

Housing Choices for a Complete Community

January 11, and January 12, 2023, Public Information Meeting Follow-Up

Questions & Answers

Public Engagement

1. How many people are attending today?

The January 11, 2023, virtual PIM had 40 online participants. The hybrid January 12, 2023, PIM had 31 online participants and 4 in-person participants.

2. Will the recording of this meeting be made available? How can we find it?

A recording of the January 11, 2023, Public Information Meeting (PIM) is available on the [project webpage](#)¹. Due to technical difficulties, a recording of the January 12, 2023, Public Information Meeting is not available.

3. What vehicle will you use to disseminate information?

The Town will continue to post information on the Town's [website](#)², and the [Town calendar](#)³. Other outreach methods include [TOWNnews](#)⁴, TOWNweek, news releases, NextDoor, Facebook, and social media.

Staff has collected the email addresses of those that participated in the PIMs and/or provided public comment, and we will be sending email notifications to this group. If you would like to be added to our list, please email us at planning@townofchapelhill.org.

Based on feedback from participants of the Public Information Meetings (PIMs), neighborhood listservs appear to have played an important role in sharing information regarding the proposed LUMOTA. The Town will explore opportunities to share information more effectively with neighborhood listservs.

4. How quickly will any unanswered questions/concerns from the PIM brought up in the upcoming meeting be answered?

Town staff have summarized the questions we received during the Public Information Meetings (PIMs) and on [PublicInput](#). This document was published on the project website on Monday, January 23, 2023.

¹ <https://www.townofchapelhill.org/government/departments-services/planning/plans-and-ordinances/housing-access-text-amendments>

² <https://www.townofchapelhill.org/home>

³ <https://www.townofchapelhill.org/government/newsroom/calendar>

⁴ <https://www.townofchapelhill.org/government/newsroom/chapel-hill-enews/subscribe-to-news-updates>

5. Will ALL the questions and answers be posted publicly and if so, where?

Town staff have summarized the questions we received during the Public Information Meetings (PIMs) and on Public Input. This document was published on the [project webpage](#) on Monday, January 23, 2023.

6. Will the Town Council be able to see ALL of questions, answers, and concerns from the meeting?

Town staff have published a summary of the questions we received at the Public Information Meetings (PIMs) as well as through [PublicInput](#). Staff have posted this list to the project website in advance of the Town Council's January 25, 2023, meeting and provided a link to the [project webpage](#) in the Council staff memo.

7. At what date will the Town Council get to see them?

Town Staff have included a link to the [project webpage](#) in the Council staff memo. The Council packet for the January 25, 2023, meeting was sent to the Council on Friday, January 20, 2023, for review.

8. Will the Town Council have plenty of time to review, thoughtfully consider, and address the residents' questions and concerns BEFORE voting?

The Town Council may take as much time as needed to deliberate on the proposed LUMOTA before voting. The Town Council meeting on January 25, 2023, is the first formal hearing on the proposed LUMOTA and a critical element of the public engagement on the proposal. The meeting will be an opportunity for Council members to question staff on the proposal, share their feedback, and – most importantly – receive public comments.

9. What is the urgency to jam this through within 6 weeks of the first public discussion?

The Public Information Meetings hosted by Town staff on January 11 and 12, 2023, were the most recent elements of a broader workstream related to the Housing Choices Land Use Management Ordinance Text Amendment (LUMOTA). A significant amount of work preceded these meetings and much more work will follow them.

These text amendments are in response to the public input that was received and applied in the creation of the following:

- [Chapel Hill 2020⁵](#)
- [Future Land Use Map⁶](#)
- [Council Petition Regarding Affordable and Missing Middle Housing⁷](#)
- [Projected Housing Needs, 2020-2040⁸](#)

⁵ <https://www.townofchapelhill.org/home/showpublisheddocument?id=15001>

⁶ <https://online.flippingbook.com/view/26191/>

⁷ <https://chapelhill.legistar.com/View.ashx?M=F&ID=9834553&GUID=1DB8AFA8-3BDF-42E2-9E41-D6747BD4ECF4>

⁸ <https://www.townofchapelhill.org/home/showpublisheddocument/50141/637715343396500000>

- [Complete Community Strategy](#)⁹

Town staff have been working on the Housing Choices LUMOTA since the summer of 2022 and have been soliciting feedback from the public for several months. In October 2022, Town staff published a [Public Input](#)¹⁰ website and publicized it using social media, Town listservs, and the Town's [website](#). As of January 17, 2023, the Public Input page has received 1,551 views and 257 participants.

