



June 17, 2026, Town Council Meeting

# LUMO Update

## Council Alignment Memo

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## Overview

During its meeting on April 8, 2026, the Town Council agreed to a set of shared goals and interests to guide future review and discussions regarding the draft LUMO, which is expected to be published later this summer. This memo outlines Council's stated goals and interests and explains how they will be reflected in the draft LUMO.

The draft LUMO is a regulatory tool that implements the Town Council's policy guidance. Staff's decisions about the content of the draft LUMO are primarily an exercise in translating policy guidance into a regulatory framework. This work was informed by staff and consultant expertise in land use regulation, relevant legal constraints, and best practices in a variety of related fields. Town staff representing a broad range of disciplines including urban design, housing, sustainability, stormwater management, parks and recreation, mobility, and urban planning contributed to this work.

## Council Interests and Goals

The Town Council has identified **Complete Community, Sustainability, and Equity** as its three overarching interests in the LUMO update. Within the umbrella of these overarching interests, Council has identified the following five high priority goals:



### **User friendliness:**

*Improve LUMO organization and the Town's administrative processes*



### **Housing Diversity, Attainability, and Supply:**

*Increase housing diversity, attainability, and supply*



### **Economic Development and Land Use:**

*Support a diverse and resilient local economy*



### **Built Environment and Public Realm:**

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



### **Environment and Resilience:**

*Build resilience and protect key environmental systems*

Each of the five goals is further divided into more specific interests. The remainder of this memo outlines the how the draft LUMO will meet Council's goals and specific interests.



### User Friendliness:

Improve LUMO organization and the Town's administrative processes

#### Make the LUMO clear, intuitive, and easy to use for all audiences.

- **The draft LUMO uses plain language when possible.** Because of its technical nature, some amount of jargon and “legalese” is unavoidable. However, the updated LUMO reflects a stronger emphasis on plain language and accessibility.
- **The draft LUMO has been reorganized to make information more accessible.** The overall organization of the ordinance is now more like other modern zoning codes. Throughout the document, simple changes like making sure that performance standards are not tucked away in the “Definitions” section of the ordinance or moving Resource Conservation District (RCD) standards from the “Overlay Zoning Districts” section to the “Environmental Protection” section can help to ensure that users do not overlook critical information.
- Some planning concepts are best described using images. **The updated LUMO makes heavy use of graphics** to accompany the technical definitions of various building and site design standards and rules of measurement.

#### Improve predictability and reduce ambiguity in permitted uses.

- The updated LUMO will define permitted uses in broad categories that support a variety of businesses or activities.
- Clear standards for temporary uses will support entrepreneurship by establishing a more straightforward path for food trucks, pop-up businesses, and other short-term uses of space.

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

- **Projects in the Blue Hill District will no longer require approval from the Community Design Commission.** Instead, project approval will be based solely on staff review. The Blue Hill design guidelines and urban design assessment (typically carried out by the Town's Urban Designer) will continue to be integral elements of the review process.

Under today's rules, a project in the Blue Hill District must receive a Form District Permit from the Town Manager and a Certificate of Appropriateness from the Community Design Commission (CDC). Both approvals are granted through an administrative development review process. This redundancy is inefficient and creates

#### *Discussion point: Should the CDC be sunset?*

Blue Hill Certificates of Appropriateness are the only remaining major development review responsibility for the CDC.

Their remaining responsibilities are largely based on old development approvals that require CDC review of sign permits and façade changes, which are also reviewed by Town staff.

The Town no longer requires this sort of CDC review in development approvals.

a problematic dynamic: the Town Manager and CDC both review similar elements of a project and both are supposed to base their review on objective criteria. However, because the CDC is an appointed board of volunteers, there is a heightened risk of subjectivity in their decision-making process.

Although the Blue Hill form-based code was designed to streamline development approvals, the subjective nature of the CDC's review creates a high level of uncertainty for applicants. Lack of consistency can raise concerns with inequity in our process.

