



TOWN OF CHAPEL HILL

Town Council Meeting Minutes - Draft

Town Hall
405 Martin Luther King Jr.
Boulevard
Chapel Hill, NC 27514

Mayor Pam Hemminger
Mayor pro tem Michael Parker
Council Member Jessica Anderson
Council Member Allen Buansi

Council Member Hongbin Gu
Council Member Tai Huynh
Council Member Amy Ryan
Council Member Karen Stegman

Wednesday, May 19, 2021 **7:00 PM** **Virtual Meeting**

Virtual Meeting Notification

Town Council members will attend and participate in this meeting remotely, through internet access, and will not physically attend. The Town will not provide a physical location for viewing the meeting.

The public is invited to attend the Zoom webinar directly online or by phone.

Register for this webinar:

<https://us02web.zoom.us/join/91012020000> After registering, you will receive a confirmation email containing information about joining the webinar in listen-only mode. Phone: 301-715-8592, Meeting ID: 892 4338 7666

View Council meetings live at <https://chapelhill.legistar.com/Calendar.aspx> – and on Chapel Hill Gov-TV (townofchapelhill.org/GovTV).

Roll Call

Present: 8 - Mayor Pam Hemminger, Mayor pro tem Michael Parker, Council Member Jessica Anderson, Council Member Allen Buansi, Council Member Hongbin Gu, Council Member Karen Stegman, Council Member Tai Huynh, and Council Member Amy Ryan

Other Attendees

Town Manager Maurice Jones, Deputy Town Manager Florentine Miller, Town Attorney Ann Anderson, Planning Director Colleen Willger, Assistant Planning Director Judy Johnson, Senior Planner Anya Grahm, Business Management Director Amy Oland, Business Management Assistant Director, Matt Brinkley, LUMO Project Manager Alisa Duffey Rogers, Housing and Community Executive Director Loryn Clark, Affordable Housing Manager Nate Broman-Fulks, Communications and Public Affairs Director/Town Clerk Sabrina Oliver, and Deputy Town Clerk Amy Harvey.

OPENING

Mayor Hemminger opened the virtual meeting at 7:00 p.m. She pointed out that Item 13 had been postponed and said that public comments on Item 11

would be reduced to two minutes due to the large number of people signed up to speak.

Mayor Hemminger called the roll and all Council Members replied that they were present.

ANNOUNCEMENTS BY COUNCIL MEMBERS

Proclamation: Public Works Week.

[\[21-0468\]](#)

Council Member Ryan read a proclamation declaring May 16-22, 2021 to be Public Works Week in Chapel Hill. The proclamation called on all residents to show gratitude to Public Works staff for their hard work during the COVID-19 pandemic and the contributions that they make every day toward public health and safety and quality of life.

0.01 Mayor Hemminger Regarding Governor's Recent Announcement.

[\[21-0469\]](#)

Mayor Hemminger gave an update on Governor Cooper's recent lifting of the face-mask mandate for those who have been vaccinated against COVID-19. She said that Orange County leaders were still advising caution, and she requested that those who had not yet been vaccinated continue to wear masks. She pointed out that masks were still required on public transit, in childcare centers, at long-term care facilities, and in hospitals and doctors' offices.

0.02 Mayor Hemminger Regarding Upcoming Meetings.

[\[21-0470\]](#)

Mayor Hemminger said that staff would hold a virtual public information meeting regarding the Chapel Hill Police Department site on May 24, 2021 at 6:30 p.m. A recording of that meeting would be posted on the Town's website, she said.

0.03 Council Member Gu Regarding Red Apple Art Project.

[\[21-0471\]](#)

Council Member Gu shared information about a Red Apple Art Project, through which student-created designs depicting a spirit of unity, resilience, community and hope during COVID-19, would be installed for 12 months at bus stations on Columbia Street. The Project was a partnership between the Chinese School at Chapel Hill and the Chinese American Friendship Association, she said.

PUBLIC COMMENT FOR ITEMS NOT ON PRINTED AGENDA AND PETITIONS FROM THE PUBLIC AND COUNCIL MEMBERS

Petitions and other similar requests submitted by the public, whether written or oral, are heard at the beginning of each regular meeting. Except in the case of urgency and unanimous vote of the Council members present, petitions will not be acted

upon at the time presented. After receiving a petition, the Council shall, by simple motion, dispose of it as follows: consideration at a future regular Council meeting; referral to another board or committee for study and report; referral to the Town Manager for investigation and report; receive for information. See the Status of Petitions to Council webpage to track the petition. Receiving or referring of a petition does not constitute approval, agreement, or consent.