Town staff is working with the Town's advisory boards as the Housing Choices LUMOTA progresses. Town Staff provided updates on the Housing Choices LUMOTA during the [October 11, 2022](#)¹¹, and [January 10, 2023](#)¹², public meetings of the Town's Housing Advisory Board and at the [January 17, 2023](#)¹³, public meeting of the Town's Planning Commission.

The January 25, 2023, Town Council meeting represents a major next step for the Housing Choices LUMOTA, but it does not, by any means, represent the end of public engagement, deliberation, or refinement of the proposal.

10. Why is there such a rush to vote on this?

The Council will be opening a public hearing on Wednesday, January 25, 2023; however, the Council may take as much time as needed to deliberate on the proposed LUMOTA before voting on any changes to the Land Use Management Ordinance. The Town Council meeting on January 25, 2023, is the first formal hearing on the proposed LUMOTA and a critical element of the public engagement on the proposal. The meeting will be an opportunity for councilmembers to question staff on the proposal, share their feedback, and – most importantly – receive public comments.

11. How come there wasn't a more concerted effort to make the town's residents FULLY aware of this agenda and the upcoming vote?

The Public Information Meetings hosted by Town staff on January 11 and 12, 2023, were the most recent elements of a broader workstream related to the Housing Choices LUMOTA. A significant amount of work preceded these meetings and much more work will follow them. Please see the Town's [project webpage](#) for more information on past and future meetings.

Zoning Questions

12. Which neighborhoods are impacted?

The intent of the proposed text amendments is to be more equitable by creating opportunities for additional housing units throughout the community. Under the current proposal, neighborhoods

⁹ <https://www.townofchapelhill.org/businesses/complete-community#:~:text=The%20Complete%20Communities%20Strategy%20is,current%20and%20future%20housing%20needs.>

¹⁰ <https://publicinput.com/v3540>

¹¹ <https://chapelhill.legistar.com/MeetingDetail.aspx?ID=994251&GUID=12C5C144-C6D1-47B6-A898-C9FAC3F3B95C&Options=info|&Search=>

¹² <https://chapelhill.legistar.com/MeetingDetail.aspx?ID=1073454&GUID=BD91AB80-59BA-4CB1-9541-C57A4429F011&Options=info|&Search=>

¹³ <https://chapelhill.legistar.com/MeetingDetail.aspx?ID=1073454&GUID=BD91AB80-59BA-4CB1-9541-C57A4429F011&Options=info|&Search=>

that do not have entitlements or restrictions that supersedes the underlying zoning will have the opportunity to provide missing middle housing forms.

Restrictions that supersede underlying zoning and may limit housing types include:

- *Neighborhood Conservation Districts (NCDs)*
- *Restrictive covenants*
- *HOA bylaws*

Impacts to established neighborhoods is a concern. For that reason, the proposed text amendments have included design standards for triplex, fourplex, and cottage court developments within existing neighborhoods. The standards require new infill development be consistent with the mass, scale, fenestration pattern, orientation, and setbacks of neighboring buildings to mitigate the appearance of small-scale multi-family buildings.

13. I currently live in R-2 (no HOA), will I be able to rent out rooms to college students?

Yes. Renting out individual rooms of a home to college students (or anyone else) is currently allowed in all zoning districts. However, in R-2 and other less dense residential districts, there is a limit of no more than four (4) unrelated people living in a single home.

A home that that is occupied by more than four (4) people who are not related by blood, adoption, marriage, or domestic partnership is considered a “rooming house.” Rooming houses are not permitted in the following residential districts: R-LD5, RT, R-LD1, R-1A, R-1, R-2, R-2A.

14. My house is in zone R2. The proposed changes would allow me to place a cottage in my backyard; however, my backyard, like the yards of my neighbors, has a utility easement. Would I still be able to build a cottage in my backyard?

