in the proposed rule is that it would only apply to *permitted* uses. Adding a new special use to a site with an existing SUP will continue to require either a new SUP or a major modification to the existing SUP. For example, adding a drive-through to a site with an existing SUP is not covered by the proposed rule. This sort of addition will continue to require council approval.

5. Two-Family Housing Options

Proposed Changes

The proposed amendment would increase the maximum allowed size for ADU's, cottages, and duplexes as shown in the table below:

Type of Housing	Existing Size Limits	Proposed Changes
Single-Family Home with Accessory Dwelling Unit	The ADU cannot be larger than 75% the size of the single-family home or 1,000 square feet, whichever is smaller.	Allow an ADU of up to 1,000 square feet regardless of the size of the associated single-family home.
Single-Family Home with Cottage	The cottage cannot be larger than 1,200 square feet and cannot have a footprint larger than 1,000 square feet.	Increase the size limit from 1,200 square feet to 1,500 square feet and remove the maximum footprint limit.
Duplex (attached or detached)	The total size of the duplex cannot be more than 3,000 square feet.	Increase the total size limit to 5,000 square feet.

The proposed amendment would allow an ADU to be built on a "sublot" that is platted separately from the zoning lot of the primary home. A "sublot" is an officially recognized and platted lot that can be created within the boundaries of an existing zoning lot. It is not subject to minimum size requirements and can encourage easier financing and fee-simple ownership of ADUs.

The proposed amendments will lift the existing 4-car maximum parking limit for duplexes. Instead, duplexes will be subject to the same front-yard parking limitations imposed on single-family homes: no more than 40% of the front yard may be used for parking.

Discussion

Even compared to the modest expectations outlined by Town staff, production of new ADU's, cottages, and duplexes has been disappointingly low since the Town passed the "Housing Choices" text amendments in 2023.

Size limits should not preclude financially feasible projects.

One of the potential goals of limiting the size of two-family developments is to control their cost. However, the limited number of standalone two-family projects in Chapel Hill suggests barriers to two-family construction need to be reconsidered.

The Town's 3,000 square foot maximum size limit on duplexes, for example, has been in place for over twenty years. While the Housing Choices text amendments expanded opportunities for *where* duplexes could be built, they did not drastically change the underlying development economics of building a duplex.

The proposed 5,000 square foot maximum for a duplex is responsive to homebuilders who have expressed an interest in building duplexes in Chapel Hill. Staff discussions with local homebuilders have consistently confirmed that the Town's size limits on two-family development discourage viable projects. Considering Chapel Hill's chronically high land costs coupled with today's high material costs and labor shortages, it is extremely difficult for homebuilders to generate a reasonable return on their investment by building a 3,000 square foot in-fill duplex in Chapel Hill.

The 5,000 square foot limit also supports a built form that can fit into existing neighborhoods – a critical consideration when trying to encourage responsible in-fill development. While the 5,000 square foot maximum is admittedly not "small," it is significantly smaller than the single-family maximums imposed by some of the Town's most architecturally sensitive Neighborhood Conservation Districts (NCD). The Coker Hills NCD – celebrated for its numerous examples of [mid-century modern architecture](#) – has a single-family maximum size of 7,500 square feet. Meanwhile, the Kings Mill/Morgan Creek NCD has a single-family maximum size of 6,500 square feet.

6. Parking Regulations

Proposed Changes

The proposed amendments would eliminate all vehicular parking minimums.

Parking minimums imposed by existing SUPs or Conditional Zoning approvals would remain in effect.

The proposed amendments would update front yard parking restrictions to allow at least two parking spaces even if they occupy more than 40% of the front yard.

Discussion

Eliminating parking minimums is a small but necessary step towards reducing car dependence.

A growing number of communities around the country have [eliminated mandatory parking minimums](#). However, many factors impact the number of parking spaces a new business or development will need. Corporate policies, investor demands, customer expectations, and municipal regulations all contribute a share of influence. Given the many variables involved, Town rules do not need to be part of the equation.

