

## Issues Identified for Discussion and/or Negotiation during the Glen Lennox Development Agreement Process:

These recommendations are based upon review of the Neighborhood Conservation District Plan for the Glen Lennox area, and input from the Technical Team sessions held June 26 and 27, 2013. This memorandum combines comments from Dover, Kohl & Partners, Fuss & O'Neill, and Development Concepts Inc.

The following is a compilation of physical design, transportation, civil engineering, affordable / inclusionary housing, fiscal impacts, and phasing issues that the Technical Team recommends including in the Development Agreement (“DA”) process. Notations are included where additional information is needed.

### 1. Regulatory Applicability of the various NCD Sections:

- Some confusion appears to surround which portions of the NCD document are regulatory and which are only for illustrative purposes. There appears to be consensus that the second portion of the document, beginning on page 55, containing sections titled “NCD Zoning Overlay Regulations” and “Design Guidelines” is in fact regulatory. A question exists about whether the first portion of the document, through page 54, containing sections titled “Background” and “Plan Summary” is binding. The first half of the document contains sections that presumably provide a degree of comfort to the citizens, staff and participants in the NCD process about the character and form of future development on the site.

*Information Needed: A determination about whether the following sections of the NCD are regulatory: Guiding Principles (p.14), Master Plan (p.20), Street Network (p.22), Open Space (p.26), Land Use, Height and Density (p.32), Preservation (p.36), and Character (p.38). Items from these sections deemed important should be made regulatory within the DA.*

### 2. Additional physical design specificity is needed for several topics, especially if the Guiding Principles (p.14) and Master Plan (p.20) sections of the NCD are, in fact, not regulatory:

- Street location variability - A well-connected street network is a fundamental characteristic of a walkable neighborhood. At the same time, a certain degree of flexibility will be appropriate so that the street alignments can be adjusted to a reasonable degree during implementation should new information arise about site conditions.

*Information Needed: In addition to a map of street locations and street sections, regulations should be provided for how much a new street alignment can vary from the plans.*

- Block size - Compact block size is another critical design factor for walkable neighborhoods.

*Information Needed: Regulations for maximum average block perimeter should be provided. This maximum should be low enough to support the walkable goals of the neighborhood (perhaps 2000ft).*

- Fronts and backs - The Design Guidelines provide a fair degree of instruction about the character required of the fronts of buildings. They currently do little to prevent back-of-house items such as dumpsters, loading docks, parking lots from abutting primary public spaces including street rights-of-way. In order to promote high quality public spaces, these items should generally be required to be kept in mid-block locations screened from view from primary public spaces.

*Information Needed: A prohibition on back-of-house items abutting streets and public spaces, and a map clearly delineating which public space frontages are considered primary.*

- Habitable interior space abutting public spaces – Comfortable, safe public spaces must be shaped by buildings with habitable interior space along their frontages, providing evidence of natural surveillance and human habitation (doors, windows, storefronts, balconies, porches and the like) facing streets. Public spaces should not be lined with buildings lacking habitable space such as blank walls, parking garages or storage facilities. These types of uses should be screened in mid-block locations.

*Information Needed: a requirement for habitable space along the frontages of buildings abutting public spaces.*

- Windows – “eyes on the street” are critical for pedestrian comfort and safety.

*Information Needed: Minimum transparency percentage requirements for all shopfronts and also for other facades.*

- Street trees – Shade and traffic calming benefits make street trees critical components of walkable neighborhoods.

*Information Needed: Regulations and mapping should be provided which outline required street tree locations, spacing / quantity, and species.*

- Large footprint uses – Very large buildings can often be difficult to accommodate within a fine-grained walkable street and block network without damaging public spaces with exposed blank walls and back-of-house functions.

*Information Needed: special design requirements for large footprint uses, perhaps coupled with heightened regulatory scrutiny.*

### 3. Onsite Transportation and Mobility:

- Onsite street network should be included in the DA, specifically a palette of recommended cross sections/roadway types and a keyed street regulating plan. Street sections should conform to the principles of Complete Streets and include provisions for narrow travel lanes, on-street parking (where needed), accommodation for cyclists (marked bike lanes or sharrows), and streetside elements such as landscape planting strips and sidewalks.