The proposed Land Use Management Ordinance (LUMO) text amendments (LUMOTA) would not change existing limits on construction within utility easements. Assuming that all other dimensional requirements related to compact lots are met, the cottage could only be built if it would fall outside the utility easement or if the entity that owns the easement consents to moving the easement.

15. Would the new rezoning allow me to convert my house into multiple apartments? And would I still have to live there?

Under this Land Use Management Text Amendment (LUMOTA), property owners could convert an existing single-family house into a duplex, triplex, or fourplex. The Town does not have any requirements for the property owner to reside at the property, and in general does not regulate occupancy. The property owners would need to meet a number of requirements, including but not limited to:

- *Building code for multi-family, including fire wall ratings*
- *Proposed development standards such as 0.5 impervious surface, tree canopy coverage, parking, and stormwater management*
- *Proposed limitations on floor areas and unit sizes*
- *In Historic Districts, exterior changes would require a Certificate of Appropriateness (COA)*

16. I live downtown in the East Franklin historic district. Would a single-family home located in a Historic District have some degree of protection from being converted to multiple duplexes or townhomes since all changes have to be approved by the Historic District Commission (HDC)?

The Town's three local historic districts – Franklin-Rosemary, Cameron-McCauley, and Gimghoul – are zoning overlay districts. The underlying zoning district establishes the dimensional standards (setbacks, height) and uses (single-family, multi-family). To maintain the special character of the local historic districts, the Town requires that any exterior changes to an existing building or new construction receive a Certificate of Appropriateness (COA). The [Chapel Hill Historic Districts Design Principles & Standards](#)¹⁴ ("Design Standards") provide direction to preserving the character of these areas by helping mitigate the impacts of change. The historic district designation, Historic District Commission (HDC), and Design Standards do not regulate use. More information about the Historic Districts is available on the Town's [Historic Districts webpage](#)¹⁵.

The underlying zoning beneath the historic district overlays includes a range of zoning districts, including Residential (R-), Town Center (TC-), and Office/Institutional (OI-). Table 3.-1: Use Matrix in [Land Use Management Ordinance \(LUMO\) 3.7](#)¹⁶ shows the uses permitted in each zone. Multi-family dwelling units of 3 to 7 units are currently allowed in the historic districts today within the R-4, R-5, R-6, TC-1, TC-2, TC-3, and OI-1, OI-2, OI-3, and OI-4 zoning districts.

Under this Land Use Management Text Amendment (LUMOTA), property owners could convert an existing single-family house into a duplex, triplex, or fourplex. The property owners would need to meet a number of requirements, including those outlined in #15 above.

17. Are areas covered by HOAs exempt?

Covenants and HOA bylaws supersede the Land Use Management Ordinance (LUMO) whenever they are more restrictive than the LUMO. Therefore, this text amendment would not create new opportunities for development on properties that are subject to restrictive covenants or bylaws that allow only a single dwelling unit per lot. The existence of an HOA itself does not exempt a neighborhood from this text amendment. It would depend on the content of the bylaws and covenants.

18. What neighborhoods have restrictive covenants?

Restrictive covenants for neighborhoods are recorded with the Orange County Register of Deeds. A searchable database is [available here](#)¹⁷. Town staff is researching property records in order to develop a map of neighborhoods where restrictive covenants have been identified.

¹⁴https://townhall.townofchapelhill.org/large_docs/historic_district/CH%20HD%20Design%20Principles%20and%20Standards.pdf

¹⁵ <https://www.townofchapelhill.org/government/departments-services/planning/overlay-districts#hd>

¹⁶https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodetd=CO_APXALAUSMA_ART3ZODIU_SDIST_3.7USRE

¹⁷ <https://rod.orangecountync.gov/orangenc/>

19. How will this zoning change affect neighborhood conservation districts (NCDs) that also have restrictive covenants?

The Housing Choices text amendment will not have any impact on NCDs or on restrictive covenants. Wherever those rules that are more restrictive than the Housing Choices LUMOTA, the more restrictive rules will apply.