Considering the many voices calling for parking in new development, it is unlikely that this proposed amendment will dramatically change parking numbers. Although widespread changes to parking numbers likely will not be brought about *because of* this amendment, they also cannot happen *without* this amendment. For example, in the off chance that the right developer backed by the right investors is willing and able to build a project with low parking numbers, Town regulations should not be the limiting factor that prevents them from doing so.

Removing parking minimums is unlikely to harm neighborhoods.

On-site parking is almost always the preference for developers, investors, and customers. This amendment may yield some results on the margins but is unlikely to result in projects with dramatically lower parking numbers that create excessive demand for on-street parking in surrounding neighborhoods.

The town already has well-established parking enforcement programs in place in the neighborhoods that see the most demand for on-street parking. This demand is almost always generated by the university.

Although very unlikely, other parts of Chapel Hill that could potentially see similar dynamics in the future would include residential areas adjacent to existing or growing commercial development or densely developed residential properties near otherwise low-density areas. The Town should continue to monitor parking conditions and, if necessary, consider expanding its on-street parking regulations and enforcement.

7. Subdivisions – Procedural Improvements

Proposed Changes

The proposed amendments will make staff responsible for all subdivision approvals. Subdivision approvals are a purely administrative decision that – by law – cannot be based on any considerations other than compliance with Town regulations.

The proposed amendments will align Town authority and state law by clarifying the types of subdivisions that are exempt from Town review. The Town’s current definition of the term “tract” has been interpreted to give the Town authority over a type of small subdivision that, under state law, is supposed to be exempt from local regulation. Updating the definition will ensure that the Town’s authority properly reflects state law.

The proposed amendments will update recreation space requirements for the subdivisions to reflect the switch from Council/Planning Commission approval to staff approval.

Discussion

Subdivision approvals are purely administrative decisions that should be based on objective standards. The American Planning Association’s [Equity in Zoning Policy Guide](#) recommends that local governments should **“only require public hearings when there is a genuine need to use discretion in applying zoning criteria and standards to the facts of a specific development.”**

Counter to this guidance, the Town’s current practice of subjecting some subdivision applications to public hearings can introduce undue bias into the process and create a false expectation that public opinion can influence the decision.

Understanding that members of the public may have very legitimate concerns about new subdivisions near their own property, Town staff can consider how to keep them well-informed of pending applications. Based on the circumstances, Town staff can also consider how to solicit neighbor feedback while providing transparency and clear expectations for how that feedback will be used.

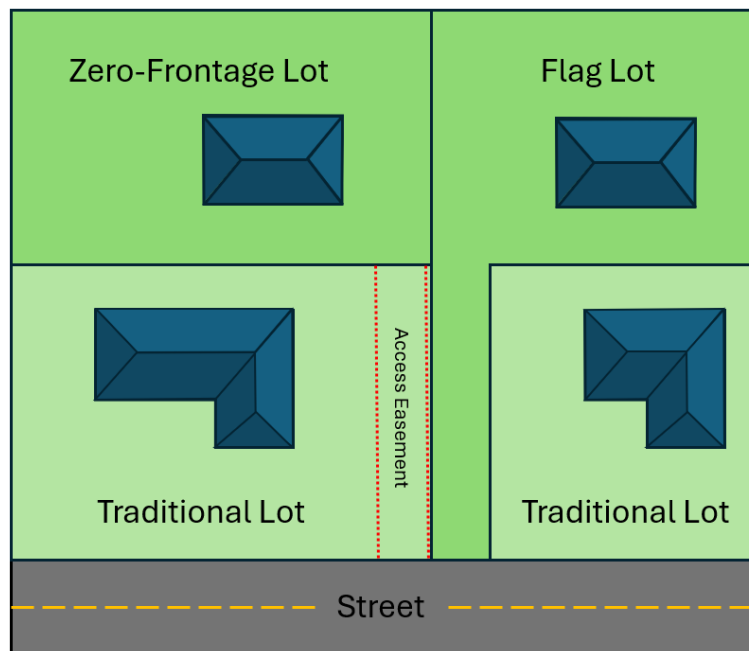
8. Subdivisions – Lot Layouts

Proposed Changes

The proposed amendments would reduce minimum lot dimensions and setbacks as shown in the table below. Solar setbacks (slightly larger interior setbacks measured against the northern property line) will also be phased out.