1. Phil Post Request to Refer the April 21 Petition Related to 160D to the Planning Commission. [\[21-0440\]](#)

Developer Phil Post asked the Council to refer to his April 21, 2021 petition regarding HB 160D to the Planning Commission. He hoped that it would return to the Council by September or October 2021, he said.

2. Chapel Hill Public Library Advisory Board Request for a Working Group on Equitable Library Funding. [\[21-0441\]](#)

Blaine Schmidt, Chapel Hill Public Library Board vice chair, requested that the Town Council and Orange County Commissioners create a task force to develop recommendations for an equitable and sustainable library funding agreement. He pointed out that a prior agreement had expired in 2017 and said that the Board had developed options that might be more equitable.

- 2.01 Council Members Stegman and Parker Regarding Tax Equity Fund. [\[21-0472\]](#)

Council Member Stegman presented a petition from County Commissioner Sally Greene regarding a fund to subsidize property taxes for low income residents whose taxes had risen to unsustainable levels as a result of Orange County's property revaluation. She explained that the purpose would be to provide redress for the inequitable effects on some Town neighborhoods such as Northside and Pine Knolls.

A motion was made by Council Member Huynh, seconded by Council Member Anderson, that the three petitions be received and referred to the Town Manager and Mayor. The motion carried by a unanimous vote.

CONSENT

Items of a routine nature will be placed on the Consent Agenda to be voted on in a block. Any item may be removed from the Consent Agenda by request of the Mayor or any Council Member.

Approval of the Consent Agenda

A motion was made by Mayor pro tem Parker, seconded by Council Member Huynh, that R-1 be adopted, which approved the Consent Agenda. The motion carried by a unanimous vote.

3. Approve all Consent Agenda Items. [\[21-0442\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
4. Authorize the Town Manager to Sign a Letter of Intent on an Exchange of Property Associated with the West Rosemary Hotel Project. [\[21-0443\]](#)
This resolution(s) and/or ordinance(s) was adopted and/or enacted.

INFORMATION

5. Receive Upcoming Public Hearing Items and Petition Status List. [\[21-0444\]](#)
This item was received as presented.
6. Receive the Third Quarter Fiscal Year (FY) 2021 Affordable Housing Report. [\[21-0445\]](#)
This item was received as presented.
7. Update on Town Efforts to Respond to the COVID-19 Crisis. [\[21-0446\]](#)
This item was received as presented.

DISCUSSION

8. Consider Land Use Management Ordinance (LUMO) Text Amendments - Proposed Changes to Articles 1, 3, 4, 5, 8 and Appendix A to Bring the LUMO into Compliance with North Carolina General Statute 160D; and Consider Amendments to the Town Code - Proposed Changes to Chapters 5, 7, and 9 to Update References in these Chapters to Align with North Carolina General Statute 160D. [\[21-0447\]](#)

LUMO Project Manager Alisa Duffey Rogers provided a brief review of NC General Statute 160D and proposed LUMO amendments related to that. She said that 160D required that Conditional Use District Zoning be eliminated and replaced with Conditional Zoning. Statute 160D also clarified that the Planning Commission and other Town advisory boards may not make recommendations on Special Use Permits, she said. She pointed out that the Town's LUMO must comply with 160D by July 1, 2021.

Ms. Duffey Rogers explained several proposed text amendments and recommended that the Council adopt the Resolution of Consistency and enact Ordinance-A, which would allow the amendments to go into effect on June 30, 2021. Staff was also recommending that the Council enact

Ordinance B, which would change references from 160A to 160D, she said.

Mayor Hemminger confirmed with Ms. Duffy Rogers that the Town would have to eliminate Conditional Use Zoning, regardless of whether it complied with 160D or not. That tool would no longer be verified by the state, Ms. Duffy Rogers said.

Council Members thanked Ms. Duffey Rogers for her exemplary work while serving as the Town's LUMO project manager. They praised her for her diligence, attention to detail, responsiveness, and extraordinary efforts toward public outreach.

A motion was made by Council Member Anderson, seconded by Mayor pro tem Parker, that R-3 be adopted. The motion carried by a unanimous vote.

A motion was made by Council Member Anderson, seconded by Council Member Huynh, that O-1 be enacted. The motion carried by a unanimous vote.

A motion was made by Council Member Anderson, seconded by Council Member Huynh, that O-2 be enacted. The motion carried by a unanimous vote.

9. Consider an Application for Conditional Zoning for 2200 Homestead Road from Residential-4-Conditional Zoning District (R-4-CZD) to Residential-Special Standards- Conditional Zoning District (R-SS-CZD).