20. Given that HOAs are likely to protect the most expensive homes and (sadly) some of the largest lots, how is this not creating a structural bias problem? But even if all neighborhoods were potentially affected, it seems obvious that investors will target the least expensive houses in Chapel Hill. This is presented as “adding” housing choices, but if it results in a decrease in our most affordable single-family home stock, that seems like a net loss and exacerbating the gap we have with too much expensive housing. This is especially true if those less expensive houses are replaced with expensive apartments. Could this proposal go beyond the NCD protections and exclude lower-cost home neighborhoods to create proportionality and push development to those larger lots and more expensive areas of town?

The [Projected Housing Needs, 2020-2040](#) study found that most new housing has been single-family or large apartment complexes since the 2000s. The text amendments currently proposed provide opportunities for the creation of more diverse housing units at different price points and different life cycles by allowing small-scale residential development in existing residential neighborhoods. Studies¹⁸ have found that smaller single-family houses, duplexes, and small multi-family missing middle housing forms can be attractive and more affordable to owner-occupants wishing to build equity.

Staff is working to identify those areas that are not encumbered by restrictive covenants and may be most impacted by development. The Town does not enforce restrictive covenants or have a role in how neighborhoods may choose to enforce, amend, or allow covenants to expire

This proposal alone will not solve the community’s housing shortage. To meet current demands, the housing study found that Chapel Hill needs to construct almost 500 units per year.

The NCDs were created following significant public engagement and participation in creating the regulations. A similar process, following this initial text amendment, would be warranted for the Town to adopt further neighborhood-level protections.

Excluding lower-cost homes would preclude opportunities for owner-occupants to afford to remain in place by subdividing or otherwise adding housing units to their property. Staff finds that this approach would create its own form of inequities.

21. The Largest Impact in this proposal is to R1 zones. It seems to be moving R1 zones to an R4 all at one time. Why would the city impact one area in such a scale?

The intent of the proposed text amendments is to be more equitable by creating opportunities for additional housing units throughout the community while mitigating the impacts of small-scale

¹⁸ See MissingMiddle.com: <https://missingmiddlehousing.com/about/market>

multi-family residential development through design standards. There are many differences between the R1 and R4 zoning districts. While this text amendment proposes to remove the specified density in [Table 3.8-1: Dimensional Matrix of Land Use Management Ordinance \(LUMO\) 3.8](#)¹⁹ in order to provide opportunities, other factors will contribute to what can be built. Lot sizes, frontages, setbacks, and building heights unique to each zone will remain.

22. What proportion of the created homes will be made available as affordable housing?

No change is proposed to the Inclusionary Zoning (IZ) Ordinance for residential construction projects. If a developer proposes to build five or more units, the Town will continue to require 15% of the units be deed restricted for affordable housing units or the developer make a payment-in-lieu. Please note that the IZ ordinance only applies to for-sale units, not rental units.

Staff believes that the proposed text amendments will create more opportunities for lots to be developed as affordable housing. Tools for delivering affordable housing, such as land acquisition and funding, exist outside of zoning policy.

23. How does the underlying zoning interact with these proposed changes?

The Housing Choices LUMOTA does not change any zoning district boundaries or impact the zoning designation of any property. Rather, it allows new housing types in existing residential zoning districts.

24. How will this impact tree canopy coverage?

The Housing Choices LUMOTA could potentially increase tree canopy coverage in Chapel Hill. LUMO currently has no tree canopy coverage requirements for single-family homes or duplexes. Under the proposal, triplexes, fourplexes, and other missing middle housing forms will be required to provide a minimum tree canopy coverage. The table below summarizes these changes:

Land Use	Minimum Canopy Coverage
Single-Family and Two-Family Residential	N/A
<u>Triplexes and Fourplexes</u>	<u>20%</u>
Multifamily Residential	30%
<u>Townhouse Developments of five (5) or more units</u>	<u>30%</u>
<u>Cottage Courts</u>	<u>30%</u>

¹⁹https://library.municode.com/nc/chapel_hill/codes/code_of_ordinances?nodeId=CO_APXALOUSMA_ART3ZODIU_SDIST_3.8DIST

<i>Land Use</i>	<i>Minimum Canopy Coverage</i>
<i>Commercial (Use Group C and: Business, Office; Clinic; Funeral Home, and Hotel/Motel)</i>	30%
<i>Institutional (Use Group B)</i>	40%
<i>Mixed Use, Other</i>	40%
<i>All Uses in Innovative, Light Industrial Conditional Zoning District (LI-CZD)</i>	20%

Those items that are **bolded** reflect new uses and standards.