Proposed Lot Dimensions and Setbacks					
Zoning District	Minimum Lot Size (Square Feet):	Street Frontage (Feet):	Lot Width (Feet):	Street Setback (Feet):	Interior Setback (Feet):
	"Current" ↓ "Proposed"	"Current" ↓ "Proposed"	"Current" ↓ "Proposed"	"Current" ↓ "Proposed"	"Current" ↓ "Proposed"
R-1A	25,000 ↓ 10,000	80 ↓ 48	100 ↓ 60	29 ↓ 26	15 ↓ 10
R-1	17,000 ↓ 10,000	64 ↓ 48	80 ↓ 60	28 ↓ 26	14 ↓ 10
R-2A	14,500 ↓ 7,500	56 ↓ 40	70 ↓ 50	27 ↓ 24	10 ↓ 8
R-2	10,000 ↓ 7,500	52 ↓ 40	65 ↓ 50	26 ↓ 24	11 ↓ 8
R-3	5,500 ↓ 4,000	40 ↓ 36	50 ↓ 42	24 ↓ 22	8 ↓ 6
R-4	5,500 ↓ 4,000	40 ↓ 36	50 ↓ 42	22	8 ↓ 6
R-5	5,500 ↓ 4,000	40 ↓ 36	50 ↓ 42	20	6 ↓ 5
R-6	5,500 ↓ N/A	40 ↓ N/A	50 ↓ N/A	20 ↓ 16	6 ↓ N/A

The proposed amendments would allow "zero-frontage lots" and lift restrictions on "flag lots." As illustrated in the diagram below, zero-frontage lots do not directly abut a public street. Instead, access to a zero-frontage lot must be provided by an easement. Flag lots are like zero-frontage lots but have access provided by a narrow strip of land that is part of the lot.



Discussion

Reducing lot sizes can increase the supply of buildable lots.

Minimum lot size requirements can lock in high land prices and [preclude affordable homeownership](#). In Chapel Hill, a lack of reasonably priced buildable lots is one of many factors that drives up housing costs. As of October 1, 2025, there were only 11 MLS-listed lots for sale in Chapel Hill with prices ranging from \$235,000 to almost \$2 million. Making it easier to create new lots is not guaranteed to drive down home prices, but it is a critical step in increasing housing supply.

Smaller lot size requirements can allow homeowners with larger lots to subdivide and sell a portion of their land. Doing so creates new buildable homesites out of what was previously unusable – and unsellable – land. This sort of in-fill development is a top priority of the Complete Community Strategy.

Larger projects can also benefit from the proposed amendment as reduced lot sizes could enable the by-right development of compact 1- and 2-family neighborhoods. With more units to share the financial burden, these compact neighborhoods could more easily meet other town interests such as developing greenways or accommodating more severe weather events with their stormwater management systems.

Reasonable lot size reductions are a step towards gentle density.

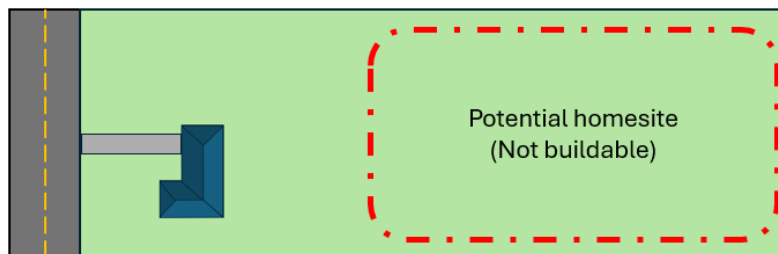
While the Town's Comprehensive Plan does not currently support eliminating minimum lot size requirements, there is room to reduce minimum lot sizes while staying roughly within the Comp Plan's recommendations.

Staff identified appropriate new lot sizes based on the approximate density recommendations included in the Future Land Use Map. After determining appropriate lot sizes for each residential district, staff identified proportional reductions for other lot dimensions. Lot width, for example, was adjusted so that lots would maintain a similar "aspect ratio" (i.e., the ratio between length and width) as total lot sizes decrease. Similarly, smaller setbacks were proposed to maintain a similar ratio of buildable area to total lot size.