The Town Council recently addressed a similar redundancy by eliminating the Site Plan Review process. The result is an administrative review process in which the Town Manager is empowered to efficiently make decisions based on the objective criteria established by Town Council.

- **Small-scale commercial projects will be exempt from some permitting requirements.** Exempt projects must be relatively small (no more than 500 square feet of impervious surface) and outside environmentally sensitive areas (e.g., floodplains, stream buffers, and steep slopes). The exemption should significantly reduce procedural hurdles for commercial properties around Town. Under today's rules, almost any outdoor work on a commercial property requires a zoning permit. This new exemption mirrors a longstanding exemption that the current LUMO provides for single-family homes.
- **The Board of Adjustment will be responsible for all new Special Use Permits.** The Town Council will only retain responsibility for requests to modify Special Use Permits (SUPs) that were originally approved by Town Council. All other SUP applications will be reviewed and acted upon by the Board of Adjustment.

**Ensure information is transparent, accessible, and easy to navigate.**

*See above for information regarding the goal "Make the LUMO clear, intuitive, and easy to use for all audiences."*

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

- **The updated LUMO will increase the thresholds at which Council approval of a project is required.** The table below summarizes the new thresholds that will apply in most zoning districts. Development exceeding these thresholds will require a conditional zoning.

	Dwelling Units	Residential Floor Area	Non-Residential Floor Area
Most mixed-used and multifamily districts	30	30,000 SF if more than 30 units	40,000 SF
Higher intensity “Town Center” districts	45	45,000 SF if more than 45 units	60,000 SF
“Town Center Innovation District”	60	60,000 SF if more than 60 units	80,000 SF
Industrial District	N/A	N/A	120,000 SF

For comparison, today’s LUMO requires a Special Use Permit for projects with more than 20,000 square feet of floor area or 40,000 square feet of land disturbance in most districts. Some special districts like the Office/Institutional-3 (OI-3) district are exempt from these limits.

The recommendation to increase these thresholds is based on two related premises: (1) considering the various challenges faced by the Town, new development is a community benefit in and of itself and (2) requesting additional community benefits can harm the financial feasibility of smaller-scale projects.

The only zoning districts in which the existing development thresholds will not change significantly are the Town Center 1 (TC-1) and Mixed-Use Office/Institutional-1 (MU-OI-1) districts. The TC-1 district primarily encompasses the 100-block of East Franklin Street, which stretches from N. Columbia Street to Henderson St. The MU-OI-1 district includes a variety of properties in the northern part of Chapel Hill between Millhouse Road and Weaver Dairy Rd.

**Streamline processes to reduce uncertainty and encourage infill and middle housing development.**

*See above for information regarding the goal “Balance efficiency with community benefits that cannot be achieved solely through administrative processes.”*



**Housing Diversity, Attainability, and Supply:**

*Increase housing diversity, attainability, and supply*

**Increase density interspersed with amenities and green spaces and connected to destinations by transit lines or greenways.**

- By-right residential density (measured as dwelling units per zoning lot) will increase in most existing zoning districts except for those typically reserved for the Town’s extraterritorial jurisdiction. In many districts, additional by-right density will be allowed near greenways.
- Some of the most significant opportunities for increasing by-right density will come from adopting a new zoning map after the updated LUMO is adopted. With the new zoning map, the Town will be able to ensure that land near key amenities (e.g., parks, open spaces, and commercial centers) and well-established transit corridors is zoned appropriately. To support this, the updated LUMO will include new zoning districts that support various levels of residential density.

**Expand permissions for middle income and missing middle housing in a mindful way.**

- **Triplexes and fourplexes will be allowed in R-1 and higher zoning districts.** In the existing R-1, R-1A, R-2, and R-2A zoning districts (and corresponding new zoning districts), triplexes and fourplexes will be permitted on lots that front on arterial or collector streets or within ¼ mile walking distance of a publicly accessible greenway. Triplexes and fourplexes will also be allowed in the existing R-3 zoning district regardless of street classification or proximity to greenways. These existing districts currently only allow a maximum of 2 units per lot.