25. What do we need to do to encourage this type of housing in Blue Hill?

The Blue Hill district is not well-suited for missing middle housing. Because of its proximity to major roads, access to public transportation, and commercial activity, the Blue Hill district is an ideal location for larger-scale multi-family development. Encouraging missing middle housing rather than the sort of multi-family that is currently being built in the Blue Hill district would actually reduce the Town's delivery of housing supply in the future.

26. How many cars would be allowed for these uses?

The table below summarizes the minimum and maximum parking requirements for the uses included in the Housing Choices LUMOTA. For comparison, LUMO includes no parking minimums or maximums for single-family homes.

Use		Vehicular Parking			
		Town-Center Zoning Districts		Non Town-Center Zoning Districts*	
		Minimum Number of Parking Spaces	Maximum Number of Parking Spaces	Minimum Number of Parking Spaces	Maximum Number of Parking Spaces
Duplex, <u>Triplex</u> , <u>Fourplex</u> , or multifamily	Efficiency	N/A	1 per dwelling unit	1 per dwelling unit	1.25 per dwelling unit
	1 bedroom	N/A	1 per dwelling unit	1 per dwelling unit	1.25 per dwelling unit
	2 bedrooms	N/A	1.25 per dwelling unit	1.4 per dwelling unit	1.75 per dwelling unit

	3 bedrooms	N/A	1.5 per dwelling unit	1.75 per dwelling unit	2.25 per dwelling unit
	4 or more bedrooms	N/A	1.67 per dwelling unit	2 per dwelling unit	2.5 per dwelling unit
<u>Cottage Court</u>		<u>N/A</u>	<u>1 per dwelling unit</u>	<u>1 per dwelling unit</u>	<u>2 per dwelling unit</u>
<u>Townhouse</u>		<u>N/A</u>	<u>1 per dwelling unit</u>	<u>1 per dwelling unit</u>	<u>2 per dwelling unit</u>

Those items that are **bolded** reflect new uses and standards.

27. How do we prevent this from encouraging demolition of existing houses?

The Town does not have the ability to deny demolitions. Other cities that have adopted similar ordinance amendments have not seen significant demolitions of existing single-family houses in order to construct Missing Middle housing types. Of the 407 building permits related to Durham's Expanding Housing Choices ordinance, only 47 (11.5%) associated demolition permits were submitted between October 2019 and November 2022.

28. How do we prevent this from becoming student housing?

The Land Use Management Ordinance (LUMO) cannot legally discriminate against students. The Projected Housing Needs, 2020-2040 study found that current demand for student housing was around 45 units per year. If the town continues to produce larger-scale multifamily housing in areas with easy access to UNC campus, this should limit the number of students living in neighborhoods.

Impacts to Neighborhoods

29. How will this impact the local historic districts? What types of residences will be allowed in the Historic Districts?

The types of residences allowed in the historic districts will be based on their underlying zoning. Like all development in the historic districts, any new missing middle homes in the historic districts would be required to receive a Certificate of Appropriateness from the Town's Historic District Commission. As an aside, the Town's historic districts are rife with examples of how missing middle housing can fit into a neighborhood without negative impacting its character.

30. This is such a large change, could we not select neighborhoods of multiple lot-size and house price representation and make these changes to see what the market does before applying it to the whole town?

It is not likely that lessons learned in isolated neighborhoods over a short period of time would be applicable Town-wide. Instead, staff have looked to other municipalities, both within North Carolina and across the country, to understand how markets respond to reforms such as those proposed in this amendment. Staff will closely monitor the impacts of this amendment and will be prepared to adjust course as needed.

31. What neighborhoods are most apt to accommodate change?

Our housing studies have found that those areas within walking distance to transit and other neighborhood amenities are in highest demand. Staff recognizes that those neighborhoods that are not part of a Neighborhood Conservation District (NCD) or do not have restrictive covenants have the greatest opportunity to accommodate missing middle housing forms.