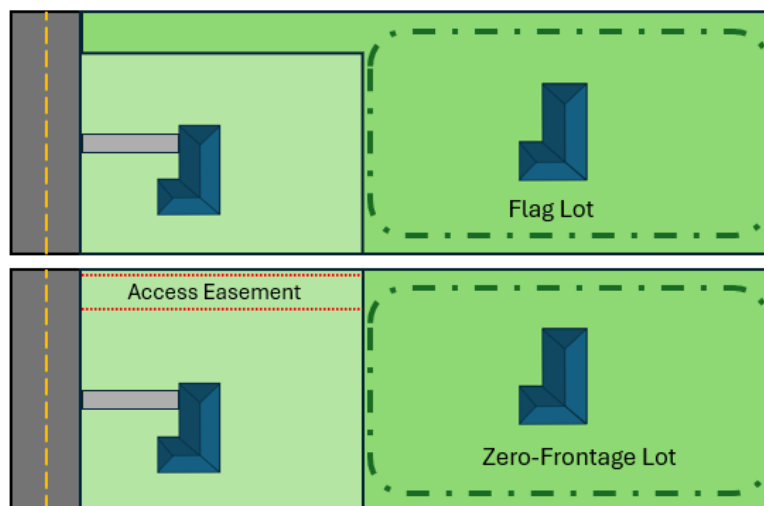
Expanded options for lot configurations can make it easier to create new lots in existing neighborhoods.

Even with adjusted lot sizes and setbacks, many existing lots would be impossible to subdivide because of their unusual shapes or lack of access to public streets.

Established lots that are narrow and deep are found throughout Chapel Hill and often have vast front- or backyards that could easily accommodate an additional home if not for our current street frontage requirements or restrictions on flag lots.



Allowing either a flag lot or zero-frontage lot can turn a previously unbuildable backyard into a site for a new home. The new lot would be subject to the same setbacks as other lots in the neighborhood.



Creating new lots may decrease tree canopy coverage and increase impervious surface in Chapel Hill.

Making it easier to build on previously unbuildable portions of large residential lots presents clear tradeoffs. In exchange for additional in-fill housing, improved walkability, higher tax revenue, and lower vehicle miles traveled, the Town will likely see a decrease in tree canopy and an increase in impervious surface.

Impervious Surface:

Increased impervious surface will be the most difficult tradeoff to quantify or assess for small-scale subdivisions of fewer than 4 lots. Under the Town's current stormwater rules, these subdivisions are rarely required to install stormwater control measures.

For subdivisions that create 4 or more lots, Town rules will require the installation of stormwater control measures that accommodate up to the 25-year storm. As part of the comprehensive LUMO rewrite, the Town can determine whether it is appropriate and feasible to require subdivisions to accommodate the 100-year storm.

Tree Canopy:

While Chapel Hill's Climate Action and Response Plan recognizes the importance of conserving tree canopy, the Town does not have an official urban tree canopy (UTC) goal.

Because of differences in climate, geography, and development patterns, there is no single UTC goal that is recommended in all circumstances. Through its [Tree Equity Score](#) tool, American Forests recommends varied UTC goals for each of Chapel Hill's census block groups:

- Heavily residential or rural areas have a recommended UTC of 50%.
- Mixed commercial and residential areas like Blue Hill as well as downtown paired with its surrounding neighborhoods have a recommended UTC of 40%.
- The most densely developed portion of UNC's main campus has the lowest recommended UTC at 30%.