[\[21-0448\]](#)

Senior Planner Anya Grahn gave a PowerPoint presentation on the 13.09-acre site located on Town-owned land along the north side of Homestead Road. She said that the proposal to rezone the property from Residential-4 Conditional Zoning District to Residential-Special Standards-Conditional Zoning District had been through multiple rounds of staff review and public hearings and was now before the Council for action.

Ms. Grahn outlined a plan to demolish an existing gymnasium and build 115-126 affordable housing units, which would include duplexes, townhouses and apartments. She showed the site plan and described site conditions and nearby developments. She said that the applicant was asking for modifications to regulations regarding land disturbance and steep slopes, and had been meeting with neighbors regarding noise control measures for a proposed basketball court. She recommended that the Council adopt Resolution-A and enact Ordinance-A, approving the rezoning.

Developer Dan Jewell, of Coulter Jewell Thames, spoke on behalf of the Town and its collaborative partners Self-Help Ventures Fund, CASA, Community Home Trust, and Habitat for Humanity of Orange County. Mr. Jewell elaborated on steps that had been taken since the last Council meeting to address neighborhood concerns regarding the basketball court location and the amount of clearing needed for a community garden. He asked the Council to approve the rezoning and move on to the Zoning Compliance Permit phase of the process.

In response to a question from Council the Town's urban designer's suggestion to rotate units at the front of the site, Jared Martinson, an architect with MHAworks, replied that Community Home Trust had felt that would lead to a loss of some backyards.

Council Member Ryan said she hoped the plan would include universal design wherever possible and that there would be a fence along Homestead Road.

Council Members confirmed with Ms. Grahn that the Conditional Zoning Permit would lock in the uses, as presented, but would need to be amended to introduce a new use. They discussed whether on-site services, such as counseling, would be allowed as accessories uses. Mayor pro tem Parker raised the idea of listing all possible accessory uses so that the applicant would not need to seek approval for each one.

Town Attorney Ann Anderson pointed out that a group care facility was not a permitted use in the district. She said that the Planning Department had included a stipulation requiring Council approval because small changes could bring the project into that definition. The goal was to ensure that different occupants would not cross the line in the future, she said.

The Council confirmed with Mr. Jewell that the two townhomes in a wet area would be elevated and made water tight. Council Member Gu raised questions about building in that area, and Mr. Jewell pointed out that the US Army Corps of Engineers would have to approve any disturbance. He was well aware of the Town's sensitivity to developing in environmentally sensitive areas and had designed the project in a way that would keep residents from having water-related problems, he said.

Mayor Hemminger praised the partnership that was creating the project on Town-owned land and said she was proud of everyone involved.

A motion was made by Council Member Huynh, seconded by Council Member Ryan, that R-5 be adopted. The motion carried by a unanimous vote.

A motion was made by Council Member Anderson, seconded by Council

Member Huynh, that O-3 be enacted as amended. The motion carried by a unanimous vote.

10. Open the Public Hearing: Recommended Budget for FY 2021-2022. [\[21-0449\]](#)

Town Manager Maurice Jones began the continuation of a public hearing on the FY 2021-22 recommended budget. He said that the total budget for all Town funds was \$117 million, and he proposed a 51.4 cent tax rate, which was lower than the 52.4 cent rate that he had recommended earlier in the month. He said that 52.4 cents would be about halfway between the Town's existing rate and the revenue neutral rate following Orange County's tax revaluation. However, the Council had expressed interest in lowering that by one more cent, he said.

Mr. Jones explained that each penny of the tax rate was worth approximately \$940,000. In order to achieve a 51.4 cent rate, he proposed reducing allocations to street repaving, OPEB pre-funding, the Pay-Go Capital Fund, and the Climate Action Fund. In addition, he recommended appropriating \$210,000 from the Town's fund balance.

Mr. Jones displayed a graph that showed anticipated revenues for FY 2021-2022 and explained how the proposed reductions would affect Town priorities. He said that he hoped the recommended budget would help lay the groundwork for a five-year budget strategy and that he looked forward to continuing those discussions with the Council in the fall. He recommended that the Council receive comments and continue the discussion to June 2nd, with the goal of adopting the budget on June 9, 2021.

Susan Friedman thanked the Town for including the Compass Center in Human Services funding. She said that the Center's demand for services had increased during COVID-19 and was expected to increase further as other assistance is lifted.