32. What consideration has been given to the many stable residents who have selected Chapel Hill in which to raise a family, pursue jobs, support the community of Chapel Hill, invest time and money in making Chapel Hill a viable and enriching place that respects nature and does not feel it necessary to pave or build over everything to emulate bigger city life? For the many who thought their property rights, security in their housing and their future to age in place had safety in Chapel Hill, we have to now worry about losing that. How will rezoning not destroy what so many are counting on?

Chapel Hill, like many areas, is experiencing a housing crisis. If no changes are made to our current residential neighborhoods, property values will continue to rise and leave behind existing and future residents. The [Projected Housing Needs, 2020-2040](#) study found that diversity of housing choices is needed to meet the demands of providing housing for residents at different price points and life stages. The Town needs to increase housing construction by almost 500 new units annually just to keep up with current demand.

Staff has crafted the proposed text amendments to allow gentle density, small-scale residential developments in existing neighborhoods. The text amendments incorporate requirements for neighborhood context to ensure that any new development is compatible in mass, scale, and bulk to adjacent single-family houses. The maximum floor area ratios of 0.4, impervious surface limitations of 0.5, and maximum unit sizes may result in building sizes that are comparable if not smaller than what single family residential regulations currently allow. They text amendments may also offer opportunities for long-term residents to afford to remain in place by subdividing or otherwise adding housing units to their property.

33. Why with all the changes in the area around our small community neighborhood would you ever think of changing our restrictions?

Approximately 70.9% of the land within the community is zoned for single-family residential, significantly restricting development and preventing the community from providing the housing that is needed to meet current demand. This text amendment proposes “gentle density,” allowing small multi-family residential projects up to 4 units to be constructed in most residential zoning districts. This proposal alone will not solve the community’s housing shortage but aids the Town in meeting the challenge.

Stormwater & Environmental

34. What provisions and requirements of developments will be made in planning for storm water management?

New uses such as triplexes, fourplexes, and cottage courts will all be subject to the Town’s stormwater management standards.

Single-family homes and duplexes are currently exempt from the Town's stormwater management standards. This exemption will continue under the Housing Choices text amendment.

- 35. Currently we have many homes in floodplains, some that frequently flood. Single-family residences are more likely to be owner-occupied and so to have flood insurance. Has there been any consideration of excluding 100-year floodplain areas from these changes in order to avoid the situation we have with multi-family housing in low-lying areas. Those residents are more likely to lose their property, not being insured, and the town is already pressed to address that problem. This seems as if it might compound the problem if those areas are not excluded from those multifamily forms.**

Currently the flood damage prevention ordinance doesn't exclude any development in the floodplain as long as they meet the requirement of No-rise of water elevation in the floodplain or get a condition letter map of revision from FEMA for any increase in water surface elevation above the minimum water surface increase requirement. Having said that, Council can require amendment to the flood damage prevention ordinance to prevent any new development in the floodplain including expansion of existing development.

- 36. Are we still making plans with a 25-year flood standard?**

Yes, but this may change within the next year. Stormwater management does currently require treatment of runoff from a 25-year storm event. Town staff recently began an effort to review and revise the Town's stormwater management rules. It is very likely that the updated standards will require planning to more stringent standards such as treatment for the 50- or 100-year storm event.

Ongoing Planning Efforts

- 37. How did the Rod Stevens work generate Jennifer Keesmaat's efforts?**

The report, [Projected Housing Needs, 2020-2040](#), by Rob Stevens of Business Street outlined the conditions of the housing markets and made preliminary recommendations for addressing the housing shortage. The report recommended that the Town hire a consultant to work with the community to identify options for achieving the town's goals of meeting housing needs. This led to the Town hiring Jennifer Keesmaat to aid in developing a [Complete Community Strategy](#)²⁰. The Housing Choices for a Complete Community text amendment stems from this work.

- 38. What is the Town doing to support these changes? Who is paying for these efforts?**

There are several studies and projects underway to help the Town identify our housing needs and develop strategies to address them. The [Projected Housing Needs, 2020-2040](#) study as a joint effort between the University of North Carolina and the Town of Chapel Hill, with the Town contributing \$15,000 from its General Fund. The [Complete Community Strategy](#) project has a cost of \$250,000 that is paid for by the Town.