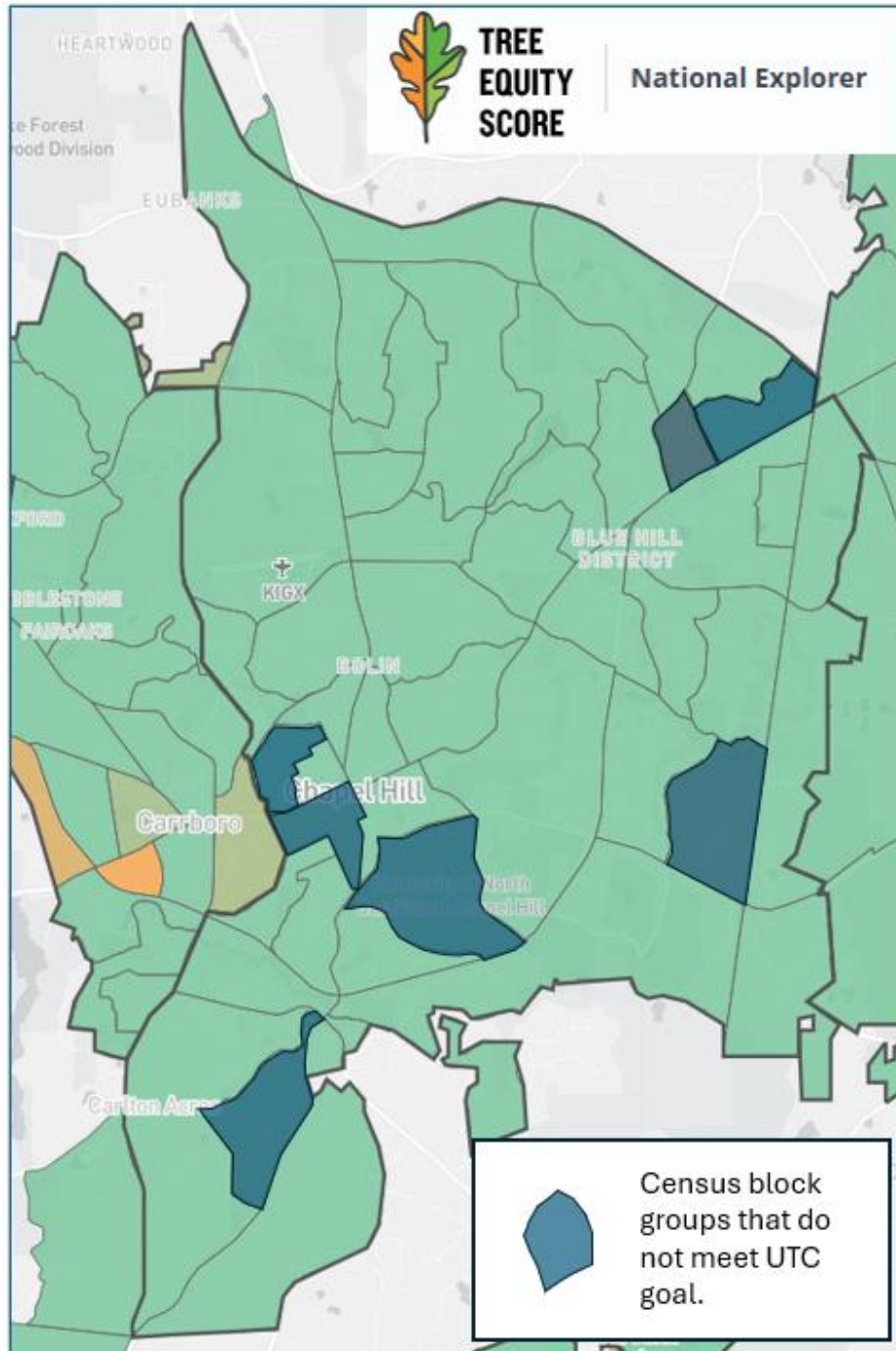
Based on the most recent available data, Chapel Hill's [overall UTC](#) is estimated at approximately 66%.

The Chapel Hill block groups with the highest UTCs (ranging from 70% to over 80%) are generally correlated with the Town's lower-density residential zoning districts. The large-lot development patterns that have predominated in these areas mean that they will likely see more new lots created through small-scale subdivisions.

Of the 51 Chapel Hill census block groups studied by American Forests, 7 do not meet their recommended UTC. It is unlikely that these 7 census block groups will see a significant number of new lots created:

- Two of the block groups include Meadowmont and Southern Village, both of which are master-planned communities with limits on residential density.