*Information Needed: Proposed street cross sections for onsite roadways, street regulating plan. Suggest using NCDOT Complete Streets Design Guidelines as a starting point for roadway sections, augment with best practices for sections (alleys and low volume residential streets) that may not be included in the NCDOT guidelines.*

- Proposed onsite intersections should be detailed to the extent that items such as curb return radii, bulbouts, medians/turn lanes, and crosswalks are conceptually designed. These design parameters for onsite intersections should be included in the DA.

*Information Needed: Intersection details; turning vehicle analysis to demonstrate that recommended parameters accommodate fire trucks and transit vehicles.*

- The DA should include a map showing the proposed bicycle and pedestrian network, including facility types (sidewalks, trails/greenways, bike lanes, and sharrows routes) as well as proposed cross sections/widths for those facilities.
- Any modifications to existing transit routing and/or stops should be shown on a map to be included in the DA.
- Should the developer want flexibility in modifying approved mix and intensity of land uses proposed, creation of a Trip Equivalency Matrix should be included to facilitate “swapping” of uses to a certain threshold (thresholds to be determined during negotiation phase). *Information Needed: Trip Equivalency Matrix.*

### 4. Onsite Parking:

- The NCD Plan mentions use of shared parking to satisfy some of the parking requirements. The proposed methodology for calculating parking needs based on the concept of shared parking should be included in the DA, along with an analysis showing that the proposed parking meets the projected needs.

*Information Needed: shared parking methodology and calculation of number of spaces needed based on the shared parking concept.*

- The DA should include a conceptual parking location and space count map, showing the number and location of on-street spaces per block, number and space count for proposed lots and garages, and proposed location/number of spaces for bicycle parking.

*Information Needed: Parking location and count map.*

- On-street parking should be included in the overall space count toward satisfaction of the parking requirements.

*Information Needed: Location and space count for on-street spaces; concurrence from Town for inclusion of on street spaces for parking requirements.*

- Parking calculation should utilize best practices for insuring that the parking supply is “right sized” for the development. To that end, the Town may need to deviate from their current parking requirements to insure the “right” amount of parking is provided for the mixed use walkable community proposed. Parking ratios and requirements will be negotiated during Phase 2 of the DA process.

*Information Needed: Parking calculation including any proposed parking space requirements that differ from currently-approved Town requirements.*

## **5. Offsite Transportation and Mobility:**

- Proposed offsite improvements should be depicted on a map and details such as proposed turn lanes, signals, modified intersection configurations, and cross sections should be included in the DA. The DA should also include the results of the traffic impact analysis and any proposed mitigation enhancements, along with funding responsibility for each proposed mitigation project.

*Information Needed: Traffic Impact Analysis Report (TIA) along with concurrence by Town and NCDOT; concurrence from NCDOT on any proposed access point and new traffic control devices (TIA should include queuing analysis and signal warrant analysis for proposed signal on US 15/501 to facilitate this discussion).*

- Linkages to regional greenway, trail, bike lane, and sidewalk systems should be depicted on a map to be included in the DA. This will support the proposed trip reduction per the TIA methodology.
- Any proposed modification to existing transit routes and stops and any new proposed service of stops should be included in the DA.

*Information Needed: Concurrence from Chapel Hill Transit on any proposed route or stop modifications.*

## **6. Stormwater Management and Green Infrastructure:**

- The pre-construction and post-construction stormwater runoff should be modeled in order to demonstrate compliance with Town and State requirements, including both quantity and quality

standards. Specifically, the applicant should provide concepts for how they will meet the quality requirements (e.g. removal of at least 85% of particulate matter) and quantity (e.g. no increase in peak discharge rate or total volume of discharge related to the design storm event).

*Information needed: Estimated runoff volume increases within each area of the proposed development.*

- The modeling and mitigation planning can be done in a stepwise fashion as the development plans are refined. The first step might be a stormwater master plan which clearly defines the requirements and goals of the system and estimates the runoff volume increases related to the proposed changes in impervious surfaces and provides concepts and evaluates potential effectiveness given the specific site conditions. This conceptual plan should also include proposed methods to meet the quality requirements.

*Information needed: Clear definition of the requirements and goals of the project (related to stormwater quality and quantity treatment) and conceptual plan for meeting same.*

- A more detailed analysis and a phasing plan that demonstrates how all quality and quantity goals will be met during each phase of the construction should be included in the DA.
- The final design of the treatment measures should be deferred until the final design plans are prepared. At this time, Town Staff should be given the administrative review/approval authority based on compliance with the approved stormwater master plan requirements and goals agreed in the DA.