²⁰ <https://www.townofchapelhill.org/businesses/complete-community#:~:text=The%20Complete%20Communities%20Strategy%20is,current%20and%20future%20housing%20needs.>

Property Values & Economics

- 39. The goal of “gentle density” is a good one. What would prevent investors from buying most or all of the homes in a neighborhood and building fourplexes or cottage courts on all of the lots? Is there any limitation on the number or percentage of housing types that can be built in a given area?**

The Town does not have the ability to regulate ownership. A developer could choose to purchase a significant number of lots to create Missing Middle housing; however, staff finds that development is unlikely to happen in concentrated areas due to Chapel Hill’s property values, current number of ownership interests, and the costs of redeveloping a property. Additionally, any proposal for a common plan of development to create five or more units would trigger additional multi-family requirements such as inclusionary zoning and recreation space dedication.

- 40. Fourplexes will increase parking, garbage, water and utility usage. How will Chapel Hill accommodate this? Who will pay for improvements?**

One development alone typically does not trigger the need for these types of improvements. Missing Middle housing developments are responsible for meeting parking requirements, as outlined above, and will continue to have to provide utilities. Developers are responsible for paying for service availability fees and demonstrating utility service availability.

Should additional services or improvements be required in a neighborhood, the requests will be part of the Town’s annual budget proposals that are reviewed in the context of available revenue and approved by Town Council.

- 41. What guarantees or mechanisms are in place to ensure Missing Middle housing is filled by the type of people we want to provide housing to?**

The purpose of introducing these housing types is to permit a diversity of housing types that will increase supply and address the needs of different price-points and life stages. Please review [Projected Housing Needs, 2020-2040](#) for more information.

- 42. What does this look like for property taxes?**

One thing we can likely all agree on is that housing prices in Chapel Hill are currently growing at an unsustainable pace. Under a “do-nothing” scenario, housing prices and property taxes are going to continue to rise for all homeowners in Chapel Hill. While the proposed reforms may have some impact on property taxes, it is likely that they will be minor in comparison to the broader trends impacting the town and region. As outlined in the Projected Housing Needs, 2020-2040 study, increased demand for housing will continue to drive property values up further if we do not build more housing units.

Critically, staff is not aware of any reports of significant property tax increases resulting from similar reforms in other communities across the country.

Because of the methods by which property taxes are assessed, it is unlikely that the proposed reforms will lead to major increases in property taxes. County tax assessors reevaluate a property’s

*taxable value every four years. Taxable value is based on many different factors including a property's zoning designation. But the most significant factor **by far** are sales prices for comparable properties in the years leading up to a reevaluation. This means that in order for property taxes to increase significantly in a neighborhood, there needs to be (1) significant sales volume in the area and (2) a significant difference between sale prices and the existing tax valuation of properties in the area.*

Cities like Raleigh, Durham, and Minneapolis experienced only modest increases in missing middle development activity following housing reforms like those being proposed here. The new homes in these cities would not represent a large enough share of overall development to significantly move the needle in terms of property tax valuation.

The same would hold true in Chapel Hill. Increasing density in zoning districts would increase taxable value only if home prices change drastically. A significant amount of new housing units would need to be constructed in order to have an impact on the tax valuations. A relatively small number of individual properties spread out across town are not likely to have a direct impact on the value of adjoining properties.

Additionally, Town staff intends to provide the Council with an annual analysis of metrics to evaluate and identify any unintended consequences of this proposal.

43. How does this shift housing to lower median house pricing?

The [Projected Housing Needs, 2020-2040](#) study found that the Town needs almost 500 units per year just to meet current demands. Meeting demand alone does not alter the median housing price. In order to do this, the Town would need to create a surplus of housing units over an extended period of time to reduce the median housing price.

One of the contributors to Chapel Hill's median housing price is housing availability. Apartments and single-family houses are not meeting our current needs. Missing Middle housing offers greater diversity in housing types. Moreover, it is often more accessible and attainable than single-family housing, providing greater opportunities for first time home buyers, young families, divorcees, retirees, and empty nesters to buy into the market. If we do not create more housing types, housing prices will continue to rise, and existing residents may be priced out of the market.