- Two of the block groups include portions of downtown or neighboring residential areas (including the western portion of Northside) where smaller lots are already prevalent.
- Two of the block groups include large multifamily or commercial developments.
- One of the block groups encompasses much of UNC's south campus.



Even with updated standards, only some lots will be able to subdivide. Circumstances that may prevent or discourage a lot from subdividing include:

- **The existing lot is only slightly larger than today's minimum lot size.** Only the seldom-used R-1A and R-2A zoning districts will see new lot sizes that are close to or less than half of the current minimum requirement. In any other impacted zoning district, an existing lot that is only slightly larger than today's standards could not subdivide.
- **The existing lot is near a stream.** Older single-family lots are typically exempt from the most protective of today's Resource Conservation District (RCD) stream buffers. However, subdividing land triggers modern RCD buffers. New lots therefore cannot result in home construction in the RCD even if existing nearby homes already intrude into our stream buffers.
- **Topography or location of existing buildings makes new construction impractical.** Even if there is a *desire* to build on steep properties, the Town rules limit disturbance of steep slopes.

9. Subdivisions – Infrastructure

Proposed Changes

The proposed amendment would reduce the amount of infrastructure that must be provided when a new lot is created on a "local" street.

Town rules currently require all newly subdivided lots to be adjacent to streets that meet town standards. These standards require the installation of sidewalks, curb and gutter, minimum pavement width, and minimum right-of-way width.

Under the proposed rules, if a new lot is created adjacent to a "local" street, the property owner would only be responsible for providing adequate right-of-way. No physical improvements to the street would be required.

The proposed amendment would clarify that a payment-in-lieu of construction is an acceptable way to satisfy infrastructure requirements along "collector" streets but prohibit payments-in-lieu of construction along "arterial" streets.

LUMO does not explicitly authorize payments-in-lieu of construction for these requirements. The proposed amendment will clarify staff's authority to accept such payments.

Discussion

Rightsizing the Town's infrastructure requirements for small subdivisions will (1) promote more opportunities for residential in-fill; (2) avoid costly infrastructure that provides little public good; and (3) grow that tax base.

The Town's infrastructure requirements routinely prevent property owners from subdividing their land.

The Town's infrastructure requirements can easily become the largest cost associated with subdividing land. Without the Town's infrastructure requirements, a small-scale subdivision (typically creating 1 or 2 new lots) costs no more than a few thousand dollars. The main costs involved are application fees and the cost of having a professional surveyor prepare an official plat of the new lots. However, infrastructure requirements can routinely add tens of thousands of dollars to the total cost of subdividing.

These costs are particularly difficult to bear for the people most likely to pursue a small subdivision: homeowners or potential homebuyers. Town planners find that very few individuals attempt to purchase lots with the intent of creating one or two additional lots and either selling or developing them. Most inquiries about small subdivisions come from homeowners that want to split off a portion of their land or potential homebuyers that want to help mitigate high home prices. These individuals are the least able to bear additional costs because they are also the most distantly removed from the largest profits associated with development.