Laurie Paolicelli, representing the Orange County Visitors Bureau, said that 2020 had been the toughest year in history for the local hospitality industry, which had lost \$120 million. The Visitors Bureau had run out of funds and was currently being sustained by Orange County, she said. She predicted an increase in visitors over the summer but said that the tourism business would not return to normal until air travel was fully restored. She shared some of the Visitor Bureau's plans for the future and thanked the Council for recognizing its role in the Town's economic sustainability plan.

Kimberly Sanchez, Community Home Trust (CHT) executive director, said that CHT had been happy to administer the Town's Inclusionary Housing

Program and to be part of the Homestead Project and the upcoming Jay Street development.

Council Member Anderson confirmed with Mr. Jones that the Town and County had been waiting for several months for an update from the Food Council. Mr. Jones said that he would ask again. Council Member Anderson confirmed with him that a six-month notice would be required to discontinue the Town's support for that endeavor. Council Member Huynh, liaison to the Food Council, said that he would look into the issue.

The Council expressed support for the Manager's recommendations. They commented on how difficult it was to find an extra penny during such a difficult year. They confirmed with Director of Business Management Amy Oland that one cent on the tax rate would translate to about \$50 for owners of a medium price house. They were glad that the budget would allow an employee pay increase and would invest in some Town priorities, they said. They pointed out that federal American Rescue Plan (ARP) funds would help as well.

Some Council Members expressed concern about a worsening street problem, but Mayor Hemminger confirmed with Mr. Jones that there was \$1.3 million for resurfacing in the Two Thirds Bonds that had been approved. In addition, a federal infrastructure bill could cover some of those street costs, he said.

Mayor Hemminger agreed that the Town needed to make some investments in roads and sidewalks and pointed out that the repaving budget was only \$269,000. However, she recommended that staff compare that to what other nearby towns were investing. She emphasized the need to dedicate a set amount each year for basic street maintenance, which she characterized as an urgent need.

Mayor Hemminger proposed continuing to increase funding from the Municipal Services District Tax toward the Downtown Partnership. Even though some ARP money could be used to help the Downtown, she wanted to look at what more could be done in the future, she said.

A motion was made by Mayor pro tem Parker, seconded by Council Member Anderson, to close the public hearing 24-hours after discussing this item to allow additional comments in the record per recent legislation. The motion carried by a unanimous vote.

SPECIAL USE PERMIT

Special Use Permit: The Application for a Special Use Permit is Quasi-Judicial. Persons wishing to speak are required to take an oath before providing factual evidence relevant to the proposed application.

Witnesses wishing to provide an opinion about technical or other specialized subjects should first establish that at the beginning of their testimony.

11. Evidentiary Hearing Continued: Special Use Permit Modification for University Place, 201 S. Estes Drive. [\[21-0400\]](#)

Assistant Planning Director Judy Johnson presented changes to a Special Use Permit (SUP) modification application for University Mall. She noted that changes had been made since the last public hearing in May 2021. For approval, the Council would need to find that the application was consistent with all Four Findings of Fact in the LUMO, she said.

Ms. Johnson reviewed the proposal for a block plan development with design standards. She outlined the applicant's proposal to let the current Community Commercial zoning remain and include multiple uses, which included residential, office, hotel and commercial spaces. The property was surrounded by Fordham Boulevard, Estes Drive and Willow Drive, and a significant portion of it was encumbered by Resource Conservation District (RCD) and floodplain, she said.

Ms. Johnson said that she had sent Council Members copies of the applicant's response to advisory board comments and new stipulations. She summarized those stipulations and recommended that the Council receive comments and continue the public hearing to June 9, 2021 for potential action.

Casey Cummings, CEO of Ram Realty Advisers, provided background information on Ram's acquisition of University Mall in 2018. He pointed out that there was an opportunity to create a community asset there. Ram Development had already put \$55 million into the property and planned to invest another \$100 million, all in private capital, he said.

Mr. Cummings said that Ram was mindful of the Town's density and massing preferences and understood the importance of preserving what was great about the property. He said that competing -- and potentially conflicting -- objectives regarding density, buffers, and connectivity needed to be balanced.

Jeff Kuirtz, Ram's Triangle representative, discussed how design elements such as place-making, site conditions, circulation and block length relate to the pedestrian experience. He addressed questions the Council had raised about connectivity, massing, and building height. He described the building in Pod A in the context of mature trees along Willow Drive and adjacent properties that could be developed in future.

Mr. Kuirtz presented a connectivity plan that linked three main landscaped areas. The proposed design would create a public amenity of active spaces and a park-like feel along Willow Drive, he said. He described

retail, sidewalks and small comfortable plazas, and showed drawings of what those could look like. The proposed design would break down the scale of the building, create new spaces, and enhance walkability, he said.