*Discussion point: Should triplexes and fourplexes be allowed more broadly?*

Some Council members have expressed an interest in allowing triplexes and fourplexes in R-1, R-1A, R-2, and R-2A zoning districts regardless of street classification.

- The theme of **allowing more housing based on street type and proximity to greenways** will continue into higher density zoning districts. In the R-3 and R-4 zoning districts – where 4 units per lot will be the default density – up to 8 units per lot will be allowed along arterial and collector streets and within ¼ mile of greenway entrances. Exceptions to this rule will address the Northside and Pine Knolls Neighborhood Conservation Districts so that permitted housing types remain consistent with existing expectations in those districts.
- The LUMO will establish a **new zoning district tailored to support missing middle housing**. The district will allow up to 8 – 12 units per lot (depending on street type and proximity to greenways) and will not have minimum lot sizes. The district will support a wide range of missing middle housing types and configurations including townhomes, cottage courts, small apartment buildings, fourplexes, and small-lot single-family homes.

This district does not correspond to any existing zoning districts. Instead, it will need to be added to the zoning map through adoption of a new Townwide zoning map and/or more targeted rezonings. The district could serve as an ideal transition between higher intensity multifamily or commercial development and lower intensity residential areas. The district could also be deployed near planned or existing greenways to create medium-density nodes within otherwise lower density areas.

**Maintain or increase affordable housing production across town, including within market rate projects.**

- **Development incentives will support smaller projects that provide affordable housing.** These incentives will include:
  - Reductions in minimum lot size, setbacks, and landscape buffers;
  - Increased floor area ratio and permitted height; and
  - Increased number of units or residential floor area allowed without a conditional zoning.

Depending on the zoning district and the percentage of affordable units provided, projects could include 48 to 85 units without having to go through a conditional zoning.

*Discussion point: Should LUMO include more generous development incentives?*

Allowing more development without a conditional zoning could be among the most fruitful incentive available to the Town. There is no apparent “correct” answer. It largely hinges on Council comfort with larger projects being permitted by-right.

- **The Residential-Community Priority-Conditional Zoning District (R-CP-CZD) will be improved to further support affordable housing projects.** Projects that seek a conditional zoning to this district will not need to provide detailed site plans for review or approval. This change can alleviate significant upfront costs and provide greater flexibility for projects as they move towards construction.

The R-CP-CZD was created by Council in 2022 to provide a more streamlined approval process for projects that set aside at least 25% of units as affordable. In early 2026, Council approved a set of improvements to the generally applicable conditional zoning process. These improvements were based on lessons learned from the original R-CP-CZD process. Making additional improvements to the R-CP-CZD allows the Town to continue to prioritize and elevate projects that provide a significant amount of affordable housing.

**Encourage smaller, more attainable units.**

- **By-right development thresholds** (the amount of development allowed before a conditional zoning is required) will be separately expressed in terms of number of units and in terms of total square footage. For most districts, the baseline threshold will be 30 units. However, a project that has more than 30 units could move forward by-right if it has less than 30,000 square feet of residential floor area.
- **Missing middle housing types like triplexes and fourplexes will have floor area limits that encourage smaller units.** The total floor area limit for a triplex or fourplex will be larger than the total floor area limit for a duplex but the average unit size allowed will typically be smaller. For example, the maximum size for a duplex may be 5,000 square feet while the maximum size for a fourplex may be 6,000 square feet. This would mean that, on average, the duplex units could be 2,500 square feet and the fourplex units could be 1,500 square feet.

Other standards like stormwater management and tree canopy coverage will also encourage smaller units. If a triplex or fourplex exceeds the amount of impervious surface allowed for a single-family home (50%), it will be required to include on-site stormwater management. Similarly, projects with less than 4,000 square feet of total floor area will be exempt from tree canopy standards.