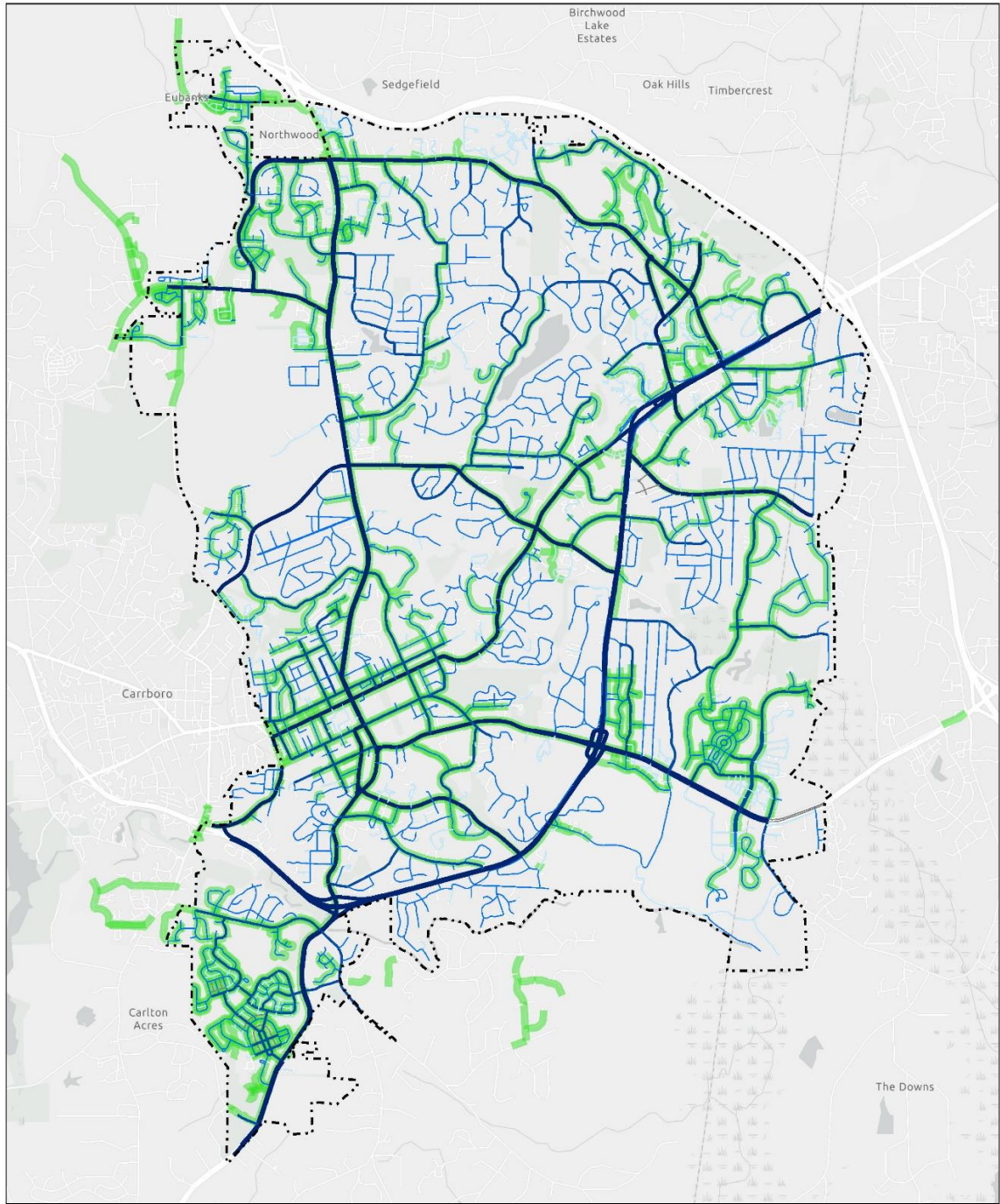
Town planners unfortunately do not keep records of every instance in which a consultation with an interested property owner has resulted in the property owner *not* pursuing a subdivision. But essentially every planner that provides consultations can report that the Town's infrastructure requirements are the single most common "dealbreaker" for someone wishing to pursue a small subdivision.

Infrastructure provided by subdivisions is placed sporadically and can only address a small fraction of the Town's needs.

The map on the following page depicts Chapel Hill's road network, with its three categories of streets: local, collector, and arterial. Streets with sidewalks are highlighted in green. The map demonstrates that only a small minority of Chapel Hill's local streets currently have sidewalks. Any meaningful expansion of the Town's sidewalk network into these local streets will require massive public investments that are highly unlikely to occur.

Occasional improvements associated with newly subdivided lots only provide the community with short, sporadically-placed segments of sidewalk, curb, and gutter that are usually disconnected from any other similar infrastructure. Given the low likelihood of major public investments in sidewalks, it is exceedingly likely that these disconnected "sidewalks to nowhere" will never connect to a broader network. A high cost to the property owner thus results in a relatively low benefit to the Town.