Mr. Kuirtz said that dividing Pod A into three segments would give a sense of separate buildings and create the impression of a pass-through when combined with the increased connectivity that he had described. He said that having an actual pass-through would merely bring pedestrians to the service and trash collection area behind the building.

Hunter Freeman, stormwater infrastructure lead with McAdams Company, said that the project would result in a net reduction of impervious area. The applicant was not proposing any new vertical construction within the floodplain and any demolition and/or new structures would be done in accordance with Town code, he said.

Mr. Freeman said that Phase 1 would provide direct benefits to water quality in Bolin Creek. It would result in 37,000 cubic feet of additional flood storage and a net decrease of 55,000 square feet of impervious area, he said. In addition, parking would be reduced and approximately 30,000 square feet of impervious surface would be directed to a green stormwater infrastructure device, he said.

Ashley Saulpaugh, regional director for Ram Development, summarized the proposed changes that the others had described and said that 20 percent of a proposed incubator space would be for minority-owned businesses. He noted some wording changes, outlined changes regarding height and width, and explained Ram's conversion rights plan. He said that RAM was open to the idea of providing fewer affordable units at lower Area Median Income levels.

Mr. Saulpaugh described a potential future site for the Farmers Market. He outlined a proposed connectivity plan, which included bike lanes on Willow Drive, and a multi-use path on Estes Drive and Fordham Boulevard. Ram was willing to commit to the use of solar energy for common areas in the multi-family portion of Pod A, he said.

Attorney LeAnn Brown said that the applicant had provided additional materials from an appraiser that addressed maintaining the value of contiguous properties. She pointed out that Ram had provided two charts, one comparing the Town's and Ram's design guidelines, and another comparing the existing SUP with proposed modifications. She requested that Council Members receive those documents along with a bullet point response to questions that they had raised.

The Council confirmed with the applicant that the future buildings along Fordham Boulevard would be mostly vertical and out of the floodplain and that the building footprint would not increase. Planting strips and landscaped areas would include shrubs and ornamental plantings and

planting strips along the streets would be large enough to support substantial trees, the applicant said.

Mr. Freeman said that the project would meet stormwater code requirements by generating less runoff volume than currently existed. He said that 25-, 50- and 100-year storm volume would be reduced as well.

The Council verified that the applicant was committed to installing solar power in common areas of the multi-family buildings. They ascertained that the Farmer's Market rent would be essentially the same as it was at its current location. They determined that pedestrians walking along Willow Drive would be looking down into a courtyard with amenity spaces and a sunken swimming pool.

With regard to timeline, Mr. Saulpaugh said that the first phase, which would likely be the infrastructure along Estes Drive, would begin around the first of 2022 and would likely be finished in spring-summer 2024. The multi-family phase probably would not begin until the next year, and the retail would open in spring 2023, he said.

In response to a question from the Council about bringing the development into conformance with current stormwater regulations over time, Ms. Brown said that the applicant was asking the Council to use its power under the LUMO to find that public purposes were being satisfied to an equivalent or greater degree. Modifying the SUP to change stormwater protections to a higher level allowed the Council to make that finding, she said. She pointed out that the alternative would be to leave University Mall as it currently was.

Council Members verified with the applicant that there would be no way to get behind Pod A without walking past that 540-foot building. When asked about possible safety concerns related to that, the applicant said that pedestrians would walk past retail and that safety would be enhanced because of the increased activity in the area.

Council Members asked staff to return with a more complete analysis of future traffic at the Franklin Street/Estes Drive intersection and on Fordham Boulevard. They also asked staff to provide information on what the Town should be asking the applicant regarding stormwater. They asked for a response from Chapel Hill Transit regarding how the bus system would feed into the area.

Mayor Hemminger asked the applicant to provide clearer information about proposed setback ranges. She asked them to commit to preserving the trees along Willow Drive and confirmed that one entrance would align with Connor Drive. She pointed out that the Town had never approved a project that was 540 feet long, and she challenged the applicant to look

again at creating some type of break in that building.

Mayor Hemminger confirmed that the applicant had met with the Town's urban designer, who had said that the proposal was an appropriate way to address all of the existing site constraints, according to Mr. Saulpaugh. She also confirmed that there would be space for trucks on the Estes side of the proposed Farmers Market site.