- **Manufactured homes will no longer be treated differently than site-built or modular homes.** The draft LUMO will adopt a “homes are homes” approach and remove distinctions between manufactured homes and other types of homes.

**Ensure context sensitive infill that fits within existing neighborhoods.**

- **Development in higher intensity zoning districts will be subject to transition requirements when adjacent to lower intensity residential districts.** Transition rules will require landscape buffers and lower buildings heights within a certain distance of residential districts. Transition rules will also prohibit some site elements – like swimming pools, dog parks, or other potential disruptive activities – within a certain distance of lower-intensity residential districts.
- **Smaller-scale commercial development will be allowed in more areas of Town.** Beginning with the R-1 zoning district, small restaurants and shops with less than 3,000 square feet of floor area will be allowed by-right along arterial and collector streets. Larger establishments of up to 15,000 square feet will be allowed with a Special Use Permit.
- **Limits on front yard parking – which currently only apply to single-family homes and duplexes – will be expanded to include new triplexes and fourplexes.** Under these restrictions, no more than 40% of the front yard may be used for parking. A recently enacted exemption that allows up to 2 parking spaces in very small front yards will also be carried over.
- **New planting requirements will promote an iconic element of Chapel Hill’s character: tree-lined streets.** Residential uses with 5 or more units and all non-residential uses will be required to plant trees in or near the public right-of-way.
- The draft LUMO does not include explicit in-fill “compatibility” standards like those seen in some communities. For example, the draft will not limit the height of new buildings based on the height of older buildings on adjacent lots.



**Economic Development and Land Use:**

*Support a diverse and resilient local economy*

**Support neighborhood scale commercial uses that provide daily needs close to home and reinforce a balanced jobs housing mix.**

- There are at least two critical elements to supporting neighborhood-scale commercial uses: (1) adding more housing to areas near existing commercial development and (2) creating new opportunities for commercial development. The updated LUMO will address both.

- **The updated LUMO will increase by-right residential density in existing zoning districts and establish new residential districts that support higher density residential uses.** When adopting a new zoning map, the Town should ensure that areas near existing commercial centers are zoned in a way that meaningfully increases the share of Town residents that can walk or bike to the centers.
- **Smaller-scale commercial development will be allowed in more areas of Town.** Beginning with the R-1 zoning district, small restaurants and shops with less than 3,000 square feet of floor area will be allowed by-right along arterial and collector streets. Larger establishments of up to 15,000 square feet will be allowed with a Special Use Permit. This is likely to be a lower yield strategy because it asks commercial tenants to do something inherently very risky: establish a business where others have not.
- **Commercial uses will be allowed in districts that were previously focused heavily on multifamily development.** The Residential-6 (R-6) zoning district and its successors will allow a better mix of residential and commercial uses.
- **Daycare centers will no longer be limited to arterial and collector streets in the R-1 and R-2 zoning districts.** The draft LUMO will allow daycare centers in all zoning districts. Unlike today’s LUMO, the draft LUMO will allow daycare centers in the R-1 and R-2 zoning districts to be located on local streets, as long as they are smaller than 4,000 square feet.

**Align land use patterns with Complete Community principles to ensure equitable access, mixed use opportunities, and predictable development patterns.**

See above for information regarding the goals:

- *“Support neighborhood scale commercial uses that provide daily needs close to home and reinforce a balanced jobs housing mix”*
- *“Expand permissions for middle income and missing middle housing in a mindful way.”*
- *“Increase density interspersed with amenities and green spaces and connected to destinations by transit lines or greenways.”*
- *“Streamline the development application and review process while ensuring administrative pathways support Complete Community outcomes.”*



**Built Environment and Public Realm:**

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

**Development that balances and arranges uses for a Complete Community and attracts/supports small businesses.**

See above for information regarding the goal *“Support neighborhood scale commercial uses that provide daily needs close to home and reinforce a balanced jobs housing mix.”*

- **The draft LUMO will support mixed-used development.** A small but impactful change recently adopted by Council allows multiple “principal” uses on all zoning lots. This change, which will be

carried into the draft LUMO, makes mixed-use development much simpler and allows for better and colocation of residential and commercial uses.