Chapel Hill Streets and Sidewalks



9/30/2025

Corporate Limits

Streets

Arterial

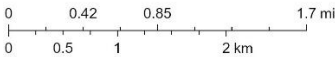
Collector

Local

Private

Streets with Sidewalks

1:46,487



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community, Sources: Esri, TomTom, Garmin, (c) OpenStreetMap contributors, and the GIS User Community

Promoting small-scale subdivisions can help to grow the tax base.

In the long-term, the increased tax revenue generated by subdivided lots can create a sustainable funding source that is not subject to the same limitations as a payment-in-lieu.

As a matter of state law, payments-in-lieu of street improvements must be used for road construction that directly benefits the property that generated the payment. In contrast, property taxes generated by new development can be used to fund essentially any legitimate Town activity.

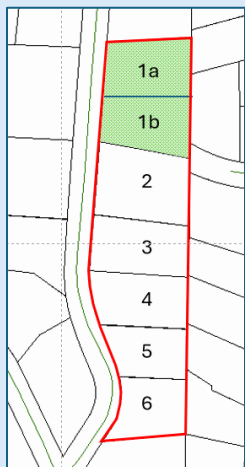
Typical payments-in-lieu can vary in size from \$8,000 to \$10,000 on the low end to as high as \$40,000 to \$50,000 on the high end. In as little as three years after subdividing, new lots can begin to generate tax revenue that approaches these ranges. The example below illustrates this dynamic.



The image to the left depicts six residential lots in Chapel Hill. The lots range in size from 1.2 acres to .5 acres. Although the size of the lots varies significantly, all six lots have the same tax assessed land value: \$400,000.

Because the same number of homes can be built on each lot, tax value per acre decreases as the lots become larger.

Based on current tax rates and total tax assessed values, the six lots provide annual general fund revenue of **\$16,759**.



If the largest lot is subdivided into two 0.6-acre lots, we can assume that the tax assessed land value of the new lots will also be \$400,000 like the other similarly sized lots on the street. If new homes are built on lots 1a and 1b and they are at least as large and well-appointed as the other homes on the street, we can very conservatively assume that their tax assessed value will be at least equal to the average of the other homes' assessed values.

Based on current tax rates and conservative assumptions of total tax assessed value, the same land now provides annual general fund revenue of **\$20,218**.

If a payment-in-lieu were required, it would likely be \$8,000-\$10,000. Unlike a one-time payment-in-lieu, the **additional \$3,459** of *annual* general fund revenue will continue to grow as property values increase and can be used anywhere and for any legitimate Town purpose (*perhaps a greenways fund!*).

10.Manufactured Home Communities

Proposed Changes

The proposed amendment would make any manufactured home communities established before 2025 a permitted use.

Discussion

Manufactured home communities are currently not permitted in any active zoning districts in Chapel Hill. However, there are multiple manufactured home parks in Town. Each of the parks was legally established before they were annexed into Chapel Hill and are thus considered “non-conforming uses.”

The parks’ non-conforming status essentially freezes them in time and contributes to significant challenges for residents. Non-conforming uses cannot be expanded or improved and buildings associated with non-conforming uses cannot be enlarged, extended, or moved. These rules significantly limit the types of quality-of-life improvements that can occur at the parks.

Making these existing communities a permitted use will allow them to evolve over time and – ideally – better address the needs of their residents.

11.Sign Regulations

Proposed Changes

The proposed amendment would make minor updates to the sign code such as:

- Decreasing the minimum required letter height on some types of signs
- Allowing more types of signs in the residential zoning districts
- Easing restrictions on a sign’s “raceway”

Discussion

The proposed changes are intended to make the sign code less restrictive without negatively impacting the aesthetics of new signs in Chapel Hill.

12. Miscellaneous Updates

Proposed Changes

The proposed amendments would establish that multiple “permitted/principal” uses are allowed on the same property.

LUMO makes mixed-use development unnecessarily difficult by only allowing one permitted/principal use on a property. If multiple uses are included on a property, one must be clearly predominant over the others. The proposed amendment will support more mixed-use developments by eliminating the need to parse out which use is predominant on the site.

The proposed amendments would update the Town Code to allow shared driveways for residential uses. This will fix a discrepancy between LUMO and the Town Code.