## **7. Public Utilities:**

- The adequacy and availability of public utilities serving the site should be demonstrated and documented. These should include water supply (including both domestic and fire protection uses), sanitary sewer, electrical, communications, and natural gas (if proposed).

*Information needed: "Will Serve" letters from the utility providers stating that they are aware of the scope of the proposed development and can meet the associated utility demand loads.*

- If the development will trigger the need for improvements or additions to the offsite utility supply or distribution systems, the threshold conditions resulting in the need for improvements should be clearly defined and considered in the project phasing plans. A timeline should be developed for each improvement including both the estimated time it will be needed to support development and the estimated time required to permit, design, and construct the improvement.
- A utility master plan should be developed which integrates the development phasing plan and off-site utility improvements plan(s). This utility master plan should be included in the DA.

- The construction, ownership, access, and maintenance responsibilities for all on-site distribution and supply of utilities should be clearly defined. If required, easements and rights-of-way should be conceptually depicted in development plans as part of the DA.
- The final design of the utility distribution and supply should be deferred until the final design plans are prepared. At this time, Town Staff should be given the administrative review/approval authority based on compliance with the approved utility master plan requirements agreed in the DA and proposed/approved by the utility providers.

#### **8. Affordable / Inclusionary Housing:**

The proposed Glen Lennox project will bring a much needed upgrade to the Town's rental housing stock, which is largely made up of older (30+ years) units of lower quality, especially compared to newer product being constructed in Durham and Wake counties. In general, the Town of Chapel Hill is suffering from a housing affordability problem. Only 10-20% of the existing owner-occupied stock is estimated to be affordable to households between 60-80% of Area Median Income. The affordability for renter-occupied units is much higher – 70-80% can afford a median priced unit - but this number has been on a downward trend since 1990.

The regional market demand for rental units, enhanced by the constrained supply of such units in Chapel Hill and the site's local and regional connectivity, means that the planned rental supply for Glen Lennox is well-positioned in the marketplace. The only major threat (apart from Town approvals) is an inability to get units constructed before competitive supply eats up demand, which is unlikely in Chapel Hill proper. This level of demand would lead most developers to take advantage of an ability to charge rents on the higher side of the market. The developer should certainly be allowed to charge rents it feels are appropriate to capture market and provide a return on investment – structured parking alone necessitates an added cost that housing units will need to bear. However, given the project's scale and location, both in regard to access to employment centers and in a part of town nearly built-out, it behooves the Town to consider how “affordable” housing can be integrated into the project.

The inclusionary zoning ordinance is the starting point to negotiate the provision of affordable units within the Glen Lennox project, but that focuses primarily on owner-occupied units, as does the Town's other primary instrument for affordable housing – the Community Land Trust. The developer agreement is a perfect opportunity to hold a conversation between the Town and the developer regarding expectations for the provision of affordable rental units. However, the Town needs to be prepared to discuss what specific type of affordability it wishes to accomplish, as different types can manifest themselves in different forms of development. For example, the integration of units provided at 30-60% of AMI could create a burden on a project without an incentive from the public sector or adjustment in rents on the other end of the spectrum, but funding can be found in the form of 9% or 4% low income housing tax credits. Many of Chapel Hill's affordability issues stem from a lack of workforce housing – households that make between 60-100% of AMI (80-120% for owner-occupied units). Units priced at these levels – roughly between \$1,000 and \$1,600 a month – are easier to integrate into a market-based development, but there are fewer subsidy options if costs become an issue. Furthermore, if

federal or other types of funds are not used to preserve some affordability - monies that come with numerous requirements for long-term affordability - then the Town will need to set up a system to monitor the affordability of these units and preclude their use for students or other household units they are not intended for.

## **9. Fiscal Impacts:**

A balanced tax base has numerous advantages for Chapel Hill residents and the Town's market position and sustainability. The introduction of a high density, mixed-use, and multi-phase development project such as Glen Lennox has the potential to positively impact the Town's commercial tax base, not to mention increase employment opportunities. On the other hand, it will also come with an increased need for municipal services (fire, police, parks, infrastructure, etc.), and that need may impact the delivery of services in adjacent neighborhoods. Since an increased tax base is one of the primary reasons to support the development of higher intensity projects on the Glen Lennox and other sites around the Town, if the tax revenues provided by the new development do not significantly outweigh the increased cost of services, then from a municipal fiscal standpoint, it brings few advantages. If it results in increased costs to surrounding residents at any point during the phased construction, then this may cause conflict between developers and the community.