David Schwartz, a Chapel Hill resident, pointed out that the Town had made a commitment to preserve the character of Little Ridgefield and Greenwood when it declared both of those to be Neighborhood Conservation Districts. Having the proposed tall buildings close to Fordham Boulevard would create a wall that would cause traffic noise to reverberate and increase for both of those neighborhoods, he said.

Aaron Nelson, Chapel Hill-Carrboro Chamber of Commerce CEO, said that the density being proposed would create connectivity and become a central feature for all neighborhoods in the area. He recommended giving the applicants the flexibility that they need. He said that the project would improve adjacent values, enhance the environment, reduce impervious surface, add needed housing, and be a great amenity for nearby neighbors.

Charles Humble, a Chapel Hill resident, recommended making the new University Place more beautiful than the buildings in the Blue Hill District. Pulling the building up to the street would run counter to the Town's strong environmental value, he said, adding that people want buffers, trees, and the experience of walking in pleasant and shaded areas. He urged the Council to request amenities in return for granting a variance from regulations.

Council Members agreed that the proposed building on Willow Drive was too tall, too long, and incompatible with the surrounding development. The lack of permeability in that building was problematic as well, they said.

Council Member Ryan expressed concern about canopy standards not being met. Council Member Anderson said she preferred more retail and commercial and less residential development. Council Members Stegman, Anderson and Huynh requested that the Town's urban designer provide the Council with a report on the design.

The Council said that the process for any new parking structure should be a limited SUP review, rather than administrative approval. Council Member Ryan recommended changes to language regarding the height of standalone buildings. Council Member Gu proposed that the project meet current LUMO standards upon completion, even if it did so gradually.

Council Member Anderson said that she continued to have stormwater concerns and would like to hear from the Community Design Commission as well as stormwater, traffic and sustainability staff regarding the project. Council Member Gu asked for more analysis from staff on how a 540-foot, impermeable building along Willow Drive would work from a pedestrian safety perspective.

Mayor Hemminger said that she and the Council were excited about the proposal to redevelop the space but had concerns about the proposal. The Willow Drive frontage would be out of character with the neighborhood, she said. She said that she understood the site constraints and the need to prepare for the future but thought the plan could be better.

The Mayor and several Council Members asked the applicant to provide materials in advance of meetings so they could have time to process the information.

A motion was made by Mayor pro tem Parker, seconded by Council Member Buansi, to continue the Public Hearing to June 9, 2021. The motion carried by a unanimous vote.

Continued Discussion

12. Open the Public Hearing: Land Use Management Ordinance Text Amendments - Proposed Changes to Articles 3, 4, 6, and Appendix A Related to Short-Term Rentals. [\[21-0450\]](#)

Ms. Grahn gave a PowerPoint presentation on proposed LUMO text amendments regarding short-term rental (STRs), which were currently permitted in Town as home occupations, tourist homes, or overnight lodging (in the Blue Hill District). She said that a Council-appointed task force had presented its findings regarding STRs in March 2020 and that staff had been meeting with the Council since then to discuss possible ordinance provisions.

Ms. Grahn summarized what staff had heard from the Council thus far: There was support for primary residence STRs; dedicated STRs did not belong in residential neighborhoods, but might be appropriate in mixed use and commercial areas; and there was interest in having a cap on the number of dedicated STRs. She said that the Council had discussed the impacts of STRs on residential neighborhoods and had expressed interest in requiring permits in order to collect data and clarify the number of STRs operating in the community.

Ms. Grahn reviewed the community feedback that staff had received after presenting a draft ordinance to the public in 2019. She said that the

Planning Commission had not supported most of the proposed changes because its members believed that the ordinance would be too burdensome on some STR operators. She said that staff had tried to balance that with feedback from Council and had amended the draft ordinance, again, accordingly.

Ms. Grahn proposed the following changes: Require a zoning compliance permit (STR permit) for all STRs; allow primary residence STRs in all zoning districts; permit dedicated STRs in high-density residential, mixed-use, and commercial zoning districts, but not historic districts; limit dedicated STRs to only two units or 3 percent of units, whichever is greater, in multi-family developments; provide operational requirements for STRs; and include a "three strikes and you're out" clause.

Ms. Grahn reviewed proposed definitions, operational requirements, and enforcement rules. She asked the Council to provide feedback on time lengths, simultaneous rentals, sun-setting and grandfathering clauses. She recommended opening the public hearing, receiving comments, and then taking action on June 23, 2021.

Council Member Anderson asked how Planning Commission (PC) recommendations had come to be in the new ordinance without having come as feedback to the Council. Ms. Grahn replied that staff had made some tweaks based on what they had heard from the PC, even though the PC had chosen not to take action.