### **Support accessible and well distributed civic spaces (parks, plazas, placemaking spaces).**

- **Outdoor amenity spaces must be provided in higher intensity zoning districts.** The updated LUMO will replace some recreation-related requirements with a requirement for outdoor amenity space. The outdoor amenity space requirement can be satisfied by courtyards, parks, plazas, rooftop amenities, and other communal spaces.

The Town cannot require that any of these amenity spaces are open to the public. However, the updated LUMO will incentivize amenity spaces that are adjacent to the public realm. This can help to promote “privately owned public spaces” or POPS.

- **New zoning districts could support higher density near existing civic spaces.** Making sure that existing civic spaces are accessible and well-utilized is likely even more important than creating new civic spaces. The new zoning districts created by the updated LUMO could be used to ensure that areas near existing civic spaces are zoned appropriately.

### **Mobility infrastructure and connections that enable safe, low car or car free lifestyles.**

- **The draft LUMO will heavily incentive developments that provide new greenways.** Construction of a greenway in accordance with the Town’s adopted plans will fully satisfy a development’s recreation space requirements.
- **More density will be allowed near greenways.** In many of the lower intensity zoning districts, additional density will be allowed on properties within ¼ mile of a publicly accessible greenway entrance.
- **New development will continue to be responsible for roadway improvements.** The draft LUMO will place heavy emphasis on improvements that are consistent with the Comprehensive Plan.

### **Support reduced dependence on parking through context appropriate standards.**

- **The updated LUMO will not include lower vehicular parking maximums than the current LUMO.** Given the heavy influence that outside factors (e.g., investor and lender requirements) play on how much parking a new development must provide, there is significant concern that lowering parking maximums will place developers in an untenable situation.

Instead, the updated LUMO will promote development patterns that promote reduced use of cars and increased use of greenways, transit, and other active transportation options.

### **Building form and site design that create walkable, connected, people centered environments.**

Updated building and site design standards are a critical part of the draft LUMO. Some of the proposed standards include:

- **Maximum building width** will be limited in order to promote development sites that are more “permeable” and allow for better pedestrian movement through a site.
- **Parking between the building and the street** will be limited in order to promote buildings that are closer to the street.
- **Limits on blank walls** will help to prevent buildings that contribute to inhospitable pedestrian spaces.
- **Amenity space requirements** will promote the creation of gathering spaces.
- **Active depth requirements** will limit how much of the street-facing façade of a building can be used for parking.



### Environment and Resilience:

*Build resilience and protect key environmental systems*

#### **Respect Resource Conservation District (RCD) protections and stream buffers to support ecological health and habitat connectivity.**

- **RCD buffer widths and other restrictions will be maintained.** The updated LUMO will not change buffer widths, allowed uses, or permitted impacts (e.g., impervious surface or land disturbance) within the RCD.
- **Culverts will no longer be subject to RCD regulations.** The updated LUMO will clarify that culverts (large pipes used to convey water underground) are not subject to RCD regulations.
- **Small projects on residential properties will be exempt from RCD permitting requirements.** For residential properties with 4 or fewer units, small projects in the upper zones of the RCD will be exempt from certain permitting requirements if they involve less than 30 square feet of impervious surface and 60 square feet of land disturbance.
- **Updated lighting standards will control lighting levels along RCD boundaries.** Lighting levels along RCD boundaries will not be allowed to exceed .3 foot-candles.