Instinct and experience suggests that the intensity of commercial uses (multi-family housing, commercial, and residential) will deliver a significant increase in commercial tax base to the benefit of the Town. However, there are enough unknowns to suggest that a study of the potential fiscal impacts will not only allow town staff to conduct strategic budget planning, but also to streamline negotiations between the developer and elected officials. This is true not just for the Glen Lennox project, but a process that uses a fiscal impact model could also streamline the approval of development projects throughout the Town, as the Glen Lennox model of land use intensification will only continue over the next 10-20 years as low-density commercial property redevelops into higher density mixed-use communities.

## **10. Project Phasing:**

Market demand for the four core land uses (rental housing, retail, office and hospitality) should be sufficient to support short-term development activity. Due to the undersupplied rental market, apartments offer by far the best short-term opportunity. Despite "macro" demand, the precise phasing of the other three markets is somewhat unpredictable due to the timing of tenancy recruitment and other factors. For example, market factors suggest demand for new hotel product, but the precise timing of finding a hotel flag and securing a deal is not predictable.

The logistics of development suggest that Glen Lennox developers should be allowed a certain amount of latitude and flexibility in how they bring certain components of the project on-line, as long as there is a general framework of development is agreed upon. In the case of Glen Lennox, this framework appears to be well-established within the Neighborhood Conservation District Plan. The key issue regarding phasing, therefore, is more related to infrastructure,

namely stormwater and other utilities, parking, street upgrades, green space and tree canopy preservation, and traffic. These components represent an additional layer on top of the existing framework that need to be understood to assist with the approval of the developer agreement and foster a positive long-term relationship between the developer, elected officials, and residents.

**Following chart summarizes the status of various issues identified for inclusion in the Glen Lennox Development Agreement Negotiation Process:**

Item	Covered in NCD?	Already handled in some other law or tool	Needs more data	Needs more specific agreement (in the DA)
Design standards, art	Some (Design Guidelines: starting on page 68 - includes building elements for various building typologies, storefronts, signage, and materials, and landscaping)	some (public art ord?)	yes	maybe
Stormwater	no (Guiding Principles: Encourage Community Sustainability, page 17)	LUMO (RCD) and State regs.	yes	phasing and stormwater master plan
Inclusionary housing	yes (Guiding Principle: Encourage and Support Community Diversity, page 17)	Inclusionary Zoning Ordinance (only applies to for-sale housing, not rental)	yes	yes
Phasing	No (Only mention is about phasing re: surface parking lots: Page 64, paragraph 2)		yes	can be tied to mitigation measures post-DA approval
Parking	yes (Pages 64 and 65)	LUMO	maybe	yes
Trees	yes (Guiding Principle: Balance the new development with preservation of the trees and tree canopy, page 16; Plan Summary: Tree Preservation, page 29)	tree ordinance	yes (maintenance plan)	maybe
Streets, Bikes, Transit	yes (Guiding Principles: Preserve the street network, page 15; Create an effective transportation strategy, page 17; Plan Summary: Street network (including overview of proposed and existing streets), pages 22 and 23; Plan Summary: Transportation Routes based on proposed land use, pages 24 and 25)	yes - design standards	yes- more information about multiple uses	yes - phasing, cross sections
Buffer - neighborhood (Also, remember buffers for the Church!)	Somewhat (Guiding Principles: Transition and vary density and heights of the buildings; provide landscaped buffers for sensitive neighbors - Page 16; also can be seen in the land use plan, lower density and heights are near the single family neighborhood and church, higher densities and heights near 15-501)	examples in Carolina North DA	maybe	could address lighting, noise, buffers, changes in use etc.
Offsite Improvements	no	yes- traffic impact analysis	yes	yes - phasing, monitoring
Fire	no	no?	maybe	maybe
Parks and Rec	yes (Plan Summary: Proposed open space network, page 28; Parks, page 30; Regulations: Open Space Recommendations, page 63)	LUMO	maybe	opportunity for collaboration on Town owned properties
Fiscal impact?	no	no?	needs discussion	monitoring of assumptions?
Annual report	no	state statute	needs discussion	opportunity to identify items for community/council monitoring
Flexibility/Admin waivers	no	state statute	yes	opportunity to identify approval processes - see CN DA