Council Member Anderson confirmed that staff had lowered the age of STR renters from 21 to 18 after learning that NC hotels rent to 18-year-olds.

Mayor pro tem Parker pointed out that the Council's discussions regarding health and safety issues had not been reflected in the proposed amendments, and Ms. Grahn explained that the Town was not able to inspect STRs in the way that it could with commercial uses. Since the Town could not require it, that meant asking STR operators to do a self-inspection as part of the STR permit, she said.

Mayor pro tem Parker asked about insurance, and Ms. Grahn replied that that was another difficult subject. Staff wanted to make sure that STR operators were aware that their homeowner's insurance might not cover it but did not want the Town to take on the liability of requiring and reviewing proof of insurance, she said.

Mayor pro tem Parker said he thought that prohibiting on-street parking would raise an equity issue, since some neighborhoods did not have off-street parking.

The Council verified that complaints would typically go to either Code Enforcement or the Chapel Hill Police Department to be investigated. If an STR were found to be in violation, the Town would issue a citation, and

the ultimate arbiter would be the Board of Adjustment, said Ms. Grahn.

Council Members clarified that courtesy notices would be mailed to property owners within 100 feet, even though that would not be a LUMO requirement. They confirmed that "simultaneous rentals" meant renting two areas such as an accessory apartment and a bedroom at the same time to two unrelated parties.

Eric Plow and B.J. Warshaw, Chapel Hill residents who said they had been operating STRs for years with no complaints or problems, proposed several revisions to the draft ordinance.

Ed Burke, a Chapel Hill resident, encouraged the Council to approve the ordinance and suggested that associated costs be financed through the taxes, fees and permits that STR operators would be charged.

Joe Valentine, a Florida resident who owns a primary residence in Chapel Hill, said that STR operators were responsible people who pay taxes and have strict rules. He failed to see a problem that needed to be solved, he said.

Alexa Nota, president of the Chapel Hill Short-Term Rental Alliance, said there had been no evidence that the Town's 10-40 dedicated STRs had been problematic and that they should be allowed in all residential areas.

Scott Jennings, a Chapel Hill resident, said that STRs had kept Chapel Hill alive through COVID-19 and that the proposed ordinance was addressing a problem that didn't exist.

Katie Loovis and Aaron Nelson, representing the Chapel Hill-Carrboro Chamber of Commerce, spoke in support of STRs. Ms. Loovis recommended that the Town not allow dedicated STRs in residential districts and that it set the minimum rental age at 21.

Bibb Latane, a Chapel Hill resident who runs social science conferences in his home, encouraged the Council to grandfather existing STRs.

David Hartman, a Chapel Hill musician who rents out his home when he is on tour, shared some of the reasons why his guests stayed in Chapel Hill.

Anthony Carey, co-chair of the Short-Term Rental Task Force, spoke in favor of allowing dedicated STRs in the downtown area but not in residential districts.

Robert Easley, a Chapel Hill resident, said he agreed with Mayor pro tem Parker's statement about the proposed parking rules being excessive.

Donald Strickland, manager at Atma Hotel Group, said that STRs create unfair competition and safety risks because operators are not trained in the way that hotel managers are and STRs are not required to have the same types of health and safety inspections.

Carrie Deal, director of sales & marketing at Hilton Raleigh North Hills, said that STRs take up livable space, affect the availability of long-term affordable housing, and increase housing prices. She characterizing STRs as mini hotels without restrictions and industry standards.

Jeffrey Roether, an attorney with Morningstar Law Group, said that STRs were not home occupations but lodging businesses in residential districts that were operating in defiance of current law. He encouraged the Council to maintain the Town's original view, that dedicated STRs were not appropriate in residential districts.

Manish Atma, Atma Hotel Group president, said that he had no issue with property owners supplementing their income. However, dedicated STRs were entirely different, he said, and recited a list of problems that those could create.

Linda Carol Davis, a Chapel Hill resident, described the impact that STRs had had on her neighborhood. She expressed concern about a homeowner renting out his/her house for 146 days without being there and asked how that would differ from a dedicated STR.

David Schwartz, Historic District Commission (HDC) chair, read a letter from Chapel Hill resident Bob Epting about how HDC residents had resisted STRs and asserted that the Town had failed to enforce the regulations that were already in place. Mr. Schwartz then encouraged the Council to explore allowing each historic neighborhood to decide what, if any, regulation it wanted. He said that recent changes to the draft ordinance had weakened it, and he recommended that the Council return to an earlier draft.