The Town does not currently have any standards regarding lighting levels near RCD boundaries. Instead, today’s standards focus only on lighting levels at the property line. Given the negative impacts that light pollution can have on a wide variety of species, standards that control lighting levels near the RCD can help to support the RCD’s role in protecting wildlife habitat.

- **Green Stormwater Infrastructure to be required in the RCD.** Stormwater control measures are allowed by-right in the upper zones of the RCD. The updated LUMO will require that, if new stormwater control measures are built in the RCD, they must be built in accordance with green stormwater infrastructure standards.

Because the feasibility of building green stormwater infrastructure is highly dependent on site-specific conditions, this requirement would include an exception that allows traditional stormwater control measures in the RCD if green stormwater infrastructure is used elsewhere on the site.

### **Improve tree protection, expand tree canopy, and reduce urban heat.**

- **Larger development projects must protect trees that could endanger nearby buildings.** If any habitable buildings are located near a larger development site ( $\geq 1$  acre), the developer will be required to protect trees that could pose a danger to those buildings. This can be achieved by establishing a “disturbance-free” buffer along the shared property line or identifying individual trees that need to be protected.

Importantly, this protection extends to trees that are located within *or* outside of the developing property. For trees located outside of the developing property, the protection will apply if the critical root zones of the tree extend into the developing property.

- **Larger development projects must conserve existing tree canopy.** In most zoning districts, development sites that are 1 acre or larger will be required to conserve at least 10% of existing tree canopy on the site.
- **Tree canopy requirements will apply to most new development.** Tree canopy requirements will be expanded to apply to single-family development. Tree canopy requirements can be met by preserving existing trees and/or planting new trees.

To support the construction of smaller homes, single-family homes with less than 2,000 square feet of floor area will be exempt. Similarly, duplexes, triplexes, and fourplexes with less than 4,000 square feet of floor area will be exempt.

- **Protection of rare/specimen trees and significant tree stands will be heavily incentivized.** When determining compliance with tree canopy requirements, developments will receive extra credit for preserving existing rare/specimen trees and significant tree stands. Conversely, the removal of any such trees will contribute to a development’s “canopy deficit” more than the removal of other trees.
- **Street trees will be required for most new development.** The updated LUMO will shift its focus away from landscaped buffers and towards street trees. New developments will be required to provide trees in or near public right-of-way. To the maximum extent practical, the trees will need to be positioned in a way that provides shade for nearby pedestrian infrastructure such as sidewalks or multi-use paths.

### **Modernize stormwater requirements to mitigate flood and climate risk and improve equity.**

- **Stormwater management requirements will apply to more single-family homes.** Stormwater management currently only applies to individual single-family homes if they involve more than

20,000 square feet (approximately ½ acre) of land disturbance. The updated LUMO will reduce this threshold to 12,000 square feet.

- **More development will be required to provide stormwater management that addresses the 100-year storm.** Subdivisions that create 4 or more lots and any development with more than 40,000 square feet of land disturbance will be required to address the 100-year storm.

Under today’s LUMO, only projects that go through a Special Use Permit or Conditional Zoning process are required to address the 100-year storm.

- **New development will be required to address downstream impacts.** Larger developments will be required to include a downstream impact analysis when designing their stormwater management systems. The development will need to demonstrate that nearby downstream properties will not be negatively impacted.

**Allow incentives for sustainability, resilience, and energy efficient building performance.**

- New non-residential development will be eligible for density bonuses for meeting sustainable building standards.

**Prioritize resilience strategies in areas with higher climate vulnerability.**

- The updated LUMO will not be able to specifically tailor regulations for areas with higher climate vulnerability. However, a variety of standards in the updated LUMO (many of which are discussed in the “Environment and Resilience” section of this memo) are intended to respond to the challenges and risks associated with climate change.

**Protect land important for conservation, natural stormwater infiltration, or careful use such as greenways.**

- The Resource Conservation District is the Town’s zoning-related primary tool for protecting environmentally sensitive land. As described above, the updated LUMO will continue to respect RCD protections.