Mayor Hemminger asked Council Members to comment on a list of questions that staff had asked.

Is 60 percent the right amount of time to allow a person to rent a primary residence? Some Council Members said that 50-60 percent seemed about right, but the majority preferred 50 percent.

Are simultaneous rentals on one property okay? Most Council Members said that simultaneous rentals would be fine on owner-occupied sites. Council Member Stegman said that the owner did not necessarily need to be on site, but most Council Members said that someone should be at home.

Length of term for sunseting/grandfathering? Council Members expressed support for grandfathering in a limited number of cases. They stressed that the rules should be the same for all and asked for more information from staff before deciding on whether or not to treat some residential districts differently.

Council Member Stegman pointed out that registering all STRs would provide the Town with actual numbers that would help avoid penalizing long-term STR operators. Council Member Huynh said that a 12-month sunset clause made sense. Council Member Buansi asked for information about possible legal challenges to grandfathering.

Should there be a "three strikes and you're out" policy? Council Members Parker, Anderson and Buansi said they were fine with it as long as there was sufficient due process. Council Members Stegman, Ryan and Huynh said that the policy needed to be more nuanced regarding various types of violations and that there should be a clearer and more consistent process.

Should the minimum age for renters be 18 or 21? The Mayor and most Council Members spoke in favor of 21. Council Member Huynh said he was fine with an 18 year-old minimum that allowed the operator to set a higher age, if desired.

Should this be a one-year pilot program during which STR operators would register? Mayor Hemminger strongly encouraged having a pilot program for a year and the Council agreed.

Should dedicated STRs be allowed? Council Members leaned toward not allowing dedicated STRs in any residential district. They emphasized the importance of being consistent in that regard by treating all residential districts the same. They pointed out that the pilot program would reveal where STRs were and whether or not operators had been paying occupancy taxes.

The Council did not vote on a question about whether or not the Town should charge for permits. Council Member Gu did not comment on most of the questions because she felt that the Town needed more data before it could create an enforceable tool. Without such data, it would be arbitrary to reply to most of the questions, she said.

Mayor Hemminger confirmed with the Manager that the hearing could be continued to June 16, 2021. She requested that staff provide the Council with copies of the revision well in advance of that date. She pointed out that having a pilot program would provide the data that Council Member Gu was looking for.

A motion was made by Council Member Ryan, seconded by Council Member Huynh, to continue the Public Hearing to June 16, 2021. The motion carried by a unanimous vote.

CONCEPT PLAN REVIEW(S)

Concept Plans: Presentations for Concept Plans will be limited to 15 minutes.

Concept Plan review affords Council members the opportunity to provide individual reactions to the overall concept of the development which is being contemplated for future application. Nothing stated by individual Council members this evening can be construed as an official position or commitment on the part of a Council member with respect to the position they may take when and if a formal application for development is subsequently submitted and comes before the Council for formal consideration.

As a courtesy to others, people speaking on an agenda item are normally limited to three minutes. Persons who are organizing a group presentation and who wish to speak beyond the three minute limit are requested to make prior arrangements through the Mayor's Office by calling 968-2714.

13. Concept Plan Review: Jay Street Apartments, 66 Jay Street. [\[21-0374\]](#)

At the beginning of the meeting, the Mayor announced this item had been postponed.

APPOINTMENTS

14. Appointments to the Board of Adjustment. [\[21-0451\]](#)

The Council reappointed Geoffrey Green and Enton Hito and appointed Kathryn Jagoda to the Board of Adjustment.

15. Appointments to the Community Design Commission. [\[21-0452\]](#)

The Council reappointed Megan Patnaik and appointed Scott Levitan to the Historic District Commission.

16. Appointments to the Planning Commission. [\[21-0453\]](#)

The Council reappointed Louie Rivers to the Environmental Stewardship Champion seat and Stephen Whitlow to the Housing Advisory Board Champion seat and appointed Jonathan Mitchell to a Resident seat on the Planning Commission.

17. Appointments to the Stormwater Management Utility Advisory Board. [\[21-0454\]](#)

The Council reappointed Chad Pickens and Shugong Wang to the Stormwater Management Utility Advisory Board. The Council also appointed Evan Kirk.

18. Appointments to the Transportation and Connectivity Advisory Board.

[\[21-0455\]](#)

The Council reappointed Brian Hageman and appointed Mary Breeden to the Regional Collaboration seat and appointed Alvaro Villagran to the Greenways Advocate seat on the Transportation and Connectivity Advisory Board.

ADJOURNMENT

The meeting was adjourned at 12:06 